



2026 SPRING NATIONAL MEETING
SAN DIEGO, CA



Draft date: 3/20/26

*2026 Spring National Meeting
San Diego, California*

FINANCIAL CONDITION (E) COMMITTEE

Wednesday, March 25, 2026

8:00 – 9:00 a.m.

Manchester Grand Hyatt—Seaport Ballroom—Level 2

ROLL CALL

Nathan Houdek, Chair	Wisconsin	Mike Causey	North Carolina
Michael T. Caljouw, Vice Chair	Massachusetts	Judith L. French	Ohio
Michael Yaworsky	Florida	Michael Wise	South Carolina
Doug Ommen	Iowa	Amanda Crawford	Texas
Vicki Schmidt	Kansas	Kaj Samsom	Vermont
Grace Arnold	Minnesota	Scott A. White	Virginia
Mike Chaney	Mississippi	Jeff Rude	Wyoming
Kaitlin Asrow	New York		

NAIC Committee Support: Dan Daveline/Julie Gann/Bruce Jenson

AGENDA

1. Consider Adoption of its 2025 Fall National Meeting Minutes Attachment One
—*Commissioner Nathan Houdek (WI)*
2. Consider Adoption of the Reports of its Task Forces Attachment Two
—*Commissioner Nathan Houdek (WI)*
 - A. Accounting Practices and Procedures (E) Task Force Attachment Three
 - B. Capital Adequacy (E) Task Force Attachment Four
 - C. Financial Stability (E) Task Force Attachment Five
 - D. Invested Assets (E) Task Force Attachment Six
 - E. Reinsurance (E) Task Force
3. Receive an Update on the Artificial Intelligence (AI) Systems Evaluation Tool and Pilot—*Commissioner Kaj Samsom (VT)*
4. Receive an Update on the Work of the Invested Assets (E) Task Force—*Carrie Mears (IA)*
5. Receive an Update from the Statutory Accounting Principles (E) Working Group Regarding a Coinsurance/Yearly Renewable Term (YRT) Referral Attachment Seven



—Kevin Clark (IA)

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| 6. Consider Adoption of Proposal 2025-20-CR (Wildfire Rcat Implementation)— <i>Tom Botsko (OH)</i> | Attachment Eight |
| 7. Receive Background and an Update on Proposed Changes to Collateral Loan Risk-Based Capital (RBC) for Life Insurers— <i>Ben Slutsker (MN)</i> | Attachment Nine |
| 8. Discuss Any Other Matters Brought Before the Committee
— <i>Commissioner Nathan Houdek (WI)</i> | |
| 9. Adjournment | |

Draft Pending Adoption

Draft: 12/17/25

Financial Condition (E) Committee
Hollywood, Florida
December 11, 2025

The Financial Condition (E) Committee met in Hollywood, FL, Dec. 11, 2025. The following Committee members participated: Nathan Houdek, Chair (WI); Michael Wise, Co-Vice Chair (SC); Justin Zimmerman, Co-Vice Chair (NJ); Mark Fowler (AL); Michael Conway (CO); Michael Yaworsky represented by Alexis Bafofsky (FL); Doug Ommen and Carrie Mears (IA); Holly W. Lambert represented by Roy Eft (IN); Vicki Schmidt represented by Eric Turek (KS); Michael T. Caljouw (MA); Mike Chaney represented by David Browning (MS); Kaitlin Asrow represented by Bob Kasinow (NY); Judith L. French (OH); Cassie Brown and Jamie Walker (TX); and Scott A. White, Doug Stolte, and Dan Bumpus (VA). Also participating were: Philip Barlow (DC); Robert Wake (ME); Glenn Mulready (OK); and Elizabeth Kelleher Dwyer (RI).

1. Adopted its Nov. 20, Nov. 5, Oct. 7, and Summer National Meeting Minutes

Commissioner Houdek said the Committee met Nov. 20, Nov. 5, and Oct. 7. During these meetings, the Committee took the following action: 1) discussed the previously received Statutory Accounting 2024-06: Risk Transfer Analysis of Combination Reinsurance Contracts; and 2) adopted its 2026 proposed charges.

Director Wise made a motion, seconded by Commissioner Conway, to adopt its Nov. 20 (Attachment One), Nov. 5 (Attachment Two), Oct. 7 (Attachment Three), and Aug. 11 (*see NAIC Proceedings – Summer 2025, Financial Condition (E) Committee*) minutes. The motion passed unanimously.

2. Adopted the Reports of its Task Forces and Working Groups

Commissioner Houdek stated that the Committee typically adopts one motion to approve its task force and working group reports, which are considered technical, noncontroversial, and not significant by NAIC standards (i.e., they do not include model laws, model regulations, model guidelines, or items deemed to be controversial). He reminded Committee members that after the adoption of its votes, all the technical items included within the reports adopted will be sent to the NAIC Members for review shortly after the conclusion of the 2025 Summer National Meetings as part of the Financial Condition (E) Committee's technical changes report. Pursuant to the technical changes report process previously adopted by the Executive (EX) Committee and Plenary, the members will have 10 days to comment. Otherwise, the technical changes will be considered adopted by the NAIC and effective immediately.

With respect to the task force and working group reports, Commissioner Houdek asked the Committee: 1) whether there are any items that should be discussed further; and 2) whether there are other issues not up for adoption that are currently being considered by task forces or working groups reporting to the Committee that require further discussion. The response to both questions was no.

In addition to presenting the reports for adoption, Commissioner Houdek noted that the Financial Analysis (E) Working Group met Dec. 8, Oct. 23, and Oct. 2 in regulator-to-regulator session, pursuant to paragraph 3 (specific companies, entities, or individuals) of the NAIC Policy Statement on Open Meetings, to discuss letter responses and financial results. Additionally, the Valuation Analysis (E) Working Group met Dec. 8 and Oct. 9 in regulator-to-regulator session, pursuant to paragraph 3 (specific companies, entities, or individuals) of the NAIC Policy Statement on Open Meetings, to discuss valuation items related to specific companies.

Draft Pending Adoption

Commissioner Caljouw made a motion, seconded by Director Wise, to adopt the task force and working group reports: Accounting Practices and Procedures (E) Task Force; Capital Adequacy (E) Task Force; Financial Stability (E) Task Force; Examination Oversight (E) Task Force; Receivership and Insolvency (E) Task Force; Reinsurance (E) Task Force; Valuation of Securities (E) Task Force; Mutual Recognition (E) Working Group; NAIC/American Institute of Certified Public Accountants (AICPA) (E) Working Group (Attachment Four); the Restructuring Mechanisms (E) Working Group (Attachment Five) and Risk Focused Surveillance (E) Working Group (Attachment Six). The motion passed unanimously.

3. Adopted the Listing of Qualified Jurisdictions and Reciprocal Jurisdictions

Wake reported that the Mutual Recognition of Jurisdictions (E) Working Group met Oct. 21 in regulator-to-regulator session, pursuant to paragraph 6 of the NAIC Policy Statement on Open Meetings, to discuss the ongoing topics at the Working Group and perform the annual review of the qualified and reciprocal jurisdictions.

During the meeting, the Working Group reapproved the status of the seven existing qualified and reciprocal jurisdictions, including Bermuda, France, Germany, Ireland, Japan, Switzerland, and the United Kingdom (UK), and the three reciprocal jurisdictions that are not subject to an in-force “Bilateral Agreement Between the United States of America and the United Kingdom on Prudential Measures Regarding Insurance and Reinsurance” (UK Covered Agreement)—Bermuda, Japan, and Switzerland.

By law, the other four reciprocal jurisdictions of France, Germany, Ireland, and the UK automatically remain reciprocal jurisdictions so long as they are parties to covered agreements. These decisions followed committee support’s review of the due diligence they had performed.

Additionally, at the meeting, the Working Group approved the Canadian Office of the Superintendent of Financial Institutions (OSFI) as a jurisdiction that recognizes and accepts the U.S. approach to group capital.

Eft made a motion, seconded by Director Wise, to adopt the listing of qualified jurisdictions and reciprocal jurisdictions (Attachment Seven). The motion passed unanimously.

