

MEMORANDUM

TO: Dale Bruggeman, Chair, Statutory Accounting Principles (E) Working Group
Tom Botsko, Chair, Capital Adequacy (E) Task Force

FROM: Philip Barlow, Chair, Life Risk-Based Capital (E) Working Group

DATE: January 25, 2024

RE: Repurchase Agreement RBC Proposal Referral

The Life Risk-Based Capital (E) Working Group received, discussed, and exposed for public comment, a proposal from the American Council of Life Insurers (ACLI) to modify the treatment of repurchase agreements in the life risk-based capital (RBC) formula (Proposal). One comment was received from the ACLI with full support of the Proposal. ACLI has subsequently provided an official proposal with structural changes to the RBC blanks and instructions. The implementation of the structural changes is predicated on changes made to the Annual Statement's General Interrogatories. NAIC staff has reviewed the proposal and noted accounting differences between repurchase agreements and security lending programs, on which the proposal appears to base the RBC treatment.

The Working Group would appreciate consideration by the Statutory Accounting Principles (E) Working Group on accounting and reporting aspects of the proposal as well as the Capital Adequacy (E) Task Force on its possible application to the other RBC formulas.

Cc: Dave Fleming, Julie Gann, Robin Marcotte, Jake Stultz, Jason Farr, Wil Oden, Mary Caswell, Maggie Chang, Eva Yeung, Crystal Brown