

2020 #	Owner	2020 Priority	Expected Completion Date	Working Agenda Item	Source	Comments	Date Added to Agenda
<b>Ongoing Items – Life RBC</b>							
1	Life RBC WG	Ongoing	Ongoing	Make technical corrections to Life RBC instructions, blank and /or methods to provide for consistent treatment among asset types and among the various components of the RBC calculations for a single asset type.			
2	Life RBC WG	1	2020 or later	<del>A. Evaluate the overall effectiveness of the C-3 Phase 2 and AG 43 methodologies by conducting an in-depth analysis of the models, modeling assumptions, processes, supporting documentation and results of a sample of companies writing variable annuities with guarantees and to make recommendations to the Capital Adequacy Task Force or Life Actuarial Task Force on any changes to the methodologies to improve their overall effectiveness.</del> <del>B. Develop and recommend changes to C-3 Phases II and AG 43 that implement, for 2018 adoption, the Variable Annuities Framework for Change.</del> 1. Monitor the impact of the changes to the variable annuities reserve framework and risk-based capital (RBC) calculation and determine if additional revisions need to be made. 2. Develop and recommend appropriate changes including those to improve accuracy and clarity of variable annuity (VA) capital and reserve requirements	CATF	Being addressed by the Variable Annuities Capital and Reserve (E/A) Subgroup	
3	Life RBC WG	1	2020 or later	Provide recommendations for recognizing longevity risk in statutory reserves and/or RBC, as appropriate.	New Jersey	Being addressed by the Longevity (E/A) Subgroup	
<b>Carry-Over Items Currently being Addressed – Life RBC</b>							
4	Life RBC WG	1	2020 or later	Update the current C-3 Phase I or C-3 Phase II methodology to include indexed annuities	AAA		
5	Life RBC WG	2	2020 or later	Develop guidance, for inclusion in the proposed NAIC contingent deferred annuity (CDA) guidelines, for states as to how current regulations governing risk-based capital requirements, including C-3 Phase II, should be applied to contingent deferred annuities (CDAs). Recommend a process for reviewing capital adequacy for insurers issuing CDAs and prepare clarifying guidance, if necessary, due to different nomenclature then used with regard to CDAs. The development of this guidance does not preclude the Working Group from reviewing CDAs as part of any ongoing or future charges where applicable and is made with the understanding that this guidance could change as a result of such a review.	10/21/13 Referral from A Committee	It is important to consider the implications of work being done by the CDA and VA Issues Working Groups to ensure consistency in addressing these charges. The Working Group is monitoring the progress of that work.	
6	Life RBC WG	1	2020	Review and evaluate company submissions for the RBC Shortfall schedule and corresponding adjustment to Total Adjusted Capital.			10/16/2015
7	Life RBC WG	1	2020	Review and evaluate company submissions for the Primary Security Shortfall schedule and corresponding adjustment to Authorized Control Level.			10/16/2015
8	Life RBC WG	1	2020	Continue consideration impacts and modifications necessary due to the Federal Tax Cuts and Jobs Act and develop guidance for users of RBC on those impacts.			3/24/2018
9	Life RBC WG	1	2020	Determine if any adjustment is needed to the XXX/AXXX RBC Shortfall calculation to address surplus notes issued by captives.	11/1/17 Referral from the Reinsurance (E) Task Force		3/24/2018
10	<del>Life RBC WG</del>	1	2019	<del>Address changes needed due to elimination of the e fraternal annual statement blank</del>			9/1/2018

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10	Life RBC WG	1	2020	Determine if any adjustment is needed due to the changes made to the <i>Life and Health Guaranty Association Model Act, Model #520</i> .			9/1/2018
11	Life RBC WG	1	2020	Determine if any adjustment is needed to the reinsurance credit risk in light of changes related to collateral and the changes made to the property RBC formula.			9/1/2018
				<b>New Items – Life</b>			
12	Life RBC WG	1	2021	Discuss and determine the bond factors for the 20 designations.	Referral from Investment RBC July/2020		
13	Life RBC WG	1	2021	Discuss and determine the need to adjust the real estate factors.	Referral from Investment RBC July/2020		