4. Adopted the Listing of Jurisdictions that Recognize and Accept the GCC

Wake reported that during the same meeting of the Mutual Recognition of Jurisdictions (E) Working Group as previously noted, the Working Group also adopted a listing of jurisdictions that recognize and accept the NAIC group capital calculation (GCC), including approval of the Canadian OSFI as a jurisdiction that recognizes and accepts the U.S. approach to group capital.

Commissioner Conway made a motion, seconded by Walker, to adopt the listing of jurisdictions that recognize and accept the NAIC GCC (Attachment Eight). The motion passed unanimously.

5. Received Informal Oral Comments on the CLO Timeline

Commissioner Houdek directed the Committee to the collateralized loan obligations (CLOs) timeline (Attachment Nine) of possible actions that may be taken in 2026 by the Risk-Based Capital Investment Risk and Evaluation (E) Working Group and the Invested Assets (E) Task Force, which was renamed through its 2026 charges as previously announced during the Committee’s Nov. 20 call. Barlow noted that the Risk-Based Capital Investment Risk and Evaluation (E) Working Group would hold a meeting next week to hear an update from the American Academy of Actuaries (Academy) on its work on this project. There were no further comments or questions from interested regulators or parties.

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6. Adopted the Restructuring Mechanisms White Paper

Commissioner Houdek reported that the Restructuring Mechanisms (E) Working Group had completed a white paper that outlines various issues related to the use of restructuring mechanisms, such as insurance business transfers (IBTs) and corporate divisions (CDs), which have gained increased attention in some states in recent years. He noted that the paper had been a work in progress for a number of years and ultimately was adopted by the working group without opposition on Dec. 1. Commissioner Houdek noted that, given there was no opposition for adoption at the Working Group level, he would consider a motion to adopt.

Wake said that the proposed white paper included editorial changes he made subsequent to its adoption by the Working Group. He noted that the editorial changes are intended to clarify the use of the term “personal lines,” as regulators are interested in protecting all consumers. Director Dwyer and Commissioner Mulready, co-chairs of the Restructuring Mechanisms (E) Working Group, expressed their appreciation for the work done by regulators including Wake, Matt Gendron (RI), Jack Broccoli (CT), and numerous other parties that assisted in completing the Working Group's work.

Commissioner Houdek thanked Director Dwyer and Commissioner Mulready for their leadership and hard work, stating that he saw no reason the Committee should not consider adopting the paper, given that it had been unanimously adopted by the Working Group and the edits from Wake were clarifying.

Commissioner Caljouw made a motion, seconded by Director Wise, to adopt the *Restructuring Mechanisms White Paper* (Attachment Ten). The motion passed unanimously.

7. Adopted Statutory Accounting 2024-06: Risk Transfer Analysis of Combination Reinsurance Contracts as Modified by the Committee

Commissioner Houdek explained that this topic has been discussed extensively by the Committee since the Summer National Meeting, and as reported during the Committee's Nov. 20 meeting, he expected a vote to be taken.

Commissioner Brown stated that she appreciated the discussion and education that had taken place on this issue, as well as the regulator's and industry's commitment to further discussions and work. She noted that while she has heard that some states do not have a practice of using permitted practices for unique circumstances such as these, states will need to consider such practices to account for these transactions under this accounting. Additionally, companies will need to know how their regulator views such past transactions. For this reason, she sees value in further conversation and education regarding permitted practices including continued discussion on the most recent language presented by the industry in order to provide a way to account for these transactions when states do not normally issue permitted practices. She indicated that this is not a tool that Texas utilizes, as it supports the use of permitted practices when the domestic regulator deems such practices are appropriate, but it is supportive of the concept. She said that when, where, and how those discussions take place are at the discretion of the Committee.

Commissioner Fowler said he appreciates Commissioner Houdek's management of this situation, which allowed all parties to provide their input and consider various alternatives.

Commissioner Ommen said he echoes Commissioner Brown's comments on the possibility of additional discussion in the future. He stated that Iowa was supportive of additional guidance being discussed on permitted practices, as the NAIC has a year before this accounting is effective, but it is important to get started soon.

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Director Fox stated her appreciation for the discussions that took place but emphasized some of her past comments, that when it comes to permitted practices, it is important for proper disclosure for the non-domestic states within the insurer's financial statements.

Commissioner Houdek noted that the Committee would send direction to the Statutory Accounting Principles (E) Working Group regarding the issues highlighted by Commissioners Brown and Ommen, subsequent to the national meeting.

Director Wise made a motion, seconded by Commissioner Ommen, to adopt Statutory Accounting 2024-06: Risk Transfer Analysis of Combination Reinsurance Contracts, as modified by the Committee to clarify that this should be accounted for as a change in accounting principle in accordance with *SSAP No. 3—Accounting Changes and Corrections of Errors* (Attachment Eleven). The motion passed unanimously.

8. Any Other Matters

Bakofsky provided the Committee with an update on the work of the Big Data and Artificial Intelligence (H) Working Group. The Working Group is continuing its development of the Artificial Intelligence (AI) Systems Evaluation Tool. The tool aims to help regulators efficiently collect information to assess potential risks associated with insurers' use of AI and will serve as a regulatory resource for examining the effectiveness of insurer AI governance programs. The tool is intended to supplement market and financial-related handbooks, allowing regulators to progressively investigate the extent and usage of AI in insurer operations, AI governance and testing protocols, potential high-risk applications, and data sources used in the development of AI systems. Four exhibits are incorporated into the tool, and questions can be tailored by regulators as needed. The tool and its exhibits are optional and intended to supplement market conduct, financial examinations, product reviews, and analysis procedures.

Bakofsky reported that the Working Group exposed it for a 60-day public comment period that ended on Sep. 5 and has been evaluating the feedback received from stakeholders. The group recently held a meeting on Nov. 19 to explain the feedback it received and the revisions made to the tool. The Working Group met on Dec. 7 to work through comments and suggested edits from interested parties in greater depth.

Bakofsky said that in 2026, the next version of the tool will be piloted by a few states to gather feedback on their experiences administering it. Through the pilot, the Working Group expects to gain insights into the tool's effectiveness, identify needed refinements, and assess whether current laws are sufficient or if an AI model law should be considered. More opportunities for stakeholder feedback on the tool will be offered.

Implementation of the tool could lead to referrals from the Working Group to the Market Regulation and Consumer Affairs (D) Committee and the Financial Condition (E) Committee, respectively, offering input on handbook updates for consideration. As the Working Group moves forward, reporting its progress to other NAIC committees allows for additional feedback and may support the efforts of other committees.

Commissioner Houdek thanked Wake for his years of service to state regulation, with this being his last NAIC national meeting.

Having no further business, the Financial Condition (E) Committee adjourned.

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2026 Spring National Meeting
San Diego, California

ACCOUNTING PRACTICES AND PROCEDURES (E) TASK FORCE

Tuesday, March 24, 2026
10:30 – 11:00 a.m.

