

*2019 Fall National Meeting
Austin, Texas*

LIFE RISK-BASED CAPITAL (E) WORKING GROUP

Saturday, December 7, 2019

10:00 – 11:00 a.m.

Meeting Summary Report

The Life Risk-Based Capital (E) Working Group met Dec. 7, 2019. During this meeting, the Working Group:

1. Adopted its Oct. 23 and Summer National Meeting minutes, which included the following action:
 - a. Rejected the proposal to update the risk-based capital (RBC) charge for unaffiliated common stock supporting long-horizon contractual commitments.
 - b. Exposed the memorandum on potential further work on life growth operational risk for public comment.
 - c. Adopted its July 22, June 24, June 17, June 6, May 13, April 26, and Spring National Meeting minutes.
 - d. Adopted the reports of the Variable Annuities Capital and Reserve (E/A) Subgroup and the Longevity Risk (A/E) Subgroup.
2. 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, which included the following action:
 - a. Discussed the American Academy of Actuaries (Academy) Longevity Risk Task Force's proposal for incorporating a risk charge for longevity in the life and fraternal RBC formula.
 - b. Adopted the Subgroup's recommendation to the Life Risk-Based Capital (E) Working Group for a longevity risk charge.
3. Exposed the Longevity Risk (A/E) Subgroup's recommendation for a longevity risk charge along with the Academy's alternative that includes covariance for a 60-day public comment period. The Working Group also agreed to scope out longevity reinsurance transactions for now with direction to the Subgroup to continue to work on this aspect.
4. Heard an update from the Academy's C2 Work Group.
5. Received an update from NAIC staff on the work being done on economic scenario generators.
6. Discussed comments received on life growth risk.

W:\National Meetings\2019\Fall\Summaries\Final Summaries\LRBC Summary report Fall 2019.doc