

Date: 7/22/24

2024 Summer National Meeting
Chicago, Illinois

CAPITAL ADEQUACY (E) TASK FORCE

Wednesday, August 14, 2024

1:30 – 2:30 p.m.

McCormick Place Convention Center—Grand Ballroom – S100—Level 1

ROLL CALL

Judith L. French, Chair	Ohio	Grace Arnold	Minnesota
Doug Ommen, Vice Chair	Iowa	Chlora Lindley-Myers	Missouri
Mark Fowler	Alabama	Eric Dunning	Nebraska
Lori K. Wing-Heier	Alaska	Scott Kipper	Nevada
Ricardo Lara	California	D.J. Bettencourt	New Hampshire
Michael Conway	Colorado	Justin Zimmerman	New Jersey
Andrew N. Mais	Connecticut	Mike Causey	North Carolina
Karima M. Woods	District of Columbia	Jon Godfread	North Dakota
Michael Yaworsky	Florida	Glen Mulready	Oklahoma
Ann Gillespie	Illinois	Michael Wise	South Carolina
Amy L. Beard	Indiana	Cassie Brown	Texas
Vicki Schmidt	Kansas	Mike Kreidler	Washington
Sharon P. Clark	Kentucky	Nathan Houdek	Wisconsin
Joy Y. Hatchette	Maryland		

NAIC Support Staff: Eva Yeung

AGENDA

1. Consider Adoption of its June 28, April 30, and Spring National Meeting Minutes—*Tom Botsko (OH)*
Attachment One
Attachment Two
Attachment Three
2. Consider Adoption of its Working Group Reports
 - A. Health Risk-Based Capital (E) Working Group—*Steve Drutz (WA)*
Attachment Four
 - B. Risk-Based Capital Investment Risk and Evaluation (E) Working Group—*Philip Barlow (DC)*
Attachment Five
 - C. Life Risk-Based Capital (E) Working Group—*Philip Barlow (DC)*
Attachment Six
 - D. Property and Casualty Risk-Based Capital (E) Working Group—*Tom Botsko (OH)*
Attachment Seven
3. Consider Adoption of its Working Agenda—*Tom Botsko (OH)*
Attachment Eight



4. Consider Exposure of its Revised Procedure Document—*Tom Botsko (OH)* Attachment Nine
5. Consider Exposure of its 2025 Proposed Charges—*Tom Botsko (OH)* Attachment Ten
6. Discuss and Consider Exposure of the Charges of the New Working Group—*Tom Botsko (OH)* Attachment Eleven
7. Discuss Any Other Matters Brought Before the Task Force
—*Tom Botsko (OH)*
8. Adjournment

*Virtual Meeting***HEALTH RISK-BASED CAPITAL (E) WORKING GROUP**

July 25, 2024

Summary Report

The Health Risk-Based Capital (E) Working Group met July 25, 2024. During this meeting, the Working Group:

1. Adopted its June 24, June 6, and April 16 minutes, which included the following action:
 - A. Adopted its Feb. 22 minutes.
 - B. Referred proposal 2024-09-CA to the Capital Adequacy (E) Task Force.
 - C. Heard an update from the American Academy of Actuaries (Academy) on the health care receivables and H2 – Underwriting Risk review projects.
 - D. Exposed a referral letter on pandemic risk to the Financial Analysis Solvency Tools (E) Working Group and Financial Examiners Handbook (E) Technical Group.
 - E. Discussed the excessive growth charge.
 - F. Exposed proposal 2024-12-H for a 30-day public comment period ending May 16.
 - G. Exposed proposal 2024-12-H (MOD) for a 14-day public comment period ending June 20.
 - H. Adopted proposal 2024-12-H (MOD) by e-vote June 24.
2. Adopted the 2024 health risk-based capital (RBC) newsletter.
3. Adopted the 2023 health RBC statistics.
4. Received an update from the Academy on the H2 – Underwriting Risk review project. Steve Guzski (Academy) discussed the progress and completion timeline of the project. The Working Group offered additional resources as needed for the Academy to complete the project.
5. Directed NAIC staff to forward a referral letter on pandemic risk to the Risk-Focused Surveillance (E) Working Group.
6. Adopted its 2024 working agenda.

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RISK-BASED CAPITAL INVESTMENT RISK AND EVALUATION (E) WORKING GROUP

Wednesday, August 14, 2024
8:00 – 9:00 a.m.