Meeting Summary Report

The Accounting Practices and Procedures (E) Task Force met March 24, 2026. During this meeting, the Task Force:

1. Adopted its 2025 Fall National Meeting minutes.
2. Adopted the report of the Statutory Accounting Principles (E) Working Group which met March 23. During this meeting, the Working Group:
 - A. Adopted its 2025 Fall National Meeting minutes.
 - B. Adopted the following statutory accounting principle (SAP) concepts and clarifications to statutory accounting guidance:
 - i. Adopted revisions that provide guidance on the optional implementation period for *Valuation Manual* revisions regarding non-variable annuities. The revisions also update the phase-in disclosures for the phase-in period for the economic scenario generator. (Ref #2025-34)
 - ii. Adopted proposed concepts for an interest maintenance reserve (IMR) proof of reinvestment developed by the IMR Ad Hoc Group. Directed NAIC staff to continue to work with industry to refine the templates as part of the IMR work. (Ref #2025-23)
 - iii. Adopted revisions to clarify that sale-leasebacks with restrictions on access to cash or assets received from the sale do not qualify for sale-leaseback accounting and must be accounted for by the seller using the financing method. (Ref #2025-01)
 - iv. Adopted revisions that delete the shaded text instructions and delete previously superseded guidance in *Statement of Statutory Accounting Principles (SSAP) No. 40—Real Estate Investments*, currently shown as shaded text. The revisions also impact *SSAP No. 90—Impairment or Disposal of Real Estate Investments*, the *Summary of Changes*, and the *How to Use* document (Ref #2025-32)
 - v. Adopted revisions to *SSAP No. 47—Uninsured Plans* that clarify inconsistencies in the disclosure calculation and communicate support for the related annual statement blanks proposal to update note 18B gains/losses on administrative services contracts (ASCs). (Ref #2025-30)
 - vi. Adopted revisions to *SSAP No. 56—Separate Accounts* Financial Condition (E) Committee that address nonadmittance for assets held under the “general account basis” in the separate account and communicated support for the Blanks (E) Working Group proposal to incorporate the concept of nonadmitted assets within the separate account balance sheet and corresponding schedules. (Ref #2025-25)

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- vii. Adopted revisions that allow repurchase agreements with maturity dates of more than one year to be admitted. (Ref #2025-28)
 - viii. Adopted revisions to *Interpretation (INT) 05-05: Accounting for Revenues Under Medicare Part D Coverage* that describe the Dec. 31, 2024, discontinuation of the coverage gap discount program and add reference to the federal Centers for Medicare & Medicaid Services (CMS) manufacturer's discount program. (Ref #2025-31)
 - ix. Annual Statement Blanks:
 - a. Adopted revisions that communicate support for a blanks proposal to clarify reporting on debt securities and to improve consistency in reporting. (Ref #2025-29)
 - b. Adopted revisions that communicate support for the blanks proposal to update and modernize expense descriptions and categories. (Ref #2025-33)
- C. Exposed the following SAP concepts and clarifications to statutory accounting guidance for a public comment period ending May 1:
- i. Re-exposed revisions requesting comments on whether to retain the restricted asset codes. (Ref #2025-27)
 - ii. Exposed editorial revisions: 1) to various SSAPs to replace the term "CUSIP" with "Security Identifier"; 2) to add "U.S." before "generally accepted accounting principles" (GAAP) or "GAAP" as appropriate; and 3) to remove the word "funding" from the beginning of the paragraph that describes Federal Home Loan Bank (FHLB) agreements. (Ref #2026-03EP)
 - iii. Exposed revisions to disclosures and glossary addition to *SSAP No. 52—Deposit-Type Contracts* for funding agreement-backed notes (FABNs) and other funding agreement-backed structures. Received a referral from the Macroprudential (E) Working Group to incorporate proposed disclosures for FABNs and other funding agreement-backed structures. The referral included a corresponding blanks proposal. (Ref #2026-01)
 - iv. Exposed revisions to *SSAP No. 61—Life, Deposit-Type and Accident and Health Reinsurance* to clarify that funds withheld liabilities should be recorded equal to the book/adjusted carrying value (BACV) of the funds withheld assets. The exposure includes proposed revisions to the Life and Health Annual Statement Instructions on Schedule S (Reinsurance), Parts 3, 4, and 5, and the liabilities page. In addition, it includes proposed revisions to delete some legacy annual statement instructions regarding the use of Securities Valuation Office (SVO) fair values. (Ref #2026-02)
 - v. Exposed a draft SSAP and issue paper to incorporate new statutory accounting guidance allowing an amortized cost measurement method for a qualifying derivative program. The exposure included both the clean SSAP and a version that shows tracked changes from the prior American Council of Life Insurers (ACLI) version. (Ref #2024-15)
 - vi. Exposed the draft issue paper detailing the discussions supporting the adopted statutory trust guidance to allow reporting of qualifying items within the mortgage loan guidance. (Ref #2025-13)
- D. Directed NAIC staff on the following items:
- i. Directed NAIC staff to defer an item on negative IMR and reinsurance collateral until a response is received from the Reinsurance (E) Task Force on whether to use the symmetrical or asymmetrical approach. (Ref #2025-22)

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- ii. Directed NAIC staff to work with industry directly in the interim to consolidate and clarify the disclosure requirements for commitments and contingent commitments, including the addition of a definition for commitments, as well as a new comprehensive commitments and contingent commitments disclosure. (Ref #2025-24)
 - iii. Directed NAIC staff to work with a limited industry focus group to develop proposed revisions in response to the comprehensive review of *SSAP No. 48—Joint Ventures, Partnerships and Limited Liability Companies* for subsequent review by the full Working Group. (Ref #2025-26)
- E. Received updates on the following:
- i. A referral from the Financial Condition (E) Committee. On Jan. 12, the Working Group received a referral from the Financial Condition (E) Committee to take steps to consider: 1) further education of how permitted practices may be used to address transition issues for Ref #2024-06: Risk Transfer Analysis of Combination Reinsurance Contracts; and 2) whether any tools were needed to accommodate states or jurisdictions that do not allow permitted practices as a matter of policy. In response to the Financial Condition (E) Committee referral, the Working Group’s chair directed a Jan. 26 distribution of an example permitted practice to clarify permitted practices and encourage uniform reporting among states to the chief financial regulators. A survey was conducted to see whether tools were needed for jurisdictions that, as a policy, do not grant permitted practices. The survey received 47 responses, and all respondents stated that no additional flexibility other than that provided through the permitted practice process was needed. The Working Group concluded that no further steps are needed at this time and directed this response to be sent to the Financial Condition (E) Committee.
 - ii. Revised *SSAP No. 7—Asset Valuation Reserve and Interest Maintenance Reserve*. On Feb. 24, the IMR Ad Hoc Group received an initial version of the revised *SSAP No. 7* to reflect Ad Hoc Group discussions. It is anticipated that the revised *SSAP*, draft issue paper, and documents that propose reporting revisions and revisions to other *SSAPs* will be presented for exposure to the full Working Group in the interim after the Spring National Meeting.
 - iii. A referral from the Life Risk-Based Capital (E) Working Group. The Working Group received an update that NAIC staff will collaborate with interested parties in identifying clarifications to respond to the referral from the Life Risk-Based Capital (E) Working Group, which was received at the 2025 Summer National Meeting. The referral forwarded comments received on proposal 2025-04-L (Other Long-Term Assets) (LR008). Specifically, the ACLI raised questions regarding asset valuation reserve (AVR) equity reporting lines for common stock in subsidiary, controlled, and affiliated (SCA) entities and other affiliates and requested clarifications to the AVR instructions.
 - iv. U.S. GAAP exposures. The Working Group noted that no items are currently exposed by the Financial Accounting Standards Board (FASB), and future items will follow the normal maintenance process.
 - v. International Association of Insurance Supervisors (IAIS) Accounting and Auditing Working Group (AAWG) activities. Some items of particular interest are that the AAWG discussed consideration of whether to classify crypto assets as intangible assets under the insurance capital standard (ICS) or to exclude them from qualifying capital resources and themes identified from the public consultation of the ICS implementation and revisions to Insurance Core Principle (ICP) 9 (Supervisory Review and Reporting) and ICP 20 (Public Disclosure).