**Carry-Over Items Currently being Addressed – P&C RBC**

14	Cat Risk SG	1		Continue development of RBC formula revisions to include a risk charge based on catastrophe model output:			
			Year-end 2020	a) Evaluate other catastrophe risks for possible inclusion in the charge - determine whether to recommend developing charges for any additional perils, and which perils or perils those should be.			
			Year-end-2020	<del>b) Evaluate the AEP vs OEP factors.</del>		The WG agreed to keep the factors the same at this time. We may revisit this issue if needed.	
15	P&C RBC WG	1	Year-end 2020 or later	Evaluate a) the current growth risk methodology whether it is adequately reflects both operational risk and underwriting risk; b) the premium and reserve based growth risk factors either as a stand-alone task or in conjunction with the ongoing underwriting risk factor review with consideration of the operational risk component of excessive growth; c) whether the application of the growth factors to NET proxies adequately accounts for growth risk that is ceded to reinsurers that do not trigger growth risk in their own right.	Refer from Operational Risk Subgroup	1) Sent a referral to the Academy on 6/14/18 conference call.	1/25/2018
16	<del>P&amp;C-RBC WG</del>	<del>1</del>	<del>Year-end-2020</del>	<del>Evaluate the impact to RBC on a) Pre-Tax vs. After Tax; b) Tax reform on Total-Adjusted Capital</del>		Tax impact on RBC was not material.	<del>1/25/2018</del>
16	P&C RBC WG	1	2020 Summer Meeting or later	Continue development of RBC formula revisions based on the Covered Agreement: a) consider eliminating the different treatment of uncollateralized reinsurance recoverable from authorized versus unauthorized, unrated reinsurers; b) consider whether the factor for uncollateralized, unrated reinsurers, runoff and captive companies should be adjusted; c) Evaluate the possibility of using NAIC as a centralized location for reinsurer designations.		12/5/19 - The WG exposed Proposal 2018-19-P (Vulnerable 6 or unrated risk charge) for a 30-day exposure period. 2/3/20 - The WG adopted Proposal 2018-19-P. However, the WG intended to evaluate the data annually until reaching any agreed upon change to the factor and the structure.	8/4/2018
17	P&C RBC WG	1	Year-end 2021 or later	Evaluate the proposed changes from the Affiliated Investment Ad Hoc Group related to P/C RBC Affiliated Investments			6/10/2019
18	P&C RBC WG	1	2021 Summer Meeting or later	Continue working with the Academy to review the methodology and revise the underwriting (Investment Income Adjustment, Loss Concentration, LOB UW risk) charges in the PRBC formula as appropriate.			6/10/2019
19	Cat Risk SG	1	Year-end 2020 or later	Evaluate the possibility of allowing additional third party models to calculate the cat model losses			12/6/2019

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20	P&C RBC WG	1	Year-end 2020	Evaluate the RBC impact on two different retroactive reinsurance exception approaches.		1/7/20 - received a referral from the SAPWG	1/9/2020
21	P&C RBC WG	1	Year-end 2020	Evaluate the RBC impact on the modification of the installment fees and expenses reporting guidance .		1/7/20 - received a referral from the SAPWG	1/9/2020
22	P&C RBC WG	1	2021 Spring Meeting	Evaluate if changes should be made to the P/C formula to better assess companies in runoff.		1/29/20 - received a referral from the Restructuring Mechanisms (E) WG	2/3/2020
23	P&C RBC WG	1	2021 Spring Meeting	Evaluate the Underwriting Risk Line 1 Factors in the P/C formula.			7/30/2020
<b>Ongoing Items – Health RBC</b>							
24	Health RBC WG	3  1	Year-end 2021 RBC or later  2021 Spring Meeting	Evaluate the impact of Federal Health Care Law on the Health RBC Formulas	4/13/2010 CATF Call	Adopted 2014-01H Adopted 2014-02H Adopted 2014-05H Adopted 2014-06H Adopted 2014-24H Adopted 2014-25H Adopted 2016-01-H Adopted 2017-09-CA Adopted 2017-10-H The Working Group will continually evaluate any changes to the health formula as a result of ongoing federal discussions and legislation. Consider and refer proposal 2020-02-CA to the TF for the deletion of the ACA Fee Schedule Test	07/30/2020
25	Health RBC WG	3	Year-end 2021 RBC or later	Discuss and monitor the development of federal level programs and actions and the potential impact of these changes to the HRBC formula: - Development of the state reinsurance programs; - Association Health Plans; - Cross-border sales	HRBCWG	Discuss and monitor the development of federal level programs and the potential impact on the HRBC formula.	1/11/2018
<b>Carry-Over Items Currently being Addressed – Health RBC</b>							
26	Health RBC WG	3	Year-End 2023 RBC or Later	Consider changes for stop-loss insurance or reinsurance.	AAA Report at Dec. 2006 Meeting	(Based on Academy report expected to be received at YE-2016) 2016-17-CA	
27	Health RBC WG	2	Year-end 2023 RBC or later	Review the individual factors for each health care receivables line within the Credit Risk H3 component of the RBC formula.	HRBC WG	Adopted 2016-06-H Rejected 2019-04-H	
28	Health RBC WG	1	Year-end 2022 or later	Establish an Ad Hoc Group to review the Health Test and annual statement changes for reporting health business in the Life and P/C Blanks	HRBCWG	Evaluate the applicability of the current Health Test in the Annual Statement instructions in today's health insurance market. Discuss ways to gather additional information for health business reported in other blanks.	8/4/2018
29	Health RBC WG	1	Year-end 2020 RBC or later	Review the Managed Care Credit calculation in the Health RBC formula - specifically Category 2a and 2b.	HRBCWG	Review the Managed Care Category and the credit calculated, more specifically the credit calculated when moving from Category 0 & 1 to 2a and 2b.	12/3/2018

