Draft date: 3/6/26

2026 Spring National Meeting
San Diego, California

RISK-BASED CAPITAL MODEL GOVERNANCE (EX) TASK FORCE
Tuesday, March 24, 2026
1:00 – 2:00 p.m.
Manchester Grand Hyatt—Grand Hall B—Level 1

ROLL CALL

NAIC Member	Representative	State/Territory
Jon Godfread, Chair	Jon Godfread	North Dakota
Doug Ommen, Co-Vice Chair	Doug Ommen	Iowa
Nathan Houdek, Co-Vice Chair	Nathan Houdek	Wisconsin
Peter M. Fuimaono	Peter M. Fuimaono	American Samoa
Michael Yaworsky	Michael Yaworsky	Florida
Scott Saiki	Scott Saiki	Hawaii
Robert L. Carey	Robert L. Carey	Maine
Micheal T. Caljouw	Micheal T. Caljouw	Massachusetts
Mike Causey	Mike Causey	North Carolina
Judith L. French	Judith L. French	Ohio
Elizabeth Kelleher Dwyer	Elizabeth Kelleher Dwyer	Rhode Island
Michael Wise	Michael Wise	South Carolina
Amanda Crawford	Amanda Crawford	Texas
Jon Pike	Jon Pike	Utah
Kaj Samsom	Kaj Samsom	Vermont
Scott A. White	Scott A. White	Virginia

NAIC Committee Support: Dan Daveline

AGENDA

1. Consider Adoption of its 2025 Fall National Meeting Minutes — Attachment One
   —*Commissioner Jon Godfread (ND)*

2. Hear a Recap of Work Done in 2025 — Attachment Two
   —*Commissioner Jon Godfread (ND) (10 minutes)*

3. Receive Comments on the Gap Analysis Request for Input — Pending
   —*Commissioner Jon Godfread (ND) (15 minutes)*
   A. Summary: Bridgeway Analytics

4. Discuss the Draft Risk-Based Capital (RBC) Adjustment Process Flowchart, and Receive Input on Further Development
   —Commissioner Jon Godfread (ND) (5 minutes) — Attachment Four

5. Plan for 2026: Level Set with Input from Commissioner Task Force Members and Other Stakeholders
   —Commissioner Jon Godfread (ND) (15–20 minutes)

6. Discuss Any Other Matters Brought Before the Task Force
   —Commissioner Jon Godfread (ND) (5 minutes)

7. Adjournment

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Draft: 12/14/25

Risk-Based Capital Model Governance (EX) Task Force
Hollywood, Florida
December 10, 2025

The Risk-Based Capital Model Governance (EX) Task Force met Dec. 10, 2025. The following Task Force members participated: Judith L. French, Co-Chair (OH); Nathan Houdek, Co-Chair (WI); Doug Ommen, Co-Vice Chair, and Kevin Clark (IA); Michael Wise, Co-Vice Chair (SC); Michael Conway represented by Rolf Kaumann (CO); Karima M. Woods represented by Philip Barlow (DC); Michael Yaworsky represented by Jane Nelson (FL); Robert L. Carey (ME); Mike Causey represented by Jacqueline Obusek (NC); Jon Godfread and Matt Fischer (ND); D.J. Bettencourt represented by Edward Cataldo (NH); Cassie Brown represented by Jamie Walker (TX); Scott A. White and Dan Bumpus (VA); and Patty Kuderer represented by Steve Drutz (WA).

1. Adopted its Dec. 3, Oct. 23, and Summer National Meeting Minutes

The Task Force met Dec. 3. During this meeting, the Task Force discussed revised principles to address previously received comments. The Task Force also conducted an e-vote that concluded Dec. 3 to adopt its 2026 proposed charges.

Additionally, the Task Force met Oct. 23 in joint session with the Capital Adequacy (E) Task Force to coordinate discussions on the purpose and use of risk-based capital (RBC) as drafted into proposed changes to the RBC preamble.

Obusek made a motion, seconded by Bumpus, to adopt the Task Force's Dec. 3 (Attachment One), Dec. 3 e-vote (Attachment Two), Oct. 23 (Attachment Three), and Aug. 12 minutes (Attachment Four), modified to reflect edits made from the version included in the Proceedings of the Summer National Meeting. The motion passed unanimously.