3. Adopted the report of the Blanks (E) Working Group, which met March 5. During this meeting, the Working Group took the following action:
 - A. Adopted its Nov. 5, 2025, minutes (*see NAIC Proceedings – Fall 2025, Accounting Practices and Procedures (E) Task Force, Attachment Two*).
 - B. Adopted eight proposals:
 - i. 2025-17BWG Modified — Add an annual general interrogatory to indicate the method used for reporting residuals and update Notes to Financials (Note 1C6 and 5D) for consistent reporting between *Statement of Statutory Accounting Principles (SSAP) No. 26—Bonds, SSAP No. 43—Asset-Backed Securities, and SSAP No. 21—Other Admitted Assets*.
 - ii. 2025-18BWG — Add clarifying instructions for Health General Interrogatory 10.21 through 10.24 and an example to the Health General Interrogatory Part 2 Instructions. Add a cross-check from the general interrogatory to Exhibit 7, Part 1.
 - iii. 2025-19BWG Modified — Add a code of “S” to the Active Status column on Schedule T to identify if a license has been suspended.
 - iv. 2025-20BWG Modified — Update Schedule D, Part 6, Section 1 reporting categories and AVR lines to update the classification of investment subsidiaries.
 - v. 2025-21BWG — Add clarifications of definitions and requirements within the Property/Casualty (P/C) Actuarial Opinion to gain greater consistency and accuracy in reporting.
 - vi. 2025-22BWG Modified — Add an electronic-only column to the investment schedules to identify whether the investment is publicly registered, Rule 144, private placement security, or not applicable. Add a new part to Note 5 – Investments to report the total BACV, fair value (with fair values determined by level 2 and level 3 reported), the total amount of aggregate deferred interest and paid-in-kind (PIK) interest, and the total BACV supported by private letter ratings.
 - vii. 2025-28BWG Modified — Add two investment characteristics categories to the annual Schedule A, Part 1, to clarify if an investment is owned by a qualifying statutory trust. Update the annual and quarterly Schedule B instructions for reporting guidance for mortgages held in qualifying investments in statutory trusts, and add loan type codes to identify the mortgage loans.
 - viii. 2025-30BWG Modified — Update Notes to Financials Note 12 – Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans to clarify reporting retirement plan assets at net asset value (NAV).
 - C. Deferred five proposals with a 53-day public comment period ending April 28.
 - D. Re-exposed one proposal and exposed four new items for a 53-day public comment period ending April 28.
 - E. Received two memorandums:



- i. Statutory Accounting Principles (E) Working Group memorandum, which references Schedule S, Part 8—Reporting of Modco and Funds Withheld Assets.
 - ii. Macroprudential (E) Working Group memorandum, which references FABNs and other structures.
- F. Adopted its editorial listing.



*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.

*Virtual Meeting***JOINT MEETING OF THE FINANCIAL STABILITY (E) TASK FORCE
AND THE MACROPRUDENTIAL (E) WORKING GROUP**

Monday, March 16, 2026

Summary Report

The Financial Stability (E) Task Force met March 16, 2026, in joint session with the Macroprudential (E) Working Group. During this meeting, the Task Force and Working Group:

1. Adopted its 2025 Fall National Meeting minutes.
2. Heard an update on recent activities of the Financial Stability Oversight Council (FSOC), including its 2025 Annual Report and related workstreams.
3. Adopted a motion to make the *pari passu* referral regarding funding agreement-backed notes (FABNs) to the Receivership & Insolvency (E) Task Force.
4. Adopted the report of the Macroprudential (E) Working Group, including updates on enhanced disclosures and other funding agreement-backed structures, macroprudential risk assessment work, climate-related dashboards, and private equity–related considerations.
5. Received an update from the Valuation Analysis (E) Working Group on ongoing work related to Actuarial Guidelines 53 and 55 and analysis of complex assets, reinsurance, and emerging risks, including coordination with the new Investment Analysis (E) Working Group.
6. Heard an international update on recent work of the International Association of Insurance Supervisors (IAIS), including the 2026 Global Monitoring Exercise (GME), follow-up to the 2025 Issues Paper on structural shifts in the life insurance sector, and climate-related supervisory initiatives.



*2026 Spring National Meeting
San Diego, California*

INVESTED ASSETS (E) TASK FORCE

Tuesday, March 24, 2026

Meeting Summary Report

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

1. Adopted the report of the Investment Designation Analysis (E) Working Group, which met March 24. During this meeting, the Working Group took the following action:
 - A. Adopted the Valuation of Securities (E) Task Force’s 2025 Fall National Meeting minutes. The Task Force was reorganized into this Working Group effective Jan. 1, 2026.
 - B. Exposed the following proposed amendments to the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* (P&P Manual) for a 30-day public comment period ending April 24, 2026:
 - i. Updated list of credit rating providers (CRPs).
 - ii. Analysis of certain parent-subsidary situations.
 - C. Discussed a proposed annual statement schedule update for security identifiers (IDs) and approved related referrals to the Blanks (E) Working Group, Capital Adequacy (E) Task Force, and Statutory Accounting Principles (E) Working Group.
 - D. Received the Securities Valuation Office (SVO) annual report on carry-over filings for 2025.

2. Received the report of the Credit Rating Provider (E) Working Group, which met March 10 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:
 - A. Heard an update from PricewaterhouseCoopers (PwC) on its proposed CRP due diligence framework.

3. Received the report of the Investment Analysis (E) Working Group, which met March 3 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:
 - A. Discussed its six-to-nine-month agenda.
 - B. Referred a proposal to the Blanks (E) Working Group to require explicit identification of the fair value hierarchy used to obtain reported values, including clear designation of instances where net asset value (NAV) is utilized, and to improve the completeness and consistency of reporting. This proposal will be available on the Blanks (E) Working Group web page as exposure draft 2026-05BWG.



4. Heard a presentation from Neuberger Berman on insurance companies increasing investments in residential mortgage loans. The presentation noted sub-segments and their unique risks including potential metrics to measure said risks.
5. Received project reports from the Statutory Accounting Principles (E) Working Group and Risk-Based Capital Investment Risk and Evaluation (E) Working Group

Draft: 3/16/26

Reinsurance (E) Task Force
Virtual Meeting
March 2, 2026

The Reinsurance (E) Task Force met March 2, 2026. The following Task Force members participated: Ricardo Lara, Chair, represented by Monica Macaluso and Kim Hudson (CA); Angela L. Nelson, Vice Chair, represented by John F. Rehagen (MO); Heather Carpenter represented by David Phifer (AK); Mark Fowler represented by Sheila Travis (AL); Michael Conway represented by Rolf Kaumann (CO); Joshua Hershman represented by Wanchin Chou (CT); Trinidad Navarro represented by Nicole Brittingham (DE); Michael Yaworsky represented by Bradley Trim (FL); Doug Ommen represented by Kevin Clark (IA); Ann Gillespie represented by Susan Berry (IL); Vicki Schmidt represented by Tish Becker (KS); Sharon P. Clark represented by Rodney Hugle (KY); Timothy J. Temple represented by Tom Travis (LA); Michael T. Caljouw represented by Christopher Joyce (MA); Grace Arnold represented by Ben Slutsker and Fred Andersen (MN); Eric Dunning represented by Andrea Johnson (NE); Susan Ochs represented by David Wolf (NJ); Ned Gaines represented by Diana Branciforte (NV); Kaitlin Asrow represented by Bob Kasinow and Michael Campanelli (NY); Judith L. French represented by Cameron Piatt and Dale Bruggeman (OH); Glen Mulready represented by Eli Snowbarger (OK); TK Keen represented by Paul Throckmorton (OR); Michael Humphreys represented by Diana Sherman (PA); Carter Lawrence represented by Trey Hancock (TN); Amanda Crawford represented by Jamie Walker and Rachel Hemphill (TX); Scott A. White represented by Doug Stolte and Jacob Lubetkin (VA); Allan L. McVey represented by Justin E. Parr (WV); and Nathan Houdek represented by Mark McNabb (WI).

1. Adopted its 2025 Fall National Meeting Minutes

Rehagen made a motion, seconded by Bruggeman, to adopt the Task Force's Dec. 9, 2025, minutes (*see NAIC Proceedings—Fall 2025, Reinsurance (E) Task Force*). The motion passed unanimously.

2. Adopted the Report of the Reinsurance Financial Analysis (E) Working Group

Kaumann stated that the Reinsurance Financial Analysis (E) Working Group met Feb. 9, 2026, and Dec. 18, 2025, in regulator-to-regulator session, pursuant to paragraph 3 (specific companies, entities, or individuals) of the NAIC Policy Statement on Open Meetings, to approve several certified and reciprocal jurisdiction reinsurers for passporting.

Kaumann stated that the Working Group has now approved 107 reciprocal jurisdiction reinsurers and 40 certified reinsurers for passporting and that 49 states and two territories have passported a reciprocal jurisdiction reinsurer. He noted that the list of passported reinsurers can be found on the NAIC's certified and reciprocal jurisdiction reinsurer web page.

