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Adopted by the Executive (EX) Committee and Plenary, Dec. xx, 2026

Adopted by the Financial Condition (E) Committee, Dec. xx, 2026

Adopted by the Capital Adequacy (E) Task Force, June. xx, 2026

2026-2027 Proposed Charges

CAPITAL ADEQUACY (E) TASK FORCE

~~The mission of the Capital Adequacy (E) Task Force (CADTF) is was to determine the amount of capital an insurer should be required to hold to avoid triggering various specific regulatory actions. The Risk-Based Capital (RBC) formula largely consisted of a series of risk factors that are applied to selected assets, liabilities, or other specific company financial data to establish the threshold levels generally needed to bear the risk arising from that item. The mission of the Capital Adequacy (E) Task Force is to evaluate and recommend appropriate refinements to capital requirements for all types of insurers.~~

Ongoing Support of NAIC Programs, Products, or Services

1. ~~1.~~——To carry out its mission, the CADTF ~~was~~ ~~is~~ ~~was~~ charged with carrying out the following initiatives:
 - A. ~~Evaluate emerging “risk” issues for referral to the RBC working groups/subgroups for certain issues involving more than one RBC formula.~~
 - B. ~~Monitor emerging and existing risks relative to their consistent or divergent treatment in the three RBC formulas.~~
 - C. ~~Review and evaluate company submissions for the schedule and corresponding adjustment to total adjusted capital (TAC).~~
 - D. ~~Monitor changes in accounting and reporting requirements resulting from the adoption and continuing maintenance of the Accounting Practices and Procedures Manual, Annual Statement Blanks, and the Valuation Manual to ensure that model laws, publications, formulas, analysis tools, etc., supported by the CADTF continue to meet regulatory objectives.~~
 - E. ~~Monitor and evaluate changes to the Purposes and Procedure Manual of the NAIC Investment Analysis Office to determine if assets or, specifically, investments evaluated by the NAIC Securities Valuation Office are relevant to the RBC formula in determining the threshold capital and surplus for all insurance companies or whether reporting available to the regulator is a more appropriate means to address the risk.~~
 - F. ~~Evaluateing refinements to the existing NAIC RBC formula and ~~considering~~ improvements and revisions to the various RBC Blanks to (1) conform the RBC blanks to changes made in other areas of the NAIC to promote uniformity (when it is determined to be necessary); and (2) oversee the development of additional reporting formats within the existing RBC Blanks as needs are identified.~~
 - ~~_____~~ G. Continually review the RBC instructions, blanks and forecastings and revise as appropriate.

The ~~Capital Adequacy (E) Task Force~~ will:

~~Evaluate application of the Risk-Based Capital (RBC) formula and emerging “risk” issues for referral to RBC working groups/subgroups for certain issues involving more than one RBC formula. Monitor emerging and existing risks relative to their consistent or divergent treatment in the three RBC formulas.~~

~~Review and evaluate company submissions for the schedule and corresponding adjustment to total adjusted capital (TAC).~~

~~Evaluate relevant historical data and apply defined statistical safety levels over appropriate time horizons in developing recommendations for revisions to the current asset risk structure and factors in each of the RBC formulas.~~

~~Continually review the RBC instructions, blanks and forecastings and revise as appropriate.~~

2. ~~_____~~ The **Health Risk-Based Capital (E) Working Group, Life Risk-Based Capital (E) Working Group, and Property and Casualty Risk-Based Capital (E) Working Group** will:

A. Evaluate refinements to the existing NAIC RBC formulas and considering improvements and revisions to the RBC Blanks to (1) conform the RBC blanks to changes made in other areas of the NAIC to promote uniformity (when it is determined to be necessary); and (2) oversee the development of additional reporting formats within the existing RBC Blanks as needs are identified.~~implemented in the prior year.~~

B. ~~Consider improvements and revisions to the various RBC blanks to: 1) conform the RBC blanks to changes made in other areas of the NAIC to promote uniformity; and 2) oversee the development of additional reporting formats within the existing RBC blanks as needs are identified.~~ Any proposal that affects the RBC structure must be adopted by CADTF no later than May 15 of the reporting year, and any proposal that affects a non-structural change to the RBC Blanks, RBC factors and/or instructions must be adopted by CADTF no later than June 30 of the reporting year. Adopted changes will be forwarded to the Financial Condition (E) Committee by the next scheduled meeting or conference call. Any adoptions made to the annual financial statement blanks or statutory accounting principles that affect an RBC change adopted by June 30 and result in an amended change may be considered and adopted by CADTF no later than July 30, where the Capital Adequacy (E) Task Force votes to pursue by two-thirds consent of members.

