

On behalf of Commissioner Scott White (VA), Chair of the Financial Condition (E) Committee

A request for comment is being made to solicit feedback regarding the review of the RBC treatment of asset backed securities (ABS) including collateralized loan obligations (CLOs), collateralized fund obligations (CFOs), or other similar securities carrying similar types of tail risk. Feedback is specifically requested regarding the following:

- Methodologies for capturing the risk (including tail risk) that exists with such assets (e.g. ratings-determined bond factors, a modeling process akin to the current CMBS/RMBS approach, or other proposals).
- How a consultant or consulting actuary could be used by the NAIC to determine the appropriate charge based upon certain data.
- The need for review outside of Life RBC (Health, P&C).
- Whether residual tranches in ABS structures can be evaluated in conjunction with and under similar methodologies as the debt tranches.
- Specific proposals for addressing RBC treatment of residual tranches to reduce arbitrage incentives.

Please direct all comments to the Risk-Based Capital Investment Risk and Evaluation (E) Working Group and send to Jane Barr (jbarr@naic.org) by COB February 28, 2022.

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