Kaumann made a motion, seconded by Sherman, to adopt the report of the Working Group. The motion passed unanimously.

3. Received a Status Report on the Reinsurance Activities of the Mutual Recognition of Jurisdictions (E) Working Group

Rehagen was introduced as the new chair of the Mutual Recognition of Jurisdictions (E) Working Group.

Jake Stultz (NAIC) stated that the Working Group last met Oct. 21, 2025, in regulator-to-regulator session, pursuant to paragraph 8 (international regulatory matters) of the NAIC Policy Statement on Open Meetings, where

it reapproved the status of Bermuda, France, Germany, Ireland, Japan, Switzerland, and the United Kingdom (UK) as qualified jurisdictions and Bermuda, Japan, and Switzerland as reciprocal jurisdictions. He noted that Bermuda, Japan, and the UK are in the process of making changes to their regulatory systems and that NAIC staff are monitoring the implementation of these changes and will report any findings to the Working Group.

4. Discussed How to Treat Derecognized Net Positive IMR (Realized Gains) in Relation to Reinsurance Collateral Required for Applicable Unauthorized or Certified Reinsurers

Macaluso stated that the Statutory Accounting Principles (E) Working Group sent a referral (Attachment X) and agenda item #2025-22 (IMR Impact to Reinsurance Collateral) (Attachment X) to the Task Force after the 2025 Fall National Meeting. As a result of the Working Group exposure, three comment letters (Attachment X) were received.

Macaluso stated that the Working Group formed the Interest Maintenance Reserve (IMR) Ad Hoc Group, which has been working through several IMR-related issues over the past two years. She noted that IMR refers to the deferral of recognition of the realized gains and losses resulting from the changes in the general level of interest rates, and that it has been more relevant over the past five years, as there have been significant changes in interest rates. The Working Group asked for the Task Force's input on how to treat derecognized net positive IMR in relation to reinsurance collateral required for applicable unauthorized or certified reinsurers.

Agenda item #2025-22 impacts the application of the *Credit for Reinsurance Model Law* (#785) collateral requirements for life, accident, and health reinsurance. Existing provisions in *Statement of Statutory Accounting Principle (SSAP) No. 61—Life, Deposit-Type and Accident and Health Reinsurance* require derecognized net positive IMR, which are realized gains, to be captured as an increase in the reinsurance collateral required for applicable unauthorized or certified reinsurers. However, SSAP No. 61 does not currently mention derecognized net negative IMR, which are realized losses, and whether those derecognized amounts should decrease applicable reinsurance collateral requirements. IMR is eliminated, or derecognized, by the cedent in accordance with reinsurance transactions as the block of business associated with recognized IMR has been eliminated. U.S.-domiciled assuming entities are required to recognize a corresponding amount of IMR for statutory accounting purposes as part of the reinsurance transaction. Offshore assuming entities do not recognize IMR, as the concept of IMR does not reflect an asset or liability under U.S. generally accepted accounting principles (U.S. GAAP) or other accounting regimes. The Ad Hoc Group spent considerable time discussing this issue and was unable to reach a consensus among the regulators and industry ad hoc representatives. The Ad Hoc Group presented the issue to the Working Group, and with exposure of the agenda item, the Working Group also directed a referral to the Task Force for input.

Macaluso stated that the question being asked is whether the treatment of derecognized net negative IMR should reduce collateral requirements in a manner that would be symmetrical to collateral increases caused by derecognized positive IMR, or if the treatment should be asymmetrical, whereby derecognized net negative IMR does not reduce collateral requirements.

Macaluso noted that the Task Force met Feb. 18 in regulator-to-regulator session, pursuant to paragraph 8 (consideration of strategic planning issues) of the NAIC Policy Statement on Open Meetings, to discuss this topic and get a better understanding of the outcomes that would result from the two different approaches. The consensus during that call was that the Task Force members needed more information to better understand the differences between these treatments. It was suggested that the Task Force hear from the groups that provided comments to the Working Group during the exposure period to better understand their suggested approaches. Macaluso noted that the American Council of Life Insurers (ACLI) and interested parties both suggested the use of the symmetrical approach, and the American Academy of Actuaries (Academy) also supported the symmetrical approach but included some additional guardrails.

Hans Avery (ACLI) stated that the ACLI's position is that the symmetrical approach to reflecting IMR and reinsurance collateral requirements maintains a more consistent relationship between the assets and liabilities in these transactions and ensures a more consistent level of security for policyholders as interest rates change. He noted that, with principle-based reserving (PBR), cash flows are modeled out, and IMR is subtracted from the final reserve to achieve a target overall level of reserve sufficiency, as designed into the *Valuation Manual*. He stated that the same notion applies with formulaic reserves, where there are not modeled cash flows, so that for a well-matched portfolio, the IMR is generated as assets are traded, the amount of additional book value of assets or the reduction of book value of assets that would be needed in order to provide the same level of future cash flows and, by extension, the same level of policy holder security.

Avery stated that the IMR has been characterized as a partial unlocking of the reserve interest rate and that it is creating a consistent level of reserve sufficiency as interest rates change. He stated that the symmetrical method of calculating collateral recognizes that and maintains a consistent level of sufficiency in collateral as rates change.

Avery noted that the symmetrical approach keeps collateral requirements consistent across economic cycles and different interest rate environments. With the asymmetrical method, there is the potential for periods with decreasing interest rates during which IMR is positive or increasing, and there is a relationship between the collateral and the liabilities. With that asymmetrical approach, there is potential for a different relationship between collateral and liabilities in an environment of rising interest rates and negative IMR.

Avery stated that the asymmetrical approach can create inconsistencies and distract from prudent asset liability management, affect reinsurance pricing, and create a different degree of favorability in different economic environments. He stated that the approach can potentially incentivize companies to affect pricing through the timing of portfolio actions, and it may create the issue that reinsurance has favorable and unfavorable periods; thus, it is less useful as a risk management tool.

Clark provided a brief synopsis of the Academy's comment letter due to communication issues.

Jeremy Starr (Academy) stated that when reinsurance meets all regulatory requirements, it represents true risk transfer where the ceding insurer's balance sheet exposure is reduced, and it is appropriate for the ceding insurer's surplus to reflect the reduced level of retained risk. He noted that reinsurance is an essential and effective risk mitigation tool, and as such, any revisions to collateral requirements should avoid unintentionally discouraging insurers from entering into sound risk-reducing reinsurance agreements. He stated that he recognizes regulators' concern regarding the potential use of negative IMR to reduce reinsurance collateral below policy reserves. He stated that rather than applying an all-or-nothing restriction, the Academy recommends a calibrated approach and allowing negative IMR to be included in the collateral calculation, permitting collateral below policy reserves only when supported by actual analysis, such as asset adequacy analysis.

Starr stated that by demonstrating that the proposed level of collateral is sufficient to meet the reinsurer's obligations under moderately adverse scenarios, the tested collateral amount should be floored at the policy reserves minus the absolute value of the negative IMR. If no testing is performed, collateral should be floored at 100% of the policy reserves. If posted collateral is less than the amount prescribed in this proposal, the cedent's reserved credit should be reduced by the shortfall. For certified reinsurers, all testing should be performed using 100% of ceded reserves before applying the certified reinsurer percentage. These recommendations are designed to balance credential protection with appropriate recognition of economic risk transfer, ensuring that negative IMR is incorporated in a way that recognizes the transaction economics and policyholder protection.

Macaluso asked how the symmetrical approach would adequately protect policyholder interests if collateral were reduced. Avery stated that it would start with reserves calculated under PBR the PBR would project all cash flows

from the assets, then come up with a reserve total with an allocated share of IMR subtracted. If it is a positive IMR, then the PBR calculated reserve gets reduced so that when combined with IMR later, the result is at the right level in total. If it is a negative IMR, then it would be increased, and would have something that comes back to the right level in total, with formula reserves.

Avery stated that IMR is the difference in the cost for a new asset that would replicate the same cash flows. When someone has a well-matched portfolio and trades out a bond that might generate some IMR, the amount generated really just reflects the change in book value they would have with a new asset to replace it. With interest rates rising, those future cash flows are cheaper, and the result is a lower book value of the new asset replacing that old one; however, there is the same level of policyholder security and the same future cash income to fund those benefits.