Meeting Summary Report

The Risk-Based Capital Investment Risk and Evaluation (E) Working Group met Aug. 14, 2024. During this meeting, the Working Group:

1. Adopted its Spring National Meeting minutes.
2. Adopted its June 21, May 22 and April 12 minutes. During these meetings, the Working Group took the following action:
 - A. Discussed a review of year-end 2023 data reported for residual tranches.
 - B. Heard a presentation from the NAIC's Structured Securities Group.
 - C. Discussed comment letters received on Oliver Wyman's residual tranche risk analysis.
 - D. Discussed comment letters received on a memorandum requesting additional feedback from industry stakeholders to substantiate their request for an additional one-year delay in implementing the 45% risk-based capital (RBC) factor for residual tranches.
 - E. Discussed comment letters received on proposal 2024-19-I and other potential alternative proposals.
 - F. Discussed the American Council of Life Insurers' survey data on residual ownerships by life insurers.
 - G. Voted to retain the original adoption of the 45% charge to be applied to all residuals.
3. Received updates from the Valuation of Securities (E) Task Force and the Statutory Accounting Principles (E) Working Group.
4. Heard an update from the American Academy of Actuaries on structured securities RBC project.
5. Discussed referrals that are related to funds and discussed moving forward in considering RBC formula and instruction changes to reflect SVO-assigned designations in SEC-registered funds as well as to review and consider convergence with exposure aggregations for funds consistently with the Supplemental Investment Risk Interrogatory (SIRI).
6. Adopted its 2024 working agenda.

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LIFE RISK-BASED CAPITAL (E) WORKING GROUP

Wednesday, August 14, 2024
9:00 – 10:00 a.m.

Meeting Summary Report

The Life Risk-Based Capital (E) Working Group met Aug. 14, 2024. During this meeting, the Working Group:

1. Adopted its Spring National Meeting minutes.
2. Adopted its June 18 and April 19 minutes. During these meetings, the Working Group took the following action:
 - A. Adopted proposal 2024-15-L to address collateral loans.
 - B. Adopted proposal 2024-17-L to add a factor for omitted Schedule BA mortgages.
 - C. Adopted proposal 2024-04-L to add a line for total adjust capital (TAC) adjustment for non-admitted affiliates.
 - D. Adopted proposal 2024-05-L to add a line to Schedule BA mortgages for omitted asset valuation reserve (AVR).
 - E. Discussed covariance.
 - F. Discussed C-3 risk.
 - G. Discussed proposal 2024-03-L (repurchase agreements).
 - H. Discussed proposal 2024-07-L (other long-term assets).
3. Received updates from its subgroups.
 - A. Generator of Economic Scenarios (GOES) (E/A) Subgroup
 - B. Longevity Risk (E/A) Subgroup
 - C. Variable Annuities Capital and Reserve (E/A) Subgroup
4. Adopted the 2024 life risk-based capital (RBC) newsletter.
5. Adopted its 2023 life RBC statistics.
6. Received a referral from the Statutory Accounting Principles (E) Working Group for investments in tax credit structures.
7. Discussed the Schedule BA proposal for non-bond debt securities.
8. Adopted its working agenda.

*2024 Summer National Meeting
Chicago, Illinois*

**JOINT MEETING OF THE PROPERTY AND CASUALTY RISK-BASED CAPITAL (E) WORKING GROUP
AND CATASTROPHE RISK (E) SUBGROUP**

Wednesday, August 14, 2024
10:00 – 11:00 a.m.

Meeting Summary Report

The Property and Casualty Risk-Based Capital (E) Working Group and the Catastrophe Risk (E) Subgroup met Aug. 14, 2024. During this meeting, the Working Group and Subgroup:

1. Adopted the Property and Casualty Risk-Based Capital (E) Working Group’s June 17 and April 25 minutes. During these meetings, the Working Group took the following action:
 - A. Adopted proposal 2023-14-P (Underwriting Risk Line 1 Factors), which it had exposed for a 30-day public comment period that ended May 25.
 - B. Adopted proposal 2023-17-CR (Climate Scenario Analysis), which it had re-exposed for a 22-day public comment period that ended April 8. However, the Financial Condition (E) Committee adopted proposal 2024-20-CR to replace the 2023-17-CR during its Aug. 2 meeting.
 - C. Adopted proposal 2024-10-P (Other Health Line), which it had exposed for a 30-day public comment period that ended April 16.
 - D. Adopted proposal 2024-11-P (Underwriting Risk Lines 4 & 8 Factors), which it had exposed for a 30-day public comment period that ended April 16.
 - E. Discussed potential modifications in the risk-based capital (RBC) statistics.
 - F. Discussed the study of flood risk in the Catastrophe Risk (E) Subgroup.
 - G. Heard updates from the American Academy of Actuaries (Academy) on its current underwriting risk projects.
2. Adopted the Catastrophe Risk (E) Subgroup’s June 10 and April 23 minutes. During these meetings, the Subgroup took the following action:
 - A. Adopted proposal 2023-17-CR (Climate Scenario Analysis), which it had re-exposed for a 22-day public comment period that ended April 8.
 - B. Exposed a referral from the Capital Adequacy (E) Task Force regarding the geographic concentration issue.
 - C. Discussed wildfire peril impact analysis.
 - D. Discussed CoreLogic’s wildfire model review.
 - E. Discussed the possibility of adding flood period to the Rcat component.
 - F. Heard an update regarding severe convective storm peril.
3. Adopted its Spring National Meeting minutes.
4. Adopted its 2024 newsletter for adopted proposals to the 2024 property/casualty (P/C) RBC formula.
5. Discussed 2023 RBC statistics.



6. Discussed their working agenda.
7. Discussed the geographic concentration issue.
8. Heard updates on the severe convective storm peril.
9. Discussed the Wildfire Peril Impact Analysis.
10. Discussed the CoreLogic Wildfire Model Review.
11. Discussed the possibility of adding flood peril to the Rcat component.
12. Discussed how to handle the flood peril with the Florida Commission on Hurricane Projection Loss Methodology (FCHLPM).
13. Heard an update from the Academy on current and future research topics.

Priority 1 – High Priority
 Priority 2 – Medium Priority
 Priority 3 – Low Priority

**CAPITAL ADEQUACY (E) TASK FORCE
 WORKING AGENDA ITEMS FOR CALENDAR YEAR 2024**

2024 #	Owner	2024 Priority	Expected Completion Date	Working Agenda Item	Source	Comments	Date Added to Agenda
Ongoing Items – Life RBC							
L1	Life RBC WG	Ongoing	Ongoing	Make technical corrections to Life RBC instructions, blank and /or methods to provide for consistent treatment among asset types and among the various components of the RBC calculations for a single asset type.			
L2	Life RBC WG	1	2023-2024 or later	1. Monitor the impact of the changes to the variable annuities reserve framework and risk-based capital (RBC) calculation and determine if additional revisions need to be made. 2. Develop and recommend appropriate changes including those to improve accuracy and clarity of variable annuity (VA) capital and reserve requirements.	CADTF	Being addressed by the Variable Annuities Capital and Reserve (E/A) Subgroup	
L3	Life RBC WG	1	2023-2024 or later	Provide recommendations for the appropriate treatment of longevity risk transfers by the updated longevity factors and consider expanding the scope to include all payout annuities.	New Jersey	Being addressed by the Longevity (E/A) Subgroup	
L4	Life RBC WG	1	2023-2024 or later	Monitor the economic scenario governance framework, review material economic scenario generator updates, key economic conditions, and metrics, support the implementation of an economic scenario generator for use in statutory reserve and capital calculations and develop and maintain acceptance criteria		Being addressed by the Generator of Economic Scenarios (GOES) (E/A) Subgroup	
Carryover Items Currently being Addressed – Life RBC							
L5	Life RBC WG	1	2023-2024 or later	Update the current C-3 Phase I or C-3 Phase II methodology to include indexed annuities with consideration of contingent deferred annuities as well	AAA		
L6	Life RBC WG	1	2023-2024 or later	Review companies at action levels, including previous years, to determine what drivers of the events are and consider whether changes to the RBC statistics are warranted. <u>Deliberate the relevant weights assigned to various risk components.</u>			
L7	Life RBC WG	1	2023 or later	Work with the Academy on creating guidance for the adopted C-2 mortality treatment for 2023 and next steps.			
New Items – Life RBC							
<u>L7</u>	<u>Life RBC WG</u>	<u>1</u>	<u>2024 or later</u>	<u>In light of SAPWG INT to permit admittance of negative IMR, SAPWG requested CADTF to consider:</u> <u>1. The elimination of any admitted net negative IMR from Total Adjusted Capital (TAC).</u> <u>2. Sensitivity testing with and without negative IMR.</u>	<u>_____ CADTF</u>		
<u>L8</u>	<u>Life RBC WG</u>	<u>1</u>	<u>2024 or later</u>	<u>Develop a structure proposal to reflect the split of the Annual Statement, Schedule D, Part 1 into two schedules pursuant to the SAPWG adopted bond project.</u>	<u>_____ CADTF</u>		
<u>L9</u>	<u>Life RBC WG</u>	<u>1</u>	<u>2024 or later</u>	<u>Consider SAPWG Referral for Investments in Tax Credit Structures</u>	<u>_____ SAPWG</u>		

