

*2025 Spring National Meeting
Indianapolis, Indiana*

LIFE RISK-BASED CAPITAL (E) WORKING GROUP

Monday, March 24, 2025

8:00 – 9:30 a.m.

Meeting Summary Report

The Life Risk-Based Capital (E) Working Group met March 24, 2025. During this meeting, the Working Group took the following action:

1. Adopted its Feb. 21, 2025, and Oct. 23, 2024, minutes. During these meetings, the Working Group took the following action:
 - A. Adopted its Summer National Meeting minutes.
 - B. Exposed proposal 2024-21-L (Tax Credit Investments) for a 75-day public comment period that ended Jan. 6, 2025.
 - C. Exposed proposal 2024-24-L (Principle-Based Bond Definition Project) for a 75-day public comment period that ended Jan. 6, 2025.
 - D. Re-exposed proposal 2024-21-L MOD (Tax Credit Investments) for a 30-day public comment period ending March 23.
 - E. Re-exposed proposal 2024-24-L MOD (Principle-Based Bond Definition Project) for a 30-day public comment period that ended March 23.
 - F. Exposed proposal 2025-01-L (C-2 Mortality Risk) for a 30-day public comment period that ended March 23.
 - G. Exposed proposal 2025-05-L (Assets Concentration—LR010) for a 30-day public comment period that ended March 23 and referred it to the Statutory Accounting Principles (E) Working Group for comments.
 - H. Received updates from the Generator of Economic Scenarios (GOES) (E/A) Subgroup, Longevity Risk (E/A) Subgroup, and Variable Annuities Capital and Reserve (E/A) Subgroup.
 - I. Heard updates from the American Academy of Actuaries (Academy) on covariance and C-3 risk, which included key differences in correlation methodologies across jurisdictions, the impact of time horizons on risk assumptions, and ongoing efforts to refine risk-based capital (RBC) frameworks.
2. Received an update from the GOES (E/A) Subgroup, which met Feb. 26, Feb. 12, Jan. 29, Dec. 19, and Dec. 11. During these meetings, the Subgroup took the following action:
 - A. Discussed the model office results of the latest GOES updates.
 - B. Referred two documents to the Variable Annuities Capital and Reserve (E/A) Subgroup and Life Risk-Based Capital (E) Working Group regarding GOES for capital calculations.
 - C. Discussed revised equity calibration.
 - D. Discussed amendment proposal form (APF) 2025-04 to implement the GOES in the *Valuation Manual*.
 - E. Heard a presentation on revised Treasury scenarios.

- F. Discussed the formation of a GOES Model Governance Drafting Group.
 - G. Discussed the Sharpe ratio methodology for aligning risk-reward across GOES equity indices.
 - H. Discussed equity calibration alternatives.
 - I. Discussed the initial Treasury yield fitting methodology and Treasury model flooring methodology.
3. Received an update from the Longevity Risk (E/A) Subgroup, which has not met since the 2024 Fall National Meeting.
 4. Received an update from the Variable Annuities Capital and Reserve (E/A) Subgroup, which met Feb. 20. During this meeting, the Subgroup took the following action:
 - A. Discussed comments received on draft additions to the variable annuities (VA) supplement in the annual statement.
 - B. Exposed draft blanks changes to the VA supplement for a 45-day public comment period ending April 6.
 5. Received a referral from the GOES (E/A) Subgroup requesting amendments to the life RBC blanks and instructions to facilitate the implementation of the new economic scenario generator. The referral was exposed for a 30-day public comment period ending April 23, 2025.
 6. Heard a presentation from the Academy on C-3. The Academy presented a potential alignment of C-3 Phase 1 and C-3 Phase 2 methodologies that could impact instructions and blanks changes to LR027.
 7. Exposed proposal 2025-04-L (Other Long-Term Assets—LR008) for a 30-day public comment period ending April 23, 2025. The proposal reorganizes LR008 to ensure Schedule BA assets of the same risk components (C-1o vs. C1-cs) are grouped to facilitate proper modified coinsurance (modco)/funds withheld reinsurance agreement adjustments within LR008.