

Draft date: 10/25/23

2023 Fall National Meeting
Orlando, Florida

CAPITAL ADEQUACY (E) TASK FORCE

Saturday, December 2, 2023

1:45 – 2:45 p.m.

Floridian Ballroom—J-L & Corridor III—Level 1 – Bonnet Creek

ROLL CALL

Judith L. French, Chair	Ohio	Sharon P. Clark	Kentucky
Grace Arnold, Vice Chair	Minnesota	Kathleen A. Birrane	Maryland
Mark Fowler	Alabama	Chlora Lindley-Myers	Missouri
Lori K. Wing-Heier	Alaska	Troy Downing	Montana
Peni Itula Sapini Teo	American Samoa	Eric Dunning	Nebraska
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
Dana Popish Severinghaus	Illinois	Michael Wise	South Carolina
Amy L. Beard	Indiana	Cassie Brown	Texas
Doug Ommen	Iowa	Mike Kreidler	Washington
Vicki Schmidt	Kansas	Nathan Houdek	Wisconsin

NAIC Support Staff: Eva Yeung

AGENDA

1. Consider Adoption of its Oct. 11 and Sept. 18 Minutes—*Tom Botsko (OH)*
 - Attachment One
 - Attachment Two

2. Consider Adoption of its Working Group Reports
 - A. Health Risk-Based Capital (E) Working Group—*Steve Drutz (WA)*
 - Attachment Three
 - B. Risk-Based Capital Investment Risk and Evaluation (E) Working Group—*Philip Barlow (DC)*
 - Attachment Four
 - C. Life Risk-Based Capital (E) Working Group—*Philip Barlow (DC)*
 - Attachment Five
 - D. Property and Casualty Risk-Based Capital (E) Working Group—*Tom Botsko (OH)*
 - Attachment Six



3. Receive Updates from its Risk Evaluation Ad Hoc Subgroup
 - A. RBC Purposes & Guidelines Ad Hoc Subgroup—*Rachel Hemphill (TX)*
 - B. Asset Concentration Ad Hoc Subgroup—*Kevin Clark (IA) and Ed Toy (Risk & Regulatory Consulting—RRC)*
 - C. Geographic Concentration Ad Hoc Subgroup—*Wanchin Chou (CT)*
4. Consider Adoption of Proposal 2023-11-H (Line 4 & 10 XR014 Medicare & Medicaid)—*Steve Drutz (WA)* Attachment Seven
5. Consider Adoption of Proposal 2023-12-CA (Market Value Excess Affiliated Stock)—*Tom Botsko (OH)* Attachment Eight
6. Consider Adoption of Proposal 2023-16-CR (2023 Cat Event List)—*Wanchin Chou (CT)* Attachment Nine
7. Consider Adoption of its Working Agenda—*Tom Botsko (OH)* Attachment Ten
8. Discuss a Referral from the Statutory Accounting Principles (E) Working Group Regarding Schedule BA Proposal for Non-Bond Debt Securities—*Tom Botsko (OH), Mike Monahan and Brian Bayerle (American Council of Life Insurers—ACLI)* Attachment Eleven
9. Discuss the Possible Structure Changes in the Bond Page to Reflect the Split of the Annual Statement Schedule D, Part 1 into Two Sections—*Tom Botsko (OH)*
10. Discuss the Risk-Based Capital (RBC) Charge for Blank Affiliates Reported in the Details for Affiliated Stock Page—*Tom Botsko (OH)*
11. Discuss the “Framework for Regulation of Insurer Investments—A Holistic Review” Document—*Tom Botsko