Hemphill asked Avery for his reaction and thoughts on the proposed guardrails that were included in the Academy's comment letter. Avery stated that he would prefer to get ACLI member feedback but noted that there are guardrails in place already, such as reinsurance asset adequacy testing (AAT).

Piatt noted that the Academy's comment letter stated that there would be some savings from the collateral reductions and asked if that number was quantifiable at this time. Avery noted that the ACLI has not gathered that information.

Hudson asked if there is a distinction in the Academy proposal between a negative IMR that might be admitted versus a negative IMR that is nonadmitted. He also asked what the impact on the reserves would be. Starr stated that the Academy was more focused on whether the collateral was adequate rather than whether it was admitted or nonadmitted.

Clark stated that the Ad Hoc Group discussed this issue but did not come to a consensus on the treatment of negative IMR in collateral requirements. He stated that the Ad Hoc Group did come to a consensus that basing it on whether it was admitted or nonadmitted before reinsurance was not going to be possible because once it is ceded or enters into a reinsurance agreement, then the capital requirement for the business that has been ceded reduces. Then, it no longer includes the capital that was previously used to calculate the admittance, and so it becomes a circular calculation. He stated that the Ad Hoc Group was generally in agreement that the IMR needs to either be all included or not included, or all included or not included, with a guardrail more like what the Academy is proposing, but that trying to differentiate based on the admittance cap is not mathematically feasible.

Macaluso stated that at this point, the Task Force is not ready to make a final decision on this issue. She directed NAIC staff and leadership from the Statutory Accounting Principles (E) Working Group to work together to determine the best way to move this forward.

5. Received a Status Report on Projects at the NAIC that Affect Reinsurance

Macaluso stated that *Actuarial Guideline LV—Application of the Valuation Manual for Testing the Adequacy of Reserves Related to Certain Life Reinsurance Treaties* (AG 55) was adopted by the NAIC Executive (EX) and Plenary in August 2025. She noted that AG 55 requires asset adequacy analysis to be performed using a cash flow testing methodology for certain life and annuity reinsurance transactions. Macaluso noted that Task Force leadership is following the implementation closely and will continue to communicate with leadership and NAIC staff from the Life Actuarial (A) Task Force on this project.

Macaluso stated that NAIC committee support, with the help of several key regulators, held two regulator-only education sessions intended to bring regulators up to speed on these issues and allow for preliminary discussions with the regulators. She noted that these were not formal Task Force sessions, but rather were held to provide

information to regulators from the Task Force and several other task forces and working groups. She stated that NAIC committee support plan to hold another session to complete the discussions.

Macaluso stated that the NAIC held a property/casualty (P/C) reinsurance roundtable for commissioners and senior regulators in July 2025. She stated that the current planned direction is to continue building knowledge, which will include investing in training, analytics, and regulatory tools to better assess the strength of reinsurance programs and their impact on solvency. She noted that the NAIC plans to strengthen collaboration through shared data on catastrophe exposure, joint modeling initiatives, and cross-state coordination on public-private solutions. Additionally, the NAIC aims to be proactive and shape the market response through policy, oversight, and engagement.

Macaluso stated that the NAIC and the Reinsurance Association of America (RAA) arranged to hold a two-day training session in Kansas City, MO, in January 2026 for key regulators, with a focus on the basics of how reinsurance programs work, from contract drafting to underwriting and pricing to claim management, and how capital markets support the reinsurance industry. She noted that the initial training was canceled due to weather, but a make-up session is scheduled for May 2026.

Stultz stated that in 2023, the Macroprudential (E) Working Group created a new reinsurance worksheet, which is an optional tool for state insurance regulators to gain a better understanding of reinsurance transactions at the companies they regulate. He requested that anyone who had used the worksheet and had any comments on the overall form or function provide them to him so they can be compiled and shared with the appropriate NAIC group. Stultz noted that the Macroprudential (E) Working Group will also continue to focus on its 13 key considerations, with a major emphasis on cross-border reinsurance.

Stultz stated that the Valuation Analysis (E) Working Group is currently completing *Actuarial Guideline LIII—Application of the Valuation Manual for Testing the Adequacy of Life Insurer Reserves* (AG 53) reviews. He noted that AG 53 is broad and covers AAT for life insurers, but he noted that the Task Force’s primary focus in the process has been on the work involved with reinsurance, primarily focused on where this may affect the “Bilateral Agreement Between the United States of America and the European Union on Prudential Measures Regarding Insurance and Reinsurance” (EU Covered Agreement) and the “Bilateral Agreement Between the United States of America and the United Kingdom on Prudential Measures Regarding Insurance and Reinsurance” (UK Covered Agreement). He noted that a wide range of people are working on this project, including actuaries from the NAIC and regulators from several states, including actuaries, investment experts, and financial staff. Stultz said that other subject matter experts (SMEs) from the NAIC are brought in when needed and that the work being performed is regulator-only.

Stultz stated that the NAIC formed the Risk-Based Capital Model Governance (EX) Task Force last year. The mission of this group is to develop a set of guiding principles for the RBC framework to ensure a consistent approach to future RBC adjustments. These principles will serve as a strategic foundation to ensure that all revisions to the RBC framework are enhancements that uphold its integrity, adaptability, and global competitiveness and further the principle of “Equal Capital for Equal Risk.”

Having no further business, the Reinsurance (E) Task Force adjourned.

SharePoint/...

MEMORANDUM

TO: Commissioner Nathan Houdek, (WI), Chair of the Financial Condition (E) Committee
Commissioner Michael T. Caljouw, (MA), Vice Chair of the Financial Condition (E) Committee

FROM: Kevin Clark (IA), Chair of the Statutory Accounting Principles (E) Working Group
Dale Bruggeman (OH), Vice Chair of the Statutory Accounting Principles (E) Working Group

DATE: March 23, 2026

RE: Response on Implementation of Agenda Item 2024-06

This memorandum is in response to the January 12, 2026, referral from the Financial Condition (E) Committee regarding implementation of agenda item *2024-06 Risk Transfer Analysis of Combination Reinsurance Contracts* (2024-06). The referral directed the Statutory Accounting Principles (E) Working Group to take steps to consider: 1) further education of how permitted practices may be used to address transition issues for 2024-06, and 2) if any tools were needed to accommodate states or jurisdictions that do not allow permitted practices as a matter of policy.

On January 26, 2026, NAIC Staff sent two items to the Chief Financial Regulators in all 56 member jurisdictions with reference to the referral from the E Committee:

1. An example permitted practice that included illustration and guiding notes for how states may consider a permitted practice for the transition of existing Co/YRT agreements.
2. A survey asking each member whether they need additional transition flexibility to be considered other than that provided through the permitted practice process.

NAIC Staff received responses from 47 members. All 47 responses stated that no additional flexibility other than that provided through the permitted practice process was needed.

These steps were discussed at the Spring National Meeting of the Statutory Accounting Principles (E) Working Group on March 23, 2026. As we have not identified any members needing further consideration of transition guidance, the Working Group concluded that no further steps are needed at this time and directed this update to be sent to the E Committee. Absent any further direction from the E Committee, the Working Group will consider this matter complete.

Please contact Robin Marcotte rmarcotte@naic.org for questions regarding this response.