2. Discussed Outstanding Comments on RBC Principles

Director French recognized the hard work of the NAIC's consultant, the drafting group, and various trade organizations that assisted in getting the principles to their current state. She noted she was looking for final comments on the revised principles included in the materials, as the next agenda item was to consider adoption. She asked Amnon Levy (Bridgeway Analytics) to summarize the remaining proposed edits provided to him since the Task Force's Dec. 3 call.

Levy stated his appreciation for the opportunity to support the Task Force in achieving its goals, including the development of an RBC model governance framework. He pointed out that the possible edits to the principles document since the last Task Force meeting include an edit to clarify that regulators are not necessarily taking action against insurers, and it is more appropriate to describe it as with respect to insurers. He also noted that the equal capital for equal risk principle has a second option.

Levy explained that commenters advocated for making it clear that RBC consistency requirements should be applied within lines of business, not across them, and this is not a uniform treatment applied without considering the underlying risks. In particular, the American Property and Casualty Insurance Association (APCIA) and the National Association of Mutual Insurance Companies (NAMIC) advocated for a second option that incorporates additional language around this concept. Levy stated that regardless of whether the Task Force chooses the first, second, or some other option, discussions with regulators highlighted concerns with the principle of equal capital for equal risk, given the variation in interpretation of the concept. He stated that while variation in interpretations

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is unavoidable, he believed the issue raised relates more to quantitative guidelines. He noted that the Task Force has previously discussed the concept of quantitative guidelines in the context of serving as benchmarks for specific RBC components such as life investments.

Levy stated that regarding the statistical safety level, the risks arise in the tax treatment, dividends, and other key modeling features. The quantitative guidelines serve as benchmarks with deviations expected; however, deviations will require articulated justification. The quantitative guidelines should help avoid disagreements as to whether an RBC proposal violates the principle of equal capital for equal risk. Director French noted she believed most regulators supported the first option. Bumpus stated that Virginia supports the first option because it was cleaner, but he thought the intent of the language in the second option was consistent with the first. Clark indicated that Iowa agrees with Virginia's comments.

Jeff Alton (Reinsurance Association of America—RAA) stated his appreciation for the collaborative nature of the work thus far, as it has been very interactive. He stated that the RAA, APCIA, and NAMIC have worked closely on the language in the second option, and the RAA is interested in additional clarity on the topic summarized by Levy, and the second option was drafted with that intent. He noted that with respect to these statistical set safety levels, the RAA believes it is important that RBC be maintained as an early monitoring system of troubled companies and not a robust capital standard such as the International Association of Insurance Supervisors (IAIS) Insurance Capital Standard (ICS) or Solvency II. He added that, as someone who fought against the ICS and Solvency II over the last 15 years, that fight continues with respect to the second option of providing that additional clarity. He stated that the second option is basically the system that has been used, especially on the property/casualty (P/C) side. He stated that this option has worked with respect to the way that the NAIC calibrates RBC and suggested that it should be maintained.

Alton stated his appreciation for Virginia's comment. He said that if the intent of the first and second options is to say the same thing, then the Task Force should consider documenting that in the notes. He also stated that it is important that the NAIC does not have the same statistical safety level that exists under Solvency II.

Mariana Gomez Vock (American Council of Life Insurers—ACLI) thanked the Task Force on the development of the principles and the related materials. She stated the ACLI's appreciation for the consultant as well as the transparent and cooperative process. She stated that the ACLI is in support of the prior draft of the principles and that the ACLI prefers the first option, as the language is clearer and it was vetted a little more thoroughly. She stated that the ACLI's suggestion would be to adopt the first option, with the potential to add a note to address the concern in the note section and not in the principal language. Iowa and Virginia noted their support for that suggestion, which was consistent with the previous statement from Director French that there was consensus among the regulators that the first option was preferred.

3. <u>Adopted the Revised Principles</u>

Commissioner Godfread made a motion, seconded by White, to adopt the revised principles (Attachment Five), with the modifications agreed to by the Task Force during the meeting. The motion passed unanimously.

4. <u>Heard a Presentation on Work in Progress for 2026</u>

Levy provided an update on the Task Force's work in progress that will continue into 2026 (Attachment Six). The update included: 1) possible future preamble edits; 2) the process for future RBC adjustments; 3) gap analysis; 4) coordination with the American Academy of Actuaries (Academy); and 5) an education and messaging campaign.