<u>L10</u>	<u>Life RBC WB</u>	<u>1</u>	<u>2024 or later</u>	<u>Consider possible structural changes to account for reporting changes for collateral loans addressed through instructional changes for 2024 with the adoption of proposal 2024-15-</u> <u>L</u>			
2024 #	Owner	2024 Priority	Expected Completion Date	Working Agenda Item	Source	Comments	Date Added to Agenda
Ongoing Items – RBC IR & E							
Carryover Items Currently being Addressed – RBC IR & E							
IR1	RBC IRE	2	2023-2024 or later	Supplementary Investment Risks Interrogatories (SIRI)	Referred from CADTF Referral from Blackrock and IL DOI	The Task Force received the referral on Oct. 27. This referral will be tabled until the bond factors have been adopted and the TF will conduct a holistic review all investment referrals.	1/12/2022 11/19/2020
IR2	RBC IRE	2	2023-2024 or later	NAIC Designation for Schedule D, Part 2 Section 2 - Common Stocks Equity investments that have an underlying bond characteristic should have a lower RBC charge. Similar to existing guidance for SVO-identified ETFs reported on Schedule D-1, are treated as bonds.	Referred from CADTF Referral from SAPWG 8/13/2018	10/8/19 - Exposed for a 30-day Comment period ending 11/8/2019 3-22-20 - Tabled discussion pending adoption of the bond structure and factors.	1/12/2022 10/11/2018
IR3	RBC IRE	2	2023-2024 or later	Structured Notes - defined as an investment that is structured to resemble a debt instrument, where the contractual amount of the instrument to be paid at maturity is at risk for other than the failure of the borrower to pay the contractual amount due. Structured notes reflect derivative instruments (i.e., put option or forward contract) that are wrapped by a debt structure.	Referred from CADTF Referral from SAPWG April 16, 2019	10/8/19 - Exposed for a 30-day Comment period ending 11/8/2019 3-22-20 - Tabled discussion pending adoption of the bond structure and factors.	1/12/2022 8/4/2019
IR4	RBC IRE	2	2023-2024 or later	Comprehensive Fund Review for investments reported on Schedule D Pt 2 Sn2	Referred from CADTF Referral from VOSTF 9/21/2018	Discussed during Spring Mtg. NAIC staff to do analysis. 10/8/19 - Exposed for a 30-day comment period ending 11/8/19 3-22-20 - Tabled discussion pending	1/12/2022 11/16/2018

							adoption of the bond structure and factors.	
New Items – RBC IR & E								
IR5			<u>2023-2024</u> or later	Evaluate the appropriate RBC treatment of Asset-Backed Securities (ABS), including Collateralized Loan Obligations (CLO), collateralized fund obligations (CFOs), or other similar securities carrying similar types of tail risk (Complex Assets).	Request from E Committee, SAPWG, VOSTF	Per the request of E Committee comments were solicited asking if these types of assets should be considered a part of the RBC framework.		1/12/2022
IR6			<u>2023-2024</u> or later	Evaluate the appropriate RBC treatment of Residual Tranches.	Request from E Committee, SAPWG, VOSTF	Per the request of E Committee comments were solicited asking if these types of assets should be considered a part of the RBC framework.		1/12/2022
IR7			2025 or later	Phase 2 Bond analysis - evaluate and develop an approach to map other ABS to current bond factors following the established principles from Phase I where the collateral has an assigned RBC. This project will likely require an outside consultant and the timeline could exceed 2-3 years.	Request from E Committee	Per the request of E Committee comments were solicited requesting the need for outside review.		1/12/2022
IR8	RBC IRE		<u>2023-2024</u> or later	Address the tail risk concerns not captured by reserves for privately structured securities.	Referral from the Macroprudential (E) Working Group			8/11/2022
New Items – RBC IR & E								
<u>IR9</u>	<u>RBC IRE</u>		<u>2024 or later</u>	<u>Develop a structure proposal to reflect the split of the Annual Statement, Schedule D, Part 1 into two schedules pursuant to the SAPWG adopted bond project for all lines of business.</u>	<u>CADTF</u>			
2024 #	Owner	2024 Priority	Expected Completion Date	Working Agenda Item	Source	Comments		Date Added to Agenda
Ongoing Items – P&C RBC								
P1	Cat Risk SG	1		Continue development of RBC formula revisions to include a risk charge based on catastrophe model output:				
			Year-end 2024 or later	a) Evaluate other catastrophe risks for possible inclusion in the charge - determine whether to recommend developing charges for any additional perils, and which perils or perils those should be.	Referral from the Climate and Resiliency Task	12/2/23 Proposal 2023-15-CR (Convective Storm for Informational)		4/26/2021

