**PROCEDURES OF THE FINANCIAL CONDITION (E) COMMITTEE'S**
**CAPITAL ADEQUACY TASK FORCE IN CONNECTION WITH PROPOSED AMENDMENTS TO RISK-BASED CAPITAL**
**BLANKS AND INSTRUCTIONS**

The following establishes procedures and rules of the Financial Condition (E) Committee's Capital Adequacy Task Force (Task Force) and its Working Groups with respect to proposed amendments to the NAIC RBC Forecasting (blanks) and Instructions.

1. The Task Force may consider relevant proposals to change the RBC blanks and instructions at the national meeting or designated interim meeting as scheduled by the Task Force.

2. All proposals for suggested changes and amendments shall use NAIC Proposal Forms and shall be stated in a concise and complete manner and include the appropriate blank and instruction modifications. The Proposal Form and its instructions are available online under related documents and resources at https://content.naic.org/cmte_e_capad.htm. All interested party proposals should be emailed to the appropriate NAIC staff support with a completed proposal form and mocked-up changes.

   The following guidelines apply:
   - Although proposal shall be exposed throughout the year to allow ample time for consideration, any proposals that affect a structural change to the RBC blank (e.g. addition/deletion of a row or column after LR001, PR001, XR001) must be exposed by the Task Force or its Working Groups no later than March 31 of the effective year of the change. - The proposal must be adopted by the Task Force no later than May 15 of the effective year of the change.
   - Any proposal that only affects the instructions, non-structural change to the RBC Blanks (e.g. description or reference change) or factors must be exposed by the Task Force / Working Group by May 15 and adopted by the Task Force by June 30 of the current year.
   - Only the Task Force may extend the June 30th adoption deadline for previously considered proposals upon a -two-thirds- consent of the Task Force members present where such extension can be no later than July 30th of the current year. This would be considered only in rare circumstances where urgency of such adoption is high and implementation by the RBC software vendors is feasible.

Drafting Note: NAIC Committee Support was made aware that the sentence proposed for deletion can be construed as possible extension of structural changes adoption to July 30, which was not the original intent. In order to avoid confusion and duplicative languages, propose to delete the sentence.

   An illustration of the proposed change to the RBC blank, factors, or instructions should accompany the Proposal Form. In addition, an impact analysis is preferred for any factor change. If another NAIC Committee, Task Force or Working Group is known to have considered this proposal, that Committee, Task Force or Working Group should provide any relevant information.

   The Task Force/Working Groups will review the proposal and determine whether to receive the proposal and expose for public comment (initial exposure of at least 30-days to ensure adequate time to provide comment on any structural change, unless a shorter exposure is approved by the Task Force or Working Groups) or to reject the proposal. The comment period shall end at least 3 business days prior to the next designated national or interim meetings of the Task Force/ Working Group. The Task Force/Working Group will consider comments received on each proposal at its future meeting(s). Proposals under consideration may be deferred by the Task Force/Working Group if the proposal has merit but warrants additional work or input. The Task Force may also refer proposals to other NAIC groups due to their technical expertise or for additional review. If a proposal has been referred to another NAIC group it will be considered again after comments/recommendations are received. The Task Force will review and adopt the working agenda at the Fall National Meeting, to assess the status of the priority items, to add or delete items that have been addressed or to reprioritize the remaining items on the working agenda.

3. Interested Party proposals filed with the appropriate NAIC staff support shall be considered at the next regularly scheduled meeting of the Task Force/Working Group if the proposal is filed at least fifteen business days prior to the meeting.

4. The NAIC staff support shall prepare the meeting materials including all suggested proposals. Interim meeting materials will be posted no later than three business days prior to the scheduled meeting on the NAIC website. Initial national meeting materials will be posted ten calendar days before the first day of each National Meeting on the NAIC website. Materials posted ten calendar days in advance of the National Meeting will not be printed for distribution.

5. At each meeting, the Task Force/Working Group will review comments that were received by the comment exposure due date for suggested proposals.

6. NAIC staff support will incorporate editorial changes discovered in the annual updates of the RBC formulas e.g., reference changes due to new SSAPs or annual statement references. NAIC staff support may also request that the Task Force/Working Group reconsider items adopted, if these items contain substantial modifications.

7. The Task Force/Working Group may, when deemed necessary, appoint an Ad Hoc Group /Drafting Group to study proposals and/or certain issues.

Drafting Note: C-3 Alignment Field Test Drafting Group and Managed Care Credit Drafting Group are some examples to prompt NAIC support to expand the procedures.

8. The NAIC will publish the RBC Forecasting and Instructions for the next subsequent year on, or about November 1 each year. The following documentation will be posted to the NAIC Web site:
    - RBC Proposals adopted by the Task Force (after each interim and National Meeting)
    - Annual RBC Newsletters (after Summer National Meeting)
    - Annual RBC Statistics (after Summer National Meeting)
    - Working Agenda (after Fall National Meeting)
    - Any subsequent corrections to these publications (as needed)