Levy explained the edits that had been made by the drafting group to the RBC preamble, with the understanding that the purpose of such language needed to be consistent with the principles adopted regarding purpose and

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use, but he did not discuss the language in detail, only emphasizing the purpose of the two sets of different language.

Levy noted that more language changes are expected to be suggested by the drafting group to help streamline some of the language. The additional changes do not affect the purpose and use or consistency with the principles. Once completed, the changes could be presented to the Task Force in early 2026. Levy indicated that a draft of the model risk management standards has been completed, and more work with the drafting group and industry trades will need to be done before being presented to the Task Force for consideration.

Levy explained the current status of the inventory of issues to be considered for the gap analysis, which focuses initially on investment categorization and RBC model applications. Levy also discussed the Academy's Cross Practice RBC Task Force, which will be assisting in the efforts. Levy also reported that a PowerPoint had been developed as part of the messaging campaign, which NAIC staff and select trade organizations found helpful in framing the complex system.

Having no further business, the Risk-Based Capital Model Governance (EX) Task Force adjourned.

SharePoint/NAIC Support Staff Hub/Committees/EX CMTE/RBCMGTG/121025 RBC Model Gov TF Minutes

NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

<u>Proposed Section F of the Preamble. Proposed Principles for RBC Requirements</u>

Acknowledging the complex and varied insurance business activities and their associated risks, RBC requirements are established to capture risks using a wide range of data, methodologies, and regulatory judgment. These Principles of RBC Requirements serve as a guiding North Star for governing the purpose and use of, as well as maintaining and prioritizing updates to, RBC requirements.

1. **Purpose**. The purpose of RBC requirements is to identify potentially weakly capitalized companies.
2. **Use**. RBC requirements are primarily used to facilitate regulatory action with respect to weakly capitalized companies. RBC requirements may be used for other purposes, but these uses must not distort or redefine the purpose of RBC requirements.
    - A commenter pointed out that the regulators aren't necessarily taking an action against the insurer.
3. **Materiality**. RBC requirements should be updated when a change is material. Materiality for purposes of RBC means a level at which a decision whether to update RBC could meaningfully impact the regulator's assessment of the solvency risk for all or an identifiable segment of companies.
4. **Equal capital for equal risk**.
    - RBC requirements should be guided by the principle of equal capital for equal risk, consistent in their statistical safety levels and time horizons, appropriate for the underlying risk, unless there are substantial differences in the nature of the risk in the context of the business model (e.g., life vs property & casualty) to warrant alternative treatments. RBC requirements should reflect measurable risks that can impact solvency, including the mitigating effects of risk management.
5. **Objectivity**. Appropriately consider only the factors that impact solvency risk, including but not limited to concentration, diversification, and tail risks, thereby avoiding the promotion or inhibition of objectives that are unrelated to assessing solvency risk.
6. **Accuracy**. Sufficiently precise to assess solvency risk, while avoiding unnecessary complexity.
7. **Grounded in Statutory Accounting and reserving**. Derived from values reported in the statutory annual statement and calibrated to align with Statutory Accounting and reserving practices, to the extent practical.
8. **Emerging risks.** Updated to incorporate emerging risks (including macroprudential risk) by the time they become material to the industry or an identifiable segment of companies.
9. **Transparency.** The process to maintain and update RBC requirements must adhere to the *NAIC Policy Statement on Open Meetings* and follow standards that provide for clear, complete, and transparent communication and documentation of proposed and adopted updates, methodologies, and supporting rationale.
10. **Process.** Maintaining and updating RBC requirements must adhere to model risk management standards, relying on data-driven methodologies with assessments of model performance and model validation, when possible, the need to rely on expert judgment and proxies, significantly so in some cases, and the use of interim solutions.
11. **Prioritization**. Recognizing the vast number of potential refinements that could be made to RBC requirements at any given time, the groups tasked with updating and maintaining the RBC model should use regulatory judgment to prioritize changes, considering their necessity, materiality, time and resource intensity, and other relevant considerations.