					Force. March 2021	<u>Purposes-Only Structure) was exposed for a 60-day comment period at the Joint P/C RBC and Cat Risk SG meeting. 03/17/24 Proposal 2023-15-CR was adopted by the Subgroup, Working Group, and the Task Force during the Spring National Meeting 4/23/24 Proposal 2023-17-CR was adopted during April 23 interim Cat Risk SG meeting. 4/25/24 Proposal was adopted during the April 25 PCRBC WG interim meeting.</u>	
P2	PCRBCWG	1	Ongoing	Review and analyze the P/C RBC charges that have not been reviewed since developed.			3/23/2023
Carryover Items Currently being Addressed – P&C RBC							
P3	P&C RBC WG	1	Year-end 2025 or later	Evaluate a) the current growth risk methodology whether it is adequately reflects both operational risk and underwriting risk; b) the premium and reserve based growth risk factors either as a stand-alone task or in conjunction with the ongoing underwriting risk factor review with consideration of the operational risk component of excessive growth; c) whether the application of the growth factors to NET proxies adequately accounts for growth risk that is ceded to reinsures that do not trigger growth risk in their own right. <i>Referral to the Academy:</i> https://naiconline.sharepoint.com/teams/FRSRBC/PRBC/2018%20Calls%20-%20PRBC/PCRBC/06_14/attC01_Growth%20Risk%20Referral%20to%20Academy.pdf	Referral from Operational Risk Subgroup	1) Sent a referral to the Academy on 6/14/18 conference call.	1/25/2018
P4	P&C RBC WG	1	2024 Summer Meeting or later	Continue working with the Academy to review the methodology and revise the underwriting (Investment Income Adjustment, Loss Concentration, LOB UW risk) charges in the PRBC formula as appropriate.		11/16/23 The Academy provided a presentation on their Underwriting Risk Report at the Joint	6/10/2019

						PCRBC And Cat Risk SG meeting. 3/17/23 Proposal 2024-11-P was exposed for a 30-day public comment period during the Spring National Meeting. 4/25/24 Proposal 2024-11-P was adopted during the PCRBCWG interim meeting.	
P5	P&C RBC WG	1	2025 Summer Meeting or later	Evaluate the Underwriting Risk Line 1 Factors in the P/C formula.			7/30/2020
P6	Cat Risk SG	1	2025 Spring Meeting	Quantify the R5 Ex-cat Factors for wildfire peril (for informational purposes only) Evaluate the possibility of adding PR018A to determine the R5 <u>including excluding</u> the wildfire peril <u>in additional to earthquake, and hurricane.</u>			3/21/2023
P7	Cat Risk SG	2	2025 Spring Meeting	Evaluate the impact of flood peril to the insurance market			3/21/2023
P8	PCRBCWG	1	2024 Spring Meeting	Adding pet insurance line in the RBC PR017, 018, 035 and RBC Schedule P, parts due to the adoption of the Annual Statement Blanks proposal 2023-01BWG.		12/2/23 Proposal 2023-14-P (Pet Insurance) was exposed for a 60-day comment period at the Joint P/C RBC and Cat Risk SG meeting. 2/21/24 Proposal 2023-01BWG was adopted at the BWG Interim Meeting. 3/17/24 Proposal 2023-14-P was adopted by the Subgroup, Working Group, and the Task Force during the Spring National Meeting	7/27/2023

