The Capital Adequacy (E) Task Force met Dec. 8, 2019. During this meeting, the Task Force:

1. Adopted its Oct. 8 minutes, which included the following action:
   a. Adopted its Sept. 18 minutes, which included the following action:
      1. Adopted its 2020 proposed charges.
   b. Exposed its referrals:
      1. NAIC Designations for Schedule D, Part 2 – Section 2.
      2. Mutual Funds.
      3. Comprehensive Funds.

2. Adopted the report of the Health Risk-Based Capital (E) Working Group, which met Dec. 8 and took the following action:
   a. Adopted its Oct. 10 and Sept. 9 minutes, which included the following action:
      1. Regulator-only call on Oct. 10.
      3. Discussed field testing of the Health Test.
      4. Referred the Long-Term Care HMO Guaranty Fund Memorandum to the Capital Adequacy (E) Task Force.
      5. Received comments and rejected proposal 2019-04-H (Health Care Receivables).
      6. Received comments on the excessive growth charge.
      7. Received comments on the Health Bond Structure.
      8. Discussed the managed care credit.
      9. Received an update from the Health Test Ad Hoc Group.
   b. Discussed the Health Bond Structure draft.
   c. Received comments on the Health Test Language Proposal.
   e. Adopted updates to the 2020 working agenda.
   f. Received an update from the Excessive Growth Charge Ad Hoc Group.

3. Adopted the report of the Life Risk-Based Capital (E) Working Group, which met Dec. 7 and took the following action:
   a. Adopted its Oct. 23 and Summer National Meeting minutes, which included the following action:
      1. Rejected the proposal to update the risk-based capital (RBC) charge for unaffiliated common stock supporting long-horizon contractual commitments.
      2. Exposed the memorandum on potential further work on life growth operational risk for public comment.
      3. Adopted its July 22, June 24, June 17, June 6, May 13, April 26 and Spring National Meeting minutes.
   b. Adopted the report of the Longevity Risk (A/E) Subgroup, including adoption of its Nov. 25, Nov. 4, Oct. 7, Sept. 30 and Sept. 18 minutes.
   d. Heard an update from NAIC staff on the work being done on economic scenario generators (ESGs).
   e. Discussed comments received on life growth risk.
   f. Discussed pending items to be considered by the Working Group.

4. Adopted the report of the Property and Casualty Risk-Based Capital (E) Working Group, which met Dec. 8 and took the following action:
   a. Adopted its Nov. 8 minutes, which included the following action:
      1. Adopted the Catastrophe Risk (E) Subgroup’s Summer National Meeting minutes.
      2. Adopted its Summer National Meeting minutes.
3. Adopted proposal 2019-11-P (Clarification to Instructions Regarding Lloyd’s of London) and the 2019 reporting guideline.
5. Exposed the 2019 catastrophe event list.
6. Heard updates from the Academy on reviewing the underwriting risk components.
7. Discussed the appropriate factor of unrated uncollateralized recoverables.
8. Discussed the factor of using the aggregate exceedance probability (AEP) and occurrence exceedance probability (OEP) basis.

b. Adopted the report of the Catastrophe Risk (E) Subgroup, which met Dec. 6 and took the following action:
   1. Adopted its Nov. 8 minutes.
   3. Heard a presentation from the Academy on “Wildfire: Lessons Learned.”
   4. Heard a presentation from the Academy on “Actuaries Climate Index (ACI) and Actuaries Climate Risk Index (ACRI).”

  c. Exposed proposal 2018-19-P (Vulnerable 6 or Unrated Risk Charge) for a 45-day public comment period ending Jan. 21, 2020.

d. Discussed 2020 property/casualty (P/C) RBC working agenda.

e. Discussed the possibility of using the NAIC as a centralized location for reinsurer designations.

f. Discussed the possible treatment of the R3 related to the runoff companies and captive companies.

g. Discussed the monoline mortgage guaranty insurers. The Working Group will closely monitor the development of the risk-based mortgage guaranty capital model from the Mortgage Guaranty Insurance (E) Working Group.

h. Discussed the Restructuring Mechanisms (E) Subgroup charge related to the Property and Casualty Risk-Based Capital formula.

5. Adopted its working agenda.

6. Received a Long-Term Care HMO Guaranty Fund Memorandum.


10. Adopted the RBC Preamble.

11. Received comments on referrals for:
    a. NAIC Designations for Schedule D, Part 2, Section 2 – Common Stocks.
    b. RBC Charges for Funds and Comprehensive Funds.
    c. Structured Notes.

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