Cc: Robin Marcotte, Julie Gann, Jake Stultz, Jason Farr, Dan Daveline

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Capital Adequacy (E) Task Force

RBC Proposal Form

- | | | |
|-------------------------------------------------------------------------------|------------------------------------------------------------|-----------------------------------------------------------------------------|
| <input type="checkbox"/> Capital Adequacy (E) Task Force | <input type="checkbox"/> Health RBC (E) Working Group | <input type="checkbox"/> Life RBC (E) Working Group |
| <input checked="" type="checkbox"/> Catastrophe Risk (E) Subgroup | <input type="checkbox"/> P/C RBC (E) Working Group | <input type="checkbox"/> Longevity Risk (A/E) Subgroup |
| <input type="checkbox"/> Variable Annuities Capital. & Reserve (E/A) Subgroup | <input type="checkbox"/> Economic Scenarios (E/A) Subgroup | <input type="checkbox"/> RBC Investment Risk & Evaluation (E) Working Group |

<p style="text-align: right;">DATE: <u>11/12/25</u></p> <p>CONTACT PERSON: <u>Eva Yeung</u></p> <p>TELEPHONE: <u>816-783-8407</u></p> <p>EMAIL ADDRESS: <u>eyeung@naic.org</u></p> <p>ON BEHALF OF: <u>Catastrophe Risk (E) Subgroup</u></p> <p>NAME: <u>Wanchin Chou</u></p> <p>TITLE: <u>Chair</u></p> <p>AFFILIATION: <u>Connecticut Department of Insurance</u></p> <p>ADDRESS: <u>153 Market St., Hartford CT 06103</u></p>	<p style="text-align: center;">FOR NAIC USE ONLY</p> <p>Agenda Item # <u>2025-20-CR</u> Year <u>2026</u></p> <p style="text-align: center;">DISPOSITION</p> <p>ADOPTED:</p> <p><input checked="" type="checkbox"/> TASK FORCE (TF) <u>3/24/2026</u></p> <p><input checked="" type="checkbox"/> WORKING GROUP (WG) <u>3/23/2026</u></p> <p><input checked="" type="checkbox"/> SUBGROUP (SG) <u>3/23/2026</u></p> <p>EXPOSED:</p> <p><input type="checkbox"/> TASK FORCE (TF) _____</p> <p><input checked="" type="checkbox"/> WORKING GROUP (WG) <u>11/12/2025</u></p> <p><input checked="" type="checkbox"/> SUBGROUP (SG) <u>11/12/2025</u></p> <p>REJECTED:</p> <p><input type="checkbox"/> TF <input type="checkbox"/> WG <input type="checkbox"/> SG _____</p> <p>OTHER:</p> <p><input type="checkbox"/> DEFERRED TO _____</p> <p><input type="checkbox"/> REFERRED TO OTHER NAIC GROUP _____</p> <p><input type="checkbox"/> (SPECIFY) _____</p>
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IDENTIFICATION OF SOURCE AND FORM(S)/INSTRUCTIONS TO BE CHANGED

- | | | |
|--------------------------------------------------|------------------------------------------------------------------------|--------------------------------------------------------------|
| <input type="checkbox"/> Health RBC Blanks | <input checked="" type="checkbox"/> Property/Casualty RBC Blanks | <input type="checkbox"/> Life and Fraternal RBC Blanks |
| <input type="checkbox"/> Health RBC Instructions | <input checked="" type="checkbox"/> Property/Casualty RBC Instructions | <input type="checkbox"/> Life and Fraternal RBC Instructions |
| <input type="checkbox"/> Health RBC Formula | <input type="checkbox"/> Property/Casualty RBC Formula | <input type="checkbox"/> Life and Fraternal RBC Formula |
| <input type="checkbox"/> OTHER _____ | | |

DESCRIPTION/REASON OR JUSTIFICATION OF CHANGE(S)

Building on the precedent set by the 2021 wildfire review, an ad hoc group was re-established and began a new evaluation cycle on March 18, guided by the Actuarial Standard of Practice (ASOP) No. 38—Catastrophe Modeling for All Practice Areas. This comprehensive process included high-level analysis, confidential assessments, and detailed impact studies. In addition to the original three vendors—Moody Risk Management Solutions (RMS), Verisk Extreme Event Solutions, and KCC—CoreLogic joined as a new participant for this review cycle. Starting in early June and July, the group collaborated with all four vendors to conduct a second round of impact analysis using consistent exposure inputs. On September 25, the group reconvened to address feedback from the impact analysis presentations. A comparative review of the initial 2022 assessment and the current evaluation revealed that model outputs have become increasingly consistent. As a result, the Subgroup now has greater confidence in the models and their suitability for risk management applications.

This proposal formally recommends adding wildfire peril to the Rcat component, reflecting the enhanced reliability and applicability of the catastrophe models.

Additional Staff Comments:

**** This section must be completed on all forms.**

Revised 2-2023

CALCULATION OF CATASTROPHE RISK CHARGE RCAT

PR027A, PR027B, PR027BI, PR027BII, PR027BIII, PR027BIV PR027C, PR027CI, PR027CII, PR027CIII, PR027CIV, PR027D, PR027, PR027INT, AND PR027INTA

The catastrophe risk charge for earthquake (PR027A), hurricane (PR027B), wildfire (~~PR027C~~) and convective storms for informational purposes only (~~PR027C~~ and PR027D) risks is calculated by multiplying the RBC factors by the corresponding modeled losses and reinsurance recoverables. The risk applies on a net basis with a corresponding contingent credit risk charge for certain categories of reinsurers. Data must be provided for the worst year in 50, 100, 250, and 500; however, only the worst year in 100 will be used in the calculation of the catastrophe risk charge. While projected losses modeled on an Aggregate Exceedance Probability basis is preferred, companies are permitted to report on an Occurrence Exceedance Probability basis if that is consistent with the company's internal risk management process.

The projected losses can be modeled using the following NAIC approved third-party commercial vendor catastrophe models: AIR, CoreLogic, ~~RMS, KCC~~ for earthquake, ~~and~~ hurricane, ~~and wildfire~~ only, ~~RMS, KCC~~, the ARA HurLoss Model (hurricane ~~only~~), or the Florida Public Model for hurricane ~~only~~, as well as catastrophe models that are internally developed by the insurer or that are the result of adjustments made by the insurer to vendor models to represent the own view of catastrophe risk (hereinafter "own models").

However, an insurer seeking to use an own model must first obtain written permission to do so by the domestic or lead state insurance regulator. In the situation where the model output is used to determine the catastrophe risk capital requirement for a single entity, the regulator granting permission to use the own model is the domestic state. In the situation where the model output is used to determine the catastrophe risk capital requirement for a group, the grantor is the lead state regulator. In the situation where the insurer seeking permission is a non-U.S. insurer, the grantor shall be the lead state regulator. Under all scenarios, the regulator that is granting permission should inform other domestic states that have a catastrophe risk exposure and share the results of the review.

To obtain permission to use the own model, the insurer must provide the domestic or lead state insurance regulator with written evidence of each of the following:

1. The nature, scale, and complexity of the insurer's catastrophe risk make it reasonable for the insurer to use its own model.
2. The own model is used for catastrophe risk management, capital assessment, and the capital allocation process.
3. The insurer has validated the own model(s) for each of the perils included in the RBC catastrophe risk charge. The insurer is including both U.S. and non-U.S. exposures in the calculation of the RBC charge.
4. The insurer has individuals with experience in developing, testing and validating internal models or engages third parties with such experience.
5. The own model was developed using reasonable data and assumptions.
6. The insurer must provide supporting model documentation and/or the differences from the vendor models if modified from the vendor models, supporting that the model was developed using reasonable data and assumptions. The insurer must provide a copy of the latest validation report and the insurer is solely responsible for the relevant cost. The validation report must provide a description of the scope, content, results and limitations of the validation, the individual qualifications of validation team and the date of the validation. Both the model documentation and the model validation report must be provided at a minimum once every five years, or whenever the lead or domestic state calls an examination; whenever there is a material change in the model; or whenever there is a material change in the insurer's exposure to catastrophe exposure.
7. The results of the own model for each relevant peril should be compared with the results produced by at least one of the following models: AIR, CoreLogic, ~~RMS, and KCC~~ for earthquake, ~~and~~ hurricane ~~and wildfire~~ only, ~~RMS, KCC~~, ARA HurLoss (hurricane ~~only~~), or the Florida Public Model for hurricane ~~only~~. The insurer must provide the comparison and an explanation of the drivers of differences between the results produced by the internal model vs. results produced by the selected prescribed model. Evidence that the own model produces reasonable results must be provided at a minimum once every

five years, or whenever the lead or domestic state calls an examination; whenever there is a material change in the model; or whenever there is a material change in the insurer's exposure to catastrophe exposure.