C. Monitor changes in accounting and reporting requirements resulting from the adoption and continuing maintenance of the revised *Accounting Practices and Procedures Manual (AP&P Manual)*, Annual Statement Blanks, and the Valuation Manual to ensure that model laws, publications, formulas, analysis tools, etc. supported by the Task Force continue to meet regulatory objectives.

D. ~~Review the effectiveness of the NAIC’s RBC policies and procedures as they affect the accuracy, audit ability, timeliness of reporting access to RBC results, and comparability among the RBC formulas. Report on data quality problems in the prior year RBC filings at the summer and fall national meetings.~~

3. ~~The **Variable Annuities Capital and Reserve (E/A) Subgroup** of the Life Risk-Based Capital (E) Working Group and the Life Actuarial (A) Task Force will:~~

~~A. Monitor the impact of the changes to the variable annuities (VA) reserve framework and RBC calculation and determine if additional revisions need to be made.~~

~~B. Develop and recommend appropriate changes, including those to improve the accuracy and clarity of VA capital and reserve requirements.~~

3. 4. ~~_____~~ The **Longevity Risk (E/A) Subgroup** of the Life Risk-Based Capital (E) Working Group and the Life Actuarial (A) Task Force will:

A. Provide recommendations for recognizing longevity risk in statutory reserves and/or risk-based capital (RBC), as appropriate.~~Provide recommendations for the appropriate treatment of longevity risk transfers by the new longevity factors.~~

4. 5. —The **Catastrophe Risk (E) Subgroup** of the Property and Casualty Risk-Based Capital (E) Working Group will:

- A. Recalculate the premium risk factors on an ex-catastrophe basis, if needed.
- B. Continue to update the U.S. and non-U.S. catastrophe event list.
- C. Continue to evaluate the need for exemption criteria for insurers with minimal risk.
- D. Evaluate the RBC results inclusive of a catastrophe risk charge.
- E. Refine instructions for the catastrophe risk charge.
- F. Continue to evaluate any necessary refinements to the catastrophe risk formula.
- G. Evaluate other catastrophe risks for possible inclusion in the charge.

6. The **RBC Investment Risk and Evaluation (E) Working Group** will:

- A. Perform a comprehensive review of the RBC investment framework for all business types, which could include:
 - i. Evaluating relevant historical data and applying defined statistical safety levels over appropriate time horizons in developing recommendations for revisions to current asset risk structure and factors (e.g. C-1o and C1-cs).
 - ii. Facilitating coordination and alignment among NAIC committees/task forces/working groups related to its work in reviewing current asset risk framework.
 - iii. Assessing the impact and effectiveness of potential changes in contributing to the identification of weakly capitalized companies; i.e., those companies at action levels.
 - iii-iv. Monitor and evaluate changes to the Purposes and Procedure Manual of the NAIC Investment Analysis Office to determine if assets or, specifically, investments evaluated by the NAIC Securities Valuation Office are relevant to the RBC formula in determining the threshold capital and surplus for all insurance companies or whether reporting available to the regulator is a more appropriate means to address the risk

7. The **Generator of Economic Scenarios (GOES) (E/A) Subgroup** of the Life Risk-Based Capital (E) Working Group and the Life Actuarial (A) Task Force will:

- A. Monitor that the economic scenario governance framework is being appropriately followed by all relevant stakeholders involved in scenario delivery.
- B. Review material economic scenario generator updates, either driven by periodic model maintenance or changes to the economic environment and provide recommendations.
- C. Regularly review key economic conditions and metrics to evaluate the need for off-cycle or significant economic scenario generator updates and maintain a public timeline for economic scenario generator updates.
- D. Support the implementation of an economic scenario generator for use in statutory reserve and capital calculations.
- E. Develop and maintain acceptance criteria that reflect history as well as plausibly more extreme scenarios.

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