

*2025 Summer National Meeting
Minneapolis, Minnesota*

CAPITAL ADEQUACY (E) TASK FORCE

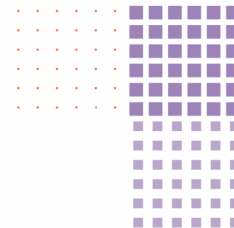
Tuesday, August 12, 2025

7:30 – 8:30 a.m.

Meeting Summary Report

The Capital Adequacy (E) Task Force met Aug. 12, 2025. During this meeting, the Task Force:

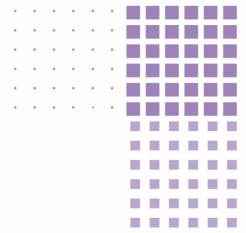
1. Adopted its Spring National Meeting minutes.
2. Adopted its June 30 minutes. During this meeting, the Task Force took the following action:
 - A. Adopted proposal 2025-10-L (RBC Asset Credit for Modco/Funds Withheld).
 - B. Adopted proposal 2025-09-P (Underwriting Risk Line 1 Factors).
 - C. Adopted proposal 2025-11-CR (Catastrophe Modeling Attestation).
 - D. Adopted proposal 2025-03-CA (Underwriting Risk Investment Income Update).
 - E. Adopted its revised procedure document, which it had exposed for a 30-day public comment period that ended June 14, with no comments received.
 - F. Adopted its 2026 proposed charges, which it had exposed for a 30-day public comment period that ended June 14, with one comment received from the American Council of Life Insurers (ACLI) in support of the addition to the Risk-Based Capital Investment Risk and Evaluation (E) Working Group's charges.
 - G. Exposed a referral from the Statutory Accounting Principles (E) Working Group regarding changes to the collateral loan Schedule BA reporting for a 45-day public comment period ending Aug. 14.
 - H. Received a comment letter from PineBridge Investments regarding risk-based capital (RBC) treatment for Securities Valuation Office (SVO)-designated investments.
3. Adopted its May 15 minutes. During this meeting, the Task Force took the following action:
 - A. Adopted proposal 2024-21-L MOD (Tax Credit Investments).
 - B. Adopted proposal 2024-24-L MOD (Principle-Based Bond Definition Project).
 - C. Adopted proposal 2025-01-L (C-2 Mortality Risk – LR025).
 - D. Adopted proposal 2025-04-L MOD (Other Long-Term Assets LR008).
 - E. Adopted proposal 2025-05-L (Asset Concentration LR010).
 - F. Adopted proposal 2025-06-CR (Disclosure Climate Cat Exposure Instruction).
 - G. Adopted proposal 2024-25-CA (Principle-Based Bond Project for P/C and Health).
 - H. Adopted proposal 2024-26-CA (Tax Credit for P/C and Health).
 - I. Adopted proposal 2025-07-CA MOD (Trend Test).
 - J. Exposed proposal 2025-03-CA (Underwriting Risk Investment Income Update) for a 30-day public comment period ending June 14.



- K. Exposed its revised procedure document and 2026 proposed charges for a 30-day public comment period ending June 14.
 - L. Discussed comments received on proposal 2024-16-CA (Revised Preamble).
 - M. Discussed bond-like treatment for SVO-designated bond mutual funds.
 - N. Discussed the recently established Risk-Based Capital Governance (EX) Task Force.
4. Adopted the report of the Health Risk-Based Capital (E) Working Group, which met June 20. During this meeting, the Working Group took the following action:
- A. Adopted its Spring National Meeting minutes.
 - B. Adopted its April 30 minutes, which included the following action:
 - i. Discussed the referral regarding Interpretation (INT) 24-01: Principles-Based Bond Definition Implementation Questions and Answers.
 - ii. Discussed the referral regarding INT 24-02: Medicare Part D Prescription Payment Plan.
 - iii. Referred proposal 2025-03-CA to the Capital Adequacy (E) Task Force, which had been exposed for a 30-day comment period
 - iv. Exposed the American Academy of Actuaries (Academy) H2—Underwriting Risk Component and Managed Care Credit Calculation in the health RBC formula report for a 60-day public comment period ending June 29.
 - C. Discussed the 2024 health RBC statistics, which included 1,143 filings. Twenty-one companies triggered an action level, and 18 companies triggered the trend test.
 - D. Extended the exposure of the Academy H2—Underwriting Risk Component and Managed Care Credit Calculation in the health RBC formula report to June 30.
5. Adopted the report of the Risk-Based Capital Investment Risk and Evaluation (E) Working Group, which met June 23 and April 22. During these meetings, the Working Group took the following action:
- A. Adopted its Spring National Meeting minutes.
 - B. Discussed comment letters received on ACLI's RBC principles for bond funds presentation and the NAIC's memorandum of bond funds reported in 2023 annual statement filings.
 - C. Exposed proposal 2025-12-IRE (SVO Fund Alignment Project) for a 30-day public comment period ending July 23. The proposal was drafted for the life RBC framework only.
 - D. Met in joint, regulator-to-regulator session with the Statutory Accounting Principles (E) Working Group and Valuation of Securities (E) Task Force, pursuant to paragraph 3 (specific companies, entities, or individuals) of the NAIC Policy Statement on Open Meetings, to discuss the review of residual tranches and/or interests data reported by insurance companies in their 2024 annual statement and RBC filings.
6. Adopted the report of the Life Risk-Based Capital (E) Working Group, which met July 21 in joint session with the Variable Annuities Capital and Reserve (E/A) Subgroup, June 18, May 7 in joint session with the Variable Annuities Capital and Reserve (E/A) Subgroup, May 1, and April 9 in joint session with the Life Actuarial (A) Task Force. During these meetings, the Working Group took the following action:



- A. Discussed comments received from the Academy and the ACLI on a presentation prepared by NAIC staff to solicit feedback on potential changes to the C-3 Phase I and C-3 Phase II capital metric, as well as other changes to methodology.
- B. Exposed proposal 2025-14-L (C-3 GOES Implementation) for 30-day public comment period ending Aug. 20.
- C. Adopted its Spring National Meeting minutes.
- D. Adopted its May 7 and April 9 minutes.
- E. Adopted proposal 2025-10-L (RBC Asset Credit Modco/FWH).
- F. Discussed proposal 2025-13-L (Covariance) and delayed exposure until further notice.
- G. Discussed 2024 life RBC statistics.
- H. Discussed its referral to the Statutory Accounting Principles (E) Working Group regarding asset valuation reserves (AVR) equity and other invested asset component lines 15, 16, 68, and 69.
- I. Received a referral from the Statutory Accounting Principles (E) Working Group on collateral loans.
- J. Discussed a request for the NAIC to provide generator of economic scenarios (GOES) sensitivity scenarios.
- K. Exposed a presentation prepared by NAIC staff to solicit feedback on potential changes to the C-3 Phase I and C-3 Phase II capital metric, as well as other changes to methodology, for a 45-day public comment period ending June 23.
- L. Adopted proposal 2024-21-L MOD (Tax Credit Investments) to update the RBC instructions and blanks for adoption of #2022-14 and 2024-11BWG MOD by the Statutory Accounting Principles (E) Working Group and Blanks (E) Working Group, respectively.
- M. Adopted proposal 2024-24-L MOD (Principle-Based Bond Definition Project) to incorporate changes adopted by the Blanks (E) Working Group, namely #2023-06BWG MOD, #2023-07BWG MOD, and #2023-12BWG MOD. These changes resulted from the Statutory Accounting Principles (E) Working Group's adoption of the principle-based bond definition.
- N. Adopted proposal 2025-01-L (C-2 Mortality Risk) to update the RBC instructions and blanks to allow for direct pulls of information between the annual statement, including the newly adopted general interrogatory as per 2023-15BWG MOD, and the RBC blank.
- O. Adopted proposal 2025-05-L (Assets Concentration—LR010) to clarify the LR010 instruction so that "Securities Valuation Office (SVO)-designated non-bond debt securities" can obtain asset concentration factor treatment akin to bonds in LR002 (C-1o risk component).
- P. Adopted proposal 2024-04-L (Other Long-Term Assets—LR008) to reorganize the LR008—Other Long-Term Assets page to ensure Schedule BA assets of the same risk components (C-1o versus C1-cs) are grouped, to facilitate proper modified coinsurance (modco)/funds withheld (FWH) reinsurance agreement adjustments within LR008.
- Q. Exposed proposal 2025-10-L (RBC Asset Credit Modco/FWH) for a 30-day public comment period ending May 30.
- R. Heard a presentation from the Academy on C-3 alignment.
- S. Heard a presentation from the Academy on covariance.
- T. Received a referral from the Statutory Accounting Principles (E) Working Group on RBC asset credit for modco/FWH reinsurance transactions.



- U. Exposed amendment proposal form (APF) 2025-04 for a 21-day public comment period ending April 29.
 - V. Discussed Valuation Manual (VM)-20, Requirements for Principle-Based Reserves for Life Insurance, deterministic reserve (DR) scenario methodology.
 - W. Discussed the GOES model governance framework.
7. Adopted the report of the Property and Casualty Risk-Based Capital (E) Working Group and Catastrophe Risk (E) Subgroup, which conducted an e-vote that concluded June 30. During this e-vote, the Working Group and Subgroup took the following action:
- A. Adopted its Spring National Meeting minutes.
 - B. Adopted its June 11 minutes, which included the following action:
 - i. Adopted proposal 2025-09-P (Underwriting Risk Line 1 Factors).
 - ii. Adopted proposal 2025-11-CR (Catastrophe Modeling Attestation).
 - iii. Discussed 2024 property/casualty (P/C) RBC statistics.
 - iv. Heard updates on the wildfire impact analysis.
 - v. Discussed climate impact disclosures.
 - vi. Discussed flood peril.
 - vii. Discussed property claim services events list enhancement.
 - C. Adopted its May 2 minutes, which included the following action:
 - i. Adopted proposal 2025-06-CR (Disclosure Climate Condition Cat Exposure Instruction).
 - ii. Exposed proposal 2025-09-P (Underwriting Risk Line 1 Factors) for a 30-day public comment period ending June 1.
 - iii. Exposed proposal 2025-11-CR (Catastrophe Modeling Attestation) for a 30-day public comment period ending June 1.
 - iv. Heard updates on the wildfire impact analysis.
 - v. Discussed holding a summer panel discussion.
 - vi. Discussed the process for updating the catastrophe event lists.
 - vii. Discussed the Statutory Accounting Principles (E) Working Group referral for RBC assessment for capital notes and non-bond debt securities.
 - viii. Discussed bond-like treatment for SVO-designated mutual funds.
 - ix. Discussed the appointment of the Risk-Based Capital Model Governance (EX) Task Force.
8. Adopted the health, life, and P/C 2025 newsletters for adopted proposals to the 2025 health, life, and property/casualty RBC formulas.
9. Discussed Preamble issues.