P9	Cat Risk SG	1	2024 Summer Meeting	Create a new disclosure to collect more information of insurers catastrophe reinsurance programs. Referral from Reinsurance (E) Task Force: https://naiconline.sharepoint.com/teams/FRSRBC/PRBC/2024%20Calls%20-%20Joint/03_17_NM/Att2c_%20Referral%20from%20RTF%20to%20PCRBCWG%20(1).docx	Referral from Reinsurance (E) Task Force	11/16/23 Received a referral and proposal from RTF. 12/2/23 Proposal 2023-13-CR (Cat Risk Insurance Program Interrogatory) was exposed for a 60-day comment period at the Joint PCRBC and Cat Risk SG meeting. 3/17/24 Proposal 2023-13-CR was adopted by the Subgroup, Working Group, and the Task Force during the Spring National Meeting.	2/20/2024
P10	PCRBCWG	1	2024 Summer Meeting	Update PR019, Line 25 Annual Statement Source and the Statement Value to avoid double-counting on Stop-Loss premium.		3/17/24 Proposal 2024-10-P was exposed for a 30-day public comment period during the Spring National Meeting. 4/25/24 Proposal was adopted during 4/25 PCRBCWG interim meeting.	2/20/2024
P11	Cat Risk SG	1	2024 Summer Meeting	Create additional Rcat pages to collect commercial Cat modelers product information known as "Climate Conditioned Catalogs", which would provide an estimate of climate change for hurricane and wildfire.	From Solvency Workstream of the Climate & Resiliency (EX) Task Force	1/29/24 Proposal 2023-17-CR was exposed for a 30-day public comment period at the Cat Risk SG Interim Meeting on Jan. 29. 3/17/24 Proposal 2024-10-P was re-exposed for a 22-day public comment period during the	1/29/2024

							Spring National Meeting.	
P12	PCRBCWG	1	2024 Spring Meeting	Change the RBC Schedule P short-tail lines to vendor link, which will pull directly from the Annual Statement, Schedule P short-tail lines as the adopted blanks proposal 2023-16BWG modified the Schedule P short-tail lines to show 10 years of data beginning in 2024.			2/21/24 Blanks Proposal 2023-16BWG was adopted at the BWG meeting 3/17/24 Proposal 2024-01-P was adopted by the Subgroup, Working Group, and the Task Force during the Spring National Meeting.	
New Items – P&C RBC								
P13P10	Cat Risk SGPCRBCWG	21	2025 Fall Meeting 2024 Summer Meeting	Consider: 1) further investigating all geographic concentration related issues, possibly modifying the property and casualty (P/C) risk-based capital formulas Update PR019, Line 25 Annual Statement Source and the Statement Value to avoid double-counting on Stop Loss premium.			6/10/24 Exposed a referral from the Task Force for a 30-day comment period ending July 10.	2/20/2024
2024 #	Owner	2024 Priority	Expected Completion Date	Working Agenda Item	Source	Comments	Date Added to Agenda	
Ongoing Items – Health RBC								
X1	Health RBC WG	Yearly	Yearly	Evaluate the yield of the 6-month U.S. Treasury Bond as of Jan. 1 each year to determine if further modification to the Comprehensive Medical, Medicare Supplement and Dental and Vision underwriting risk factors is required. Any adjustments will be rounded up to the nearest 0.5%.	HRBCWG	Adopted 2022-16-CA (YE-2023) Exposed 2024-09-CA (YE-2024) Adopted 2024-09-CA (YE-2024)	11/4/2021	
X2	Health RBC WG	3	Ongoing	Continue to monitor the Federal Health Care Law or any other development of federal level programs and actions (e.g., state reinsurance programs, association health plans, mandated benefits, and cross-border) for future changes that may have an impact on the Health RBC Formula.	4/13/2010 CATF Call	Adopted 2014-01H Adopted 2014-02H Adopted 2014-05H Adopted 2014-06H Adopted 2014-24H Adopted 2014-25H Adopted 2016-01-H Adopted 2017-09-CA Adopted 2017-10-H The Working Group will continually evaluate any changes		

						to the health formula because of ongoing federal discussions and legislation.	1/11/2018
						Discuss and monitor the development of federal level programs and the potential impact on the HRBC formula.	
Carryover Items Currently being Addressed – Health RBC							
X3	Health RBC WG	2	Year-End 2025 RBC or Later	Consider changes for stop-loss insurance or reinsurance.	AAA Report at Dec. 2006 Meeting	(Based on Academy report expected to be received at YE-2016) 2016-17-CA Adopted proposal 2023-01-CA	
X4	Health RBC WG	2	Year-end 2025 RBC or later	Review the individual factors for each health care receivables line within the Credit Risk H3 component of the RBC formula.	HRBC WG	Adopted 2016-06-H Rejected 2019-04-H Annual Statement Guidance (Year-End 2020) and Annual Statement Blanks Proposal (Year-End 2021) referred to the Blanks (E) Working Group Adopted 2024-12-H (MOD)	
X54	Health RBC WG	1	Year-end 2025 RBC or later	Work with the Academy to perform a comprehensive review of the H2 - Underwriting Risk component of the health RBC formula including the Managed Care Credit review. (Item 18 above) Review the Managed Care Credit calculation in the health RBC formula - specifically Category 2a and 2b. Review Managed Care Credit across formulas. As part of the H2 - Underwriting Risk review, determine if other lines of business should include investment income and how investment income would be incorporated into the existing lines if there are changes to the structure.	HRBCWG	Review the Managed Care Category and the credit calculated, more specifically the credit calculated when moving from Category 0 & 1 to 2a and 2b.	4/23/2021 12/3/2018