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30	Health RBC WG	1	Year-end 2020 or later	Review referral letter from the Operational Risk (E) Subgroup on the excessive growth charge and the development of an Ad Hoc group to charge.	HRBCWG	Review if changes are required to the Health RBC Formula	4/7/2019
<b>New Items – Health RBC</b>							
31	Health RBC WG	1	2021 Spring Meeting	Review and consider the formula for the MAX function in Line 17 of the Excessive Growth Charge.	HRBCWG	2020-04-H	4/3/2020
32	Health RBC WG	1	Year-End 2021 or later	Consider impact of COVID-19 and pandemic risk in the Health RBC formula.	HRBCWG		7/30/2020
<b>New Items – Task Force</b>							
33	CADTF	1	2020	<p>Consideration given to 20 designations for bonds in all RBC formulas so that an impact analysis can be provided on 2020 year-end data to determine the bond RBC factors. The Task Force will need to discuss and determine whether Hybrids are included with the new bond's structure.</p> <p><u>History</u>            In 2012 /13 as part of the Solvency Modernization Initiative “roadmap” and subsequent White Paper roadmap, the Capital Adequacy (E) Task Force identified increased granularity in the asset and investment risk charges as a priority area. It was originally targeted at the Life RBC formula and was referred to as the “C1 factor review”. The project was assigned to a newly formed Investment RBC (E) Working Group in 2013. Work was conducted by the Life C-1 Work Group of American Academy of Actuaries (Academy) at the instructions of the working group using defined criteria for the analysis: The C1 bond factors are defined as the amount needed to pre-fund losses at the 96th percentile minus the amount assumed to be funded in statutory policy reserves. The credit loss distribution is skewed with the mean occurring at approximately the 60th percentile. The RP does not vary by economic scenario.</p>	IRBCWG - Dec 2019	<p>An Academy report issued in 2015 and updated 2017 report recommended an increase in the number of designations. Ultimately, the WG members agreed that the number of designations should be increased to 20.</p> <p>In 2017//2018, the PRBC and HRBC (E) Working Groups began discussion of the change to 20 designations. In 2019 both working groups concurred with the LRBC WG position that the number of designations should be increased to 19 in their respective formulas            Proposal # 2019 – 16CA</p>	
<b>Ongoing Items – Task Force</b>							
34	CADTF	2	2022	Affiliated Investment Subsidiaries Referral Ad Hoc group formed Sept. 2016	Ad Hoc Group	Ad Hoc group will provide periodic updates on their progress.	
<b>Carry-Over Items not Currently being Addressed – Task Force</b>							
35	CADTF	2-3	2021	Receivable for Securities factor		Consider evaluating the factor every 3 years. (2021, 2024, 2027, etc.)	
36	CADTF	3	2021 or Later	NAIC Designation for Schedule D, Part 2 Section 2 - Common Stocks Equity investments that have an underlying bond characteristic should have a lower RBC charge? Similar to existing guidance for SVO-identified ETFs reported on Schedule D-1, are treated as bonds.	Referral from SAPWG 8/13/2018	10/8/19 - Exposed for a 30-day Comment period ending 11/8/2019 3-22-20 - Tabled discussion pending adoption of the bond structure and factors.	10/11/2018
37	CADTF	3	2021 or Later	Structured Notes - defined as an investment that is structured to resemble a debt instrument, where the contractual amount of the instrument to be paid at maturity is at risk for other than the failure of the borrower to pay the contractual amount due. Structured notes reflect derivative instruments (i.e. put option or forward contract) that are wrapped by a debt structure.	Referral from SAPWG April 16, 2019	10/8/19 - Exposed for a 30-day Comment period ending 11/8/2019 3-22-20 - Tabled discussion pending adoption of the bond structure and factors.	8/4/2019

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38	CADTF	3	2021 or Later	Comprehensive Fund Review for investments reported on Schedule D Pt 2 Sn2	Referral from VOSTF 9/21/2018	Discussed during Spring Mtg. NAIC staff to do analysis. 10/8/19 - Exposed for a 30-day comment period ending 11/8/19 3-22-20 - Tabled discussion pending adoption of the bond structure and factors.	11/16/2018

Carry-Over Items Currently being Addressed – Task Force

39	CADTF	2	2020 or Later	XXX/AXXX Captive Reinsurance RBC Shortfall	Referral from Reinsurance Task Force /RITF	Referred to Life RBC WG for consideration and comment	11/1/2017
40	CADTF	2	2020 or Later	Payout Annuities for RBC	Referral from Allstate and IL DOI	Referred to Life RBC WG for consideration and comment	3/25/2018
41	CADTF	2	2020 or Later	Guaranty Association Assessment Risk	Referral from Receivership and Insolvency (E) Task Force 5/1/2018	Referred to the Life RBC WG and Health RBC WG for consideration and comment.	6/30/2018

Investment Risk-Based Capital Working Group

Carry-Over Items Currently being Addressed – Investment RBC

42	Investment RBC WG	1	2020 or later	The Solvency Modernization Initiative (EX) Task Force and the Capital Adequacy (E) Task Force have been discussing reform of the RBC formulae for life, property/casualty and health insurers. The Working Group recommends a comprehensive review of RBC, including a review of whether all RBC formulae should have greater granularity.	Rating Agency WG Referral March 2010	Comprehensive review to be discussed at the Capital Adequacy (E) Task Force. Disband the Investment Risk-Based Capital (E) Working Group effective Aug. 5, 2020	
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Carry-Over Items not Currently being Addressed – Investment RBC

43	Investment RBC WG	2	Year-End 2021	Consideration should be given to recalibrate the RBC formulae to require different levels of capital for municipal, corporate and structured securities.	Rating Agency WG Referral March 2010	Comprehensive review to be discussed at the Capital Adequacy (E) Task Force. Disband the Investment Risk-Based Capital (E) Working Group effective Aug. 5, 2020	
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Priority 1 – High priority  
 Priority 2 – Medium priority  
 Priority 3 – Low priority

**CAPITAL ADEQUACY (E) TASK FORCE  
 WORKING AGENDA ITEMS FOR CALENDAR YEAR 2020**

Capital Adequacy (E) Task Force

2020 #	Owner	2020 Priority	Expected Completion Date	Working Agenda Item	Source	Comments	Date Added to Agenda
44	Investment RBC WG	1	Year-End-2021	Ensure that the RBC formulae, for all business types, for common stock and bonds are consistent with respect to statistical safety levels, modeling assumptions, where appropriate.	CAdTF	Consolidated with items #42, 43 and 44 from the 2015 Working Agenda Comprehensive review to be discussed at the Capital Adequacy (E) Task Force. Disband the Investment Risk-Based Capital (E) Working Group effective Aug. 5, 2020	2/10/2015 8/17/2015
45	Investment RBC WG	2	Year-End-2021	Consider modifications for investment risk to capture more than credit risk to place less reliance on the rating agencies. Consider modifications to better identify liquidity and asset concentration.	CDS WG referrals	Comprehensive review to be discussed at the Capital Adequacy (E) Task Force. Disband the Investment Risk-Based Capital (E) Working Group effective Aug. 5, 2020	
46	Investment RBC WG	2	Year-End-2021	The asset valuation reserve (AVR) establishes a reserve to offset potential credit-related investment losses on all invested asset categories. Similar to RBC, consideration should be given to making complementary adjustments to AVR to be consistent with changes to RBC.	Rating Agency WG Referral March-2010	Comprehensive review to be discussed at the Capital Adequacy (E) Task Force. Disband the Investment Risk-Based Capital (E) Working Group effective Aug. 5, 2020	

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