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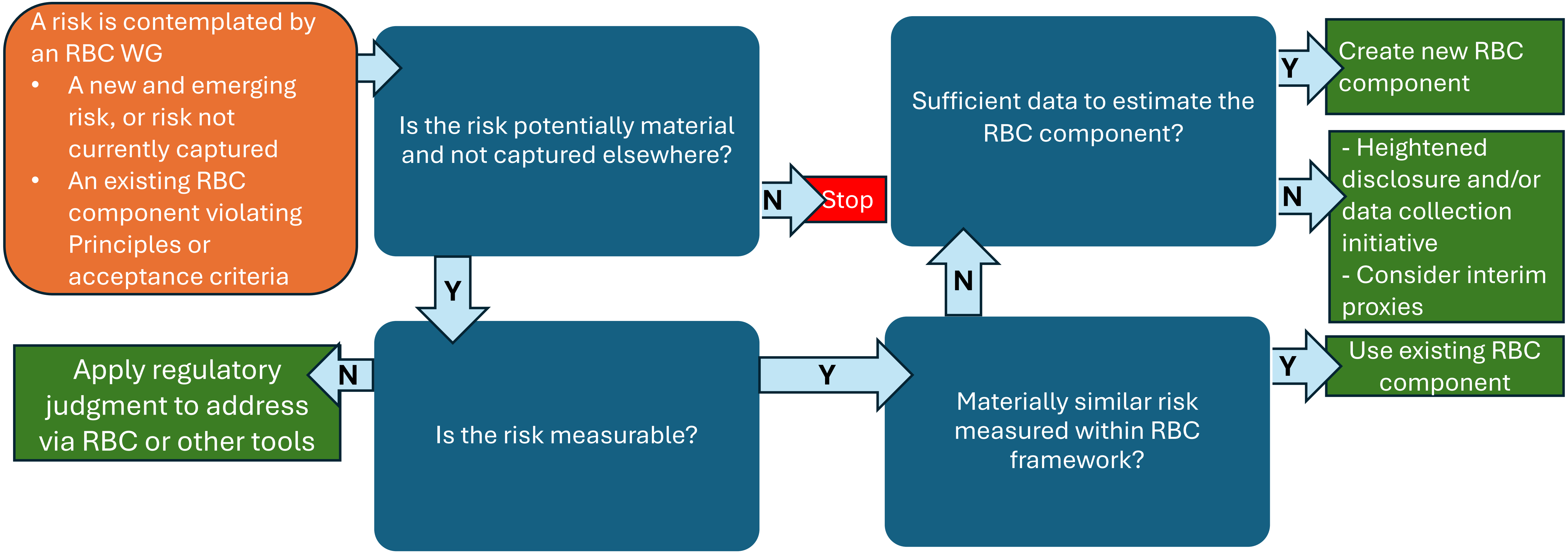
Sufficiently precise while avoiding complexity



- **Material is defined in RBC Principles** as meaningfully impacting the' assessment of the solvency risk for all or an identifiable segment of companies.
- **A risk is contemplated by an RBC WG.** While gaps or inconsistencies in RBC formulas can be raised by many parties, the process ultimately requires an RBC Working Group to address them. Typically, the process is initiated by:
  - Industry is raising a concern.
  - An issue is referred by SAPWG, IATF, FSTF, or another group within the NAIC.
  - An issue is identified by NAIC staff.
  - An issue is identified during the review of an individual insurer.
  - An issue is identified by other industry regulators that may also impact insurance.
- **Is the risk potentially material and not captured elsewhere?** Risks identified as potentially material, with additional data, possibly additional disclosure, and analysis needed to assess whether the risk is in fact material. In many cases, risks are more effectively captured elsewhere in the framework.
- **Is the risk measurable?** If a risk is identified as material and not measurable, regulatory judgment must be exercised to address it via RBC or other tools. By its nature, any update to RBC would not be data-driven, and the degree to which the update is interim will be determined by the materiality of the risk and the degree to which it may be measurable and associated costs (e.g., through heightened disclosure).
- **Materially similar risk measured within RBC framework?** To avoid complexity, risks should be captured within an existing RBC component to the extent the component is already appropriately measuring a materially similar risk.
- **Sufficient data to estimate the RBC component?**
  - If there is insufficient data, regulatory judgment will determine whether to consider:
    - Heightened disclosure and/or data collection initiative
    - Interim proxies
  - If there is sufficient data, a new RBC component will be developed using comparable attributes if available. If comparable attributes are not available, the new RBC component would model each risk factor individually.