X6	Health RBC WG	1	Year-end 2025 or later	Review referral letter from the Operational Risk (E) Subgroup on the excessive growth charge and the development of an Ad Hoc group to charge.	HRBCWG	Review if changes are required to the Health RBC Formula	4/7/2019
X75	Health RBC WG	3	Year-End 2025 or later	Discuss and determine the re-evaluation of the bond factors for the 20 designations.	Referral from Investment RBC July/2020	Working Group will use two- and five-year time horizon factors in 2020 impact analysis. Proposal 2021-09-H - Adopted 5/25/21 by the WG	9/11/2020
New Items – Health RBC							
2024 #	Owner	2024 Priority	Expected Completion Date	Working Agenda Item	Source	Comments	Date Added to Agenda
Ongoing Items – Task Force							
CA1	CADTF	2	2023	Affiliated Investment Subsidiaries Referral Ad Hoc group formed Sept. 2016	Ad Hoc Group	Structural and instructions changes will be exposed by each individual working group for comment in 2022 with an anticipated effective date of 2023. Proposal 2022-09-CA was adopted at the 2022 Summer Meeting. Proposal 2022-09-CA MOD was adopted at the 2023 Spring Meeting. Proposal 2023-12-CA was adopted at the 2023 Fall Meeting. Editorial Proposal 2024-08-CA will be exposed on 3/17/24 for a 30-day public comment. Proposal 2024-08-CA was adopted at the	

						2024 Spring National Meeting. Proposal adopted during 4/30 TF interim meeting.	
CA2			Ongoing	All investment related items referred to the RBC Investment Risk & Evaluation (E) Working Group		Proposal 2024-02-CA (Residual Structure PC & Health) was exposed for comment ending Mar. 2. 3/17/24 – the TF exposed this proposal for a 30-day public comment period. 4/30/24- the RG adopted this structure proposal. 6/28/24-the TF adopted proposal 2024-18-CA to retain 20% charge for the	1/12/2022

							<u>Total Residual Tranches or Interests.</u>	
CA3	CADTF	3	Ongoing	Receivable for Securities factor			Consider evaluating the factor every 3 years. (2024, 2027, 2030 etc.) Factors will be exposed for comments in April 2024. <u>6/28/24 - the TF adopted proposal 2024-13-CA.</u>	
CA4	CADTF	1	2026 or later	Established the Risk Evaluation Ad Hoc Group to: a) Evaluate the RBC factors. b) Potentially develop an evaluating process. c) <u>a) Prioritize those factors that require reviewing.</u>			<u>7/26/23 - the Risk Evaluation Ad Hoc Group established 3 Ad Hoc Subgroups to focus on different issues: 1) RBC Purposes & Guidelines Ad Hoc Subgroup; 2) Asset Concentration Ad Hoc Subgroup; and 3) Geographic Concentration Ad Hoc Subgroup.</u>	<u>03/23/2023</u>
<u>CA54</u>	<u>CADTF</u>	<u>1</u>	<u>Ongoing</u>	<u>Update the annual investment income adjustment to the comprehensive medical, medicare supplement, and dental and vision factors.</u>			<u>4/30/24 - the TF exposed proposal 2024-09-CA for a 30-day public comment period.</u> <u>6/28/24 - the TF adopted the proposal.</u>	<u>4/30/2024</u>
CA5	CADTF	2	2024 or later	Evaluate if changes should be made in the RBC formula to reflect the split of the Annual Statement, Schedule D, Part 1 into two sections. <i>Referral:</i> SCDPT1	Blanks WG and SAPWG		<u>12/2/23 - the TF agreed to send a referral to the RBCIREWG to continue reviewing this issue.</u>	<u>12/2/2023</u>
CA6	CADTF	2	2024 or later	Evaluate if changes should be made in the RBC formula to reflect the possible changes in the Annual Statement, Schedule BA proposal for non-bond debt securities <i>Referrals:</i> SCBAPT1	Blanks WG and SAPWG		<u>12/2/23 - the TF received a referral from SAPWG regarding the possible</u>	<u>12/2/2023</u>

