



*2026 Spring National Meeting
San Diego, California*

CAPITAL ADEQUACY (E) TASK FORCE

Tuesday, March 24, 2026
9:00 – 10:00 a.m.

Meeting Summary Report

The Capital Adequacy (E) Task Force met March 24, 2026. During this meeting, the Task Force:

1. Adopted its Jan. 30, 2026, and Nov. 19, 2025, minutes (*see NAIC Proceedings – Fall 2025, Capital Adequacy (E) Task Force*). During its Jan. 30 meeting, the Task Force took the following action:
 - A. Adopted the updated 2025 U.S. and Non-U.S. catastrophe risk event lists.
2. Adopted the report of the Risk-Based Capital Investment Risk and Evaluation (E) Working Group, which met March 23. During this meeting, the Working Group took the following action:
 - A. Adopted its March 2, 2026, minutes, which included the following action:
 - i. Adopted its Dec. 15, 2025, minutes. During this meeting, the Working Group took the following action:
 - a. Adopted its Nov. 4, 2025, minutes (*see NAIC Proceedings – Fall 2025, Capital Adequacy (E) Task Force, Attachment Four*).
 - b. Heard an update from the American Academy of Actuaries (Academy) on the collateralized loan obligations (CLOs) risk-based capital (RBC) project.
 - c. Exposed proposal 2025-22-IRE (CLO RBC Structure).
 - d. Decided not to adopt proposal 2025-12-IRE (SVO Bond Fund Alignment Project) for the life RBC formula.
 - ii. Received comments on the Academy's Dec. 15, 2025, presentation.
 - iii. Heard updates from the Academy on its CLOs RBC project.
 - iv. Exposed the Academy's CLO RBC project presentation for a 45-day public comment period ending April 16.
 - B. Reported that it met March 19 in regulator-to-regulator session, pursuant to paragraph 3 (specific companies, entities, or individuals) of the NAIC Policy Statement on Open Meetings. During this meeting, the Working Group took the following action:
 - i. Discussed comments and/or questions in response to the Academy's March 2 CLO RBC project presentation.
 - ii. Discussed the impact analysis.
 - C. Received an update from the Invested Assets (E) Task Force. Various workstreams taken on by its working groups, namely the Investment Designation Analysis (E) Working Group, the Credit Rating Provider (E) Working Group, and the Investment Analysis (E) Working Group, were highlighted in the report.
 - D. Received an update from the Statutory Accounting Principles (E) Working Group. The following investment-related adoptions/exposures were highlighted: 1) adopted admittance provisions of long-term repurchase agreements; 2) adopted nonadmittance provisions for investments held



- under “book value separate account”; and 3) exposed various proposals on topics such as restricted assets coding, funding agreement-backed note (FABN) disclosure revisions, security identifiers disclosures, and provisions on asset liability management derivatives.
- E. Heard an update from the Academy on the CLO C-1 factor modeling project. The Academy reported progress to date on the evaluation of RBC treatment for CLO, including considerations of the portfolio adjustment factor.
 - F. Received comments on proposal 2025-22-IRE (CLO RBC Structure) and re-exposed a modified proposal for a 25-day public comment period ending April 17, 2026.
3. Adopted the report of the Life Risk-Based Capital (E) Working Group, which met March 22. During this meeting, the Working Group took the following action:
- A. Adopted its Feb. 25 and Feb. 10 minutes. During these meetings, the Working Group took the following action:
 - i. Exposed the C-3 alignment field test specs for a 47-day public comment period ending April 13.
 - ii. Exposed proposal 2026-06-L LR027 (Blanks Page) for a 30-day public comment period ending March 27.
 - iii. Adopted its Nov. 14, 2025, minutes (*see NAIC Proceedings – Fall 2025, Capital Adequacy (E) Task Force, Attachment Two*).
 - iv. Adopted the Oct. 29, 2025, minutes of the Generator of Economic Scenarios (GOES) (E/A) Subgroup (*see NAIC Proceedings – Fall 2025, Life Actuarial (A) Task Force, Attachment Seventeen*).
 - v. Exposed proposal 2025-16-L MOD (Collateral Loans) for a 24-day public comment period ending March 6.
 - vi. Exposed proposal 2026-02-L (BA Residential Mortgage Loans) for a 30-day public comment period ending March 12.
 - vii. Exposed the proposal 2026-01-L (AVR Changes) for a 30-day comment period ending March 6.
 - viii. Heard an update from the Academy on the C-3 field test survey.
 - B. Adopted its Feb. 11 minutes, during which it met in joint session with the Variable Annuities Capital and Reserve (E/A) Subgroup. During this meeting, the Working Group took the following action:
 - i. Adopted its Oct. 31, 2025, minutes, during which it met in joint session with the Variable Annuities Capital and Reserve (E/A) Subgroup (*see NAIC Proceedings – Fall 2025, Life Actuarial (A) Task Force, Attachment Eight*).
 - ii. Discussed comments received from the Academy, American Council of Life Insurers (ACLI), and Committee of Annuity Insurers (CAI) on the C-3 Phase I and C-3 Phase II framework.
 - iii. Re-exposed the updated proposal for the C-3 Phase I and C-3 Phase II framework for a 23-day public comment period ending March 6.
 - iv. Re-exposed APF 2025-14 for a 23-day public comment period ending March 6.
 - C. Received an update from the Generator of Economic Scenarios (GOES) (E/A) Subgroup, which last met Oct. 29, 2025 (*see NAIC Proceedings – Fall 2025, Life Actuarial (A) Task Force, Attachment Seventeen*).
 - D. Received an update from the Longevity Risk (E/A) Subgroup, which met Feb. 9. During this meeting, the Subgroup took the following action:



- i. Adopted its Nov. 19, 2025, and Oct. 9, 2025, minutes (*see NAIC Proceedings – Fall 2025, Life Actuarial (A) Task Force, Attachments Eleven and Twelve*).
 - ii. Discussed comments received on approaches to address C-2 longevity risk for longevity reinsurance transaction (LRT) contracts.
 - E. Received an update from the Variable Annuities Capital and Reserve (E/A) Subgroup, which met Feb. 11 in joint session with the Life Risk-Based Capital (E) Working Group.
 - F. Re-exposed proposal 2025-14-L (C-3 GOES Implementation) for a 23-day comment period ending April 13.
 - G. Re-exposed proposal 2025-16-L MOD (Collateral Loans) for 23-day public comment period ending April 13.
 - H. Adopted proposal 2025-17-L (LR027 Scope Clarification).
 - I. Heard an update from the Academy on its RBC ratio and impairment risk research project. The presentation highlighted three key takeaways: 1) RBC ratios show little meaningful relationship with impairment experience; 2) predictive patterns are more stable after excluding companies with either very low or extremely high capital levels; and 3) when RBC ratios exceed 1000%, RBC levels become materially less informative of impairment risk.
4. Adopted the report of the Property and Casualty Risk-Based Capital (E) Working Group, which met March 23 in joint session with the Catastrophe Risk (E) Subgroup. During this meeting, the Working Group and Subgroup took the following action:
- A. Adopted their Jan. 28, 2026, and Nov. 12, 2025, minutes (*see NAIC Proceedings – Fall 2025, Capital Adequacy (E) Task Force, Attachment Three*). During their Jan. 28 meeting, the Working Group and Subgroup took the following action:
 - i. Adopted the updated 2025 U.S. and non-U.S. catastrophe risk event lists, which it had exposed for a seven-day public comment period that ended Jan. 15.
 - B. Adopted proposal 2025-19-CR (Separating Earthquake and Hurricane Lines Experience Data in PR100s).
 - C. Adopted proposal 2025-20-CR (Wildfire Rcat Implementation).
 - D. Exposed proposal 2026-08-CR (PR027INT Item D Modification) for a 30-day public comment period ending April 22.
 - E. Heard an update on the severe convective storm impact analysis, including that a vendor model review is expected to begin in April 2026.
 - F. Discussed climate impact disclosures.
 - G. Discussed flood peril, including availability and affordability.
 - H. Heard an update from the Health Risk-Based Capital (E) Working Group regarding proposal 2025-15-CA MOD (A&H Underwriting Risk Structure Change). The Working Group adopted a recommendation to refer the proposal to the Capital Adequacy (E) Task Force.
 - I. Discussed the property/casualty (P/C) RBC premium and loss concentration factors, including a review of the RBC action level under the current formula compared to a formula incorporating the Academy's suggested 45% premium and 65% loss concentration factors.
 - J. Heard an update from the Academy on its RBC ratio and impairment risk research project.
5. Adopted the report of the Health Risk-Based Capital (E) Working Group, which met March 23. During this meeting, the Working Group took the following action:



- A. Adopted its Feb. 13, 2026, minutes. During this meeting, the Working Group took the following action:
 - i. Adopted its Nov. 6, 2025, minutes (*see NAIC Proceedings – Fall 2025, Capital Adequacy (E) Task Force, Attachment One*).
 - ii. Received comments on the referral from the Risk-Based Capital Investment Risk and Evaluation (E) Working Group on the alignment of bond fund implementation in the health RBC formula.
 - iii. Received comments on proposal 2025-15-CA, which incorporates the structural changes and alternate risk charge changes presented in the Academy’s H2–Underwriting Risk Component and Managed Care Credit Calculation in the Health Risk-Based Capital Formula Report (H2–Underwriting Risk Report).
 - iv. Exposed proposal 2025-15-CA MOD for a 26-day public comment period ending March 11, 2026.
 - v. Received comments on the managed care credit draft.
 - vi. Discussed the Working Group’s letter to the Academy, requesting that it address comments on the H2–Underwriting Risk Report, proposal 2025-15-CA, and the managed care credit draft, as well as any potential problems with a three-year phase-in of the proposed factors.
 - vii. Discussed H2 risk factor implementation
 - B. Adopted the recommendation to refer proposal 2025-15-CA MOD (A&H Underwriting Structure Change) to the Capital Adequacy (E) Task Force.
 - C. Exposed proposal 2026-03-CA (Underwriting Risk Investment Income Update) for a 30-day public comment period ending April 22, 2026.
 - D. Discussed the impact analysis of a three-year phase-in implementation of the one-year time horizon, 87.5% risk percentile underwriting risk factors from the Academy’s H2–Underwriting Risk Report.
 - E. Heard an update on the Academy’s RBC impairment project, Long-Term Care Committee, and Stop-Loss Work Group.
6. Adopted proposal 2025-17-L (LR027 Scope Clarification).
 7. Adopted proposal 2025-19-CR (Separating Earthquake and Hurricane Lines Experience Data in PR100s).
 8. Adopted proposal 2025-20-CR (Wildfire Rcat Implementation).
 9. Exposed proposal 2025-15-CA (A&H Underwriting Risk Structure Change) for a 30-day public comment period ending April 23.
 10. Discussed a referral from the Statutory Accounting Principles (E) Working Group. The referral is intended to inform the Task Force that the Working Group supports eliminating the investment subsidiary concept and to request any necessary changes to RBC instructions and/or structure to reflect that elimination across all lines of business.
 11. Exposed proposal 2026-05-CA (Remove Investment Affiliate Code 4) for a 30-day public comment period ending April 23.



12. Heard an update from the Academy on its RBC ratio and impairment risk research project. The presentation highlighted three key takeaways: 1) RBC ratios show little meaningful relationship with impairment experience; 2) predictive patterns are more stable after excluding companies with either very low or extremely high capital levels; and 3) when RBC ratios exceed 1000%, RBC levels become materially less informative of impairment risk. **Steve Jackson (Academy) responded to regulators' questions following the presentation.**