To: All Insurers  
RE: March 30 Question & Answer on Guidance for Troubled Debt Restrukturings for March 31-June 30 Statutory Financial Statements and Related Interim Risk-Based Capital Filings

Background Information
On March 27, the Financial Condition (E) Committee issued guidance to encourage insurers to work with borrowers who are unable to, or may become unable to meet their contractual payment obligations because of the effects of COVID-19. Nothing in that guidance supersedes the requirement or authority of any state, particularly any state that has separately issued COVID-19 orders, directives or other guidance the impact of which may lead to debt becoming troubled and/or needing to be restructured.

March 30 Questions
Q1-Is the guidance expected to be updated in the future for 3Q and 4Q financial statements and if so how?  
A1-The March 27 guidance developed was intended issued to provide immediate guidance and the expectation is that further, more deliberative discussion is expected to occur in the future, likely through the Life Risk-Based Capital (E) Working Group.

Q2-The guidance indicates that delays in any required principal and interest payments in accordance with the defined parameters are not required to be reclassified to a different RBC category, does this include reclassification either within CM categories (e.g. CM1 to CM2) or within other categories (e.g. In Good Standing, Overdue, Not in Process, In Process of Foreclosure, or both?  
A2-The guidance is meant to apply to both situations; the CM categories and the standing categories.