							Annual Statement reporting for debt securities that do not qualify as bonds on Schedule BA. TF agreed to forward the referral along with the ACLI comment to the RBCIREWG.	
CA7CA65	CADTF	2	2024-2025 or later	Evaluate if changes should be made in the RBC formula to reflect the possible changes in Schedule BA Collateral Loan reporting, including structural changes to RBC blanks and forecasting and changes of risk charges that commensurate with underlying collateral type. <i>Referral from Statutory Accounting Principles (E) Working Group:</i> https://naiconline.sharepoint.com/teams/FRSRBC/Capital%20Adequacy%20CapAd%20Task%20Force/2024%20Calls/03_17NM/Att14Collateral%20Loan%20Memo%20to%20Multiple%20Groups.docx			1/23/24 – the TF received a referral from SAPWG regarding collateral loan reporting changes 3/26/24 – the TF exposed this referral for a 45-day public comment period. 6/28/24 – the SAPWG provided updates on this project.	1/23/2024
CA8CA76	CADTF	2	2024 or later	Review the proposal from the ACLI to modify the treatment of repurchase agreements in the Life RBC formula to determine whether its possible application to P/C and Health formulas. <i>Referral from Life Risk-Based Capital (E) Working Group:</i> Att16_2024-06-CA Repurchase Agreements P&C and Health.pdf	Life RBC WG		1/25/24 – the TF received a referral from LRBCWG. Proposal 2024-06-CA (Repurchase Agreements PC & Health) was exposed for comment ending Mar.2. 3/17/24 – the TF exposed this referral for a 30-day public comment period.	1/25/2024
CA9	CADTF	2	2024 or later	Establish a long-term approach for the issue of the negative interest maintenance reserve (IMR) <i>Referrals:</i> Negative IMR	SAPWG		12/2/23 – the TF agreed to forward the referral to LRBCWG.	12/2/2023
Carryover Items Currently being Addressed – Task Force								

New Items –Task Force							
CA87	CADTF	1	2024 or later	<p>Review the possibility of establishing a new Working Group to evaluate the non-investment risk issues.</p> <p>a) Review the possibility of removing the TAC and ACL amounts I the annual statement’s five-year historical data page.</p> <p>b) Re-evaluate some of the missing non-investment risks to determine whether the Task Force should include them in the RBC calculation or if it should appropriately handle those risks utilizing other regulatory methods.</p> <p>c) Review those non-investment factors and instructions that have not been reviewed since being developed to determine if modifications should be made.</p>			4/30/2024
CA98	CADTF	2	2025 or later	Review the RBC Preamble to determine whether additional modification is required to clarify and emphasize the purposes and intent of using RBC.	RBC Purposes & Guidelines Ad Hoc Subgroup		4/30/2024
CA109	CADTF	2	2025 or later	Evaluate if changes should be made in the RBC formula to reflect the possible changes in the existing low-income housing tax credit investment lines in the RBC formulas to allow the expansion of including any type of state or federal tax credit program.	SAPWG	4/30/24 – the referral was exposed for a 30-day public comment period. 6/28/24 – the SAPWG provided updates on this project.	4/30/2024

Historical Comments:**P1:**

4/26/21 - The SG exposed the referral for a 30-day period.

6/1/21 - The SG forwarded the response to the Climate and Resiliency Task Force.

2/22/22 - The SG adopted proposal 2021-17-CR (adding the wildfire peril for informational purposes only). The SG continues reviewing other perils for possible inclusion in the Rcat.

8/11/22 – The TF adopted Proposal 2022-04-CR (2013-2021 Wildfire Event Lists)

9/26/22 – The SG formed an ad hoc group to conduct review on severe convective storm models.

7/18/23-The SG is finishing reviewing the following SCS vendor models: RMS, Verisk, KCC, and Corelogic.

12/2/23-Proposal 2023-15-CR (Convective Storm for Informational Purposes Only Structure) was exposed for a 30-day comment period at the Joint P/C RBC and Cat Risk SG meeting.

CA1:

1. Structural and instructions changes will be exposed by each individual working group for comment in 2022 with an anticipated effective date of 2023.
2. Proposal 2022-09-CA MOD was adopted at the 2023 Spring Meeting.
3. Proposal 2023-12-CA was adopted at the 2023 Fall Meeting.
4. Editorial Proposal 2024-08-CA will be exposed on 3/17/24 for a 30-day public comment.