8. If the own model has been approved or accepted by the non-U.S. lead supervisor for use in the determination of regulatory capital, the insurer must submit evidence, if available, from the non-US lead supervisor of the most recent approval/acceptance including the description of scope, content, results and limitations of the approval/acceptance process and dates of any planned future approval/acceptance, if known. The name and the contact information of a contact person at the non-US lead supervisor should also be provided for questions on the approval/acceptance process.

If the lead or domestic state determines that permission to use the own model cannot be granted, the insurer shall be required to determine the RBC Catastrophe Risk Charge through the use of one of the third-party commercial vendor models (AIR, CoreLogic, RMS, and KCC for earthquake, ~~and~~ hurricane, and wildfire only, ~~RMS, KCC,~~ ARA HurLoss (hurricane ~~only~~)), or the Florida Public Model for hurricane only, as advised by the lead state or domestic state.

If the lead or domestic state determines that permission to use the own model can be granted to determine the RBC Catastrophe Risk Charge, the model will be subject to additional review through the ongoing examination process. If, as a result of the examination, the lead or domestic state determines that permission to use the own model should be revoked, the insurer may be required to resubmit the risk-based capital filing and any past filings so impacted where own model was used, as directed by the lead state or domestic state.

If the insurer obtains permission to use the own model, it cannot revert back to using third-party commercial vendor models to determine the RBC Catastrophe Risk Charge in subsequent reporting periods, unless this is agreed with the lead or domestic state that granted permission.

The contingent credit risk charge should be calculated in a manner consistent with the way the company internally evaluates and manages its modeled net catastrophe risk.

Note that no tax effect offsets or reinstatement premiums should be included in the modeled losses. Further note that the catastrophe risk charge is for earthquake, ~~and~~ hurricane, and wildfire risks only.

As per the footnote on this page, modeled losses to be entered PR027A, PR027B PR027C and PR027D in Lines (1) through (4) are to be calculated using one of the **third-party commercial vendor** models – AIR, CoreLogic, RMS, and KCC for earthquake, ~~and~~ hurricane, and wildfire only, ~~RMS, KCC,~~ ARA HurLoss (hurricane ~~only~~); or the Florida Public Model (~~for~~ hurricane only)**or the insurer's own catastrophe model**; and using the insurance company's own insured property exposure information as inputs to the model. The insurance company may elect to use the modeled results from any one of the models, or any combination of results of two or more of the models. Each insurer will not be required to utilize any prescribed set of modeling assumptions but will be expected to use the same exposure data, modeling, and assumptions that the insurer uses in its own internal catastrophe risk management process. Any exceptions must be explained in the required *Attestation Re: Catastrophe Modeling Used in RBC Catastrophe Risk Charges* within this RBC Report.

CALCULATION OF CATASTROPHE RISK CHARGE FOR WILDFIRE PR027C

(For Informational Purposes Only)

Wildfire	Reference	Modeled Losses			
		(1) Direct and Assumed	(2) Net	(3)† Ceded Amounts Recoverable	(4)†† Ceded Amounts Recoverable with zero Credit Risk Charge
(1) Worst Year in 50	Company Records				
(2) Worst Year in 100	Company Records				
(3) Worst Year in 250	Company Records				
(4) Worst Year in 500	Company Records				
(5) Worst Year in 1000 (For Informational Purposes Only)	Company Records				
				(5) Y/N	
(6) Has the company reported above, its modeled wildfire losses using an occurrence exceedance probability (OEP) basis?					
				(6)	(7) RBC Requirement (C(6) * Factor)
	Reference			Amount	Factor
(7) Net Wildfire Risk	L(2) C(2)			0	1.000
(8) Contingent Credit Risk for Wildfire Risk	L(2)(C(3) - C(4))			0	0.018
(9) Total Wildfire Catastrophe Risk (AEP Basis)	If L(6) C(5) = "N", L(9) C(6) = L(7) C(7)+ L(8) C(7), otherwise "0"			0	1.000
(10) Total Wildfire Catastrophe Risk (OEP Basis)	If L(6) C(5) = "Y", L(10) C(6) = L(7) C(7)+ L(8) C(7), otherwise "0"			0	1.000
(11) Total Wildfire Catastrophe Risk	L(9) C(7) + L(10) C(7)				
				(8)	(9)
				Direct and Assumed	Net
(12) For a company qualifying for the exemption under PR027INT C (10), complete 12a through 12c below:					
a. Provide the company's gross and net 1-in-100-year wildfire losses on a best estimate basis in lieu of model-based reporting.					
b. Provide details on how the company estimated the amounts shown in 12a.					
c. Provide a narrative disclosure about how the company manages its wildfire risk.					

Lines (1)-(5): Modeled losses to be entered on these lines are to be calculated using one of the following NAIC approved third party commercial vendor catastrophe models - AIR, RMS, ~~or~~ KCC, Corelogic, or a catastrophe model that is internally developed by the insurer and has received permission of use by the lead or domestic state. The insurance company's own insured property exposure information should be used as inputs to the model(s). The insurance company may elect to use the modeled results from any one of the models, or any combination of the results of two or more of the models. Each insurer will not be required to utilize any prescribed set of modeling assumptions, but will be expected to use the same data, modeling, and assumptions that the insurer uses in its own internal catastrophe risk management process. An attestation to this effect and an explanation of the company's key assumptions and model selection may be required, and the company's catastrophe data, assumptions, model and results may be subject to examination.

† Column (3) is modeled catastrophe losses that would be ceded under reinsurance contracts. This should be associated with the Net Modeled Losses shown in Column (2).

††Column (4) is modeled catastrophe losses that would be ceded to the categories of reinsurers that are not subject to the RBC credit risk charge (i.e., U.S. affiliates and mandatory pools, whether authorized, unauthorized, or certified).

CALCULATION OF CATASTROPHE RISK CHARGE PR027

	<u>Reference</u>	(1) <u>RBC Amount</u>
(1) Total Earthquake Catastrophe Risk	PR027A L(10) C(7)	<u>0</u>
(2) Total Hurricane Catastrophe Risk	PR027B L(11) C(7)	<u>0</u>
(3) Total Wildfire Catastrophe Risk	PR027C L(11)C(7)	<u>0</u>
(4) Total Convective Storms Catastrophe Risk	PR027D L(10)C(7)	<u>0</u>
(5) Total Catastrophe Risk (R _{cat})	$\text{SQRT}(L(1)^2 + L(2)^2 + L(3)^2)$	<u>0</u>
(5a) Total Catastrophe Risk (R _{cat} For Informational Purposes Only)	$\text{SQRT}(L(1)^2 + L(2)^2 + L(3)^2 + L(4)^2)$	<u>0</u>

Lines 3, 4, and 5a are for informational purposes only

Collateral Loans – Proposed RBC Treatment

(2025-16-L MOD Collateral Loans)

- **Collateral loans** are loans that are collateralized by any type of admissible invested asset. This proposal is an extension of an ACLI proposal adopted in 2024 that allows “look-through RBC” for collateral loans secured by mortgages.
 - Look-through RBC means applying the RBC of the underlying collateral to the loan it secures.
 - The proposal would extend the look-through RBC approach to other types of collateral loans.
- **Regulatory concern** is that assets with high RBC charges are placed within a loan structure to receive more favorable RBC treatment than its risk warrants.
 - Collateral loans currently receive a charge equal to 6.8% of asset value.
 - In many cases, the collateral backing these loans would otherwise receive a 30% or 45% charge.
 - More than 50% of the loans in scope consist of collateral comprised of affiliated investments and are highly concentrated in a small number of companies.
 - While most fixed income investments have objective risk assessments (e.g. credit ratings) to determine capital requirements, this does not exist for collateral loans.
- **Current proposal** is to use a “look-through approach”
 - Collateral loans will receive a charge based on the underlying collateral backing the loan, extending the 2024 ACLI proposed approach for mortgage-backed collateral loans to other types of collateral loans.
 - Latest proposal includes a reduction to these charges to give credit for collateral in excess of the loan value
 - Discussion on whether to adopt effective for 12/31/2026 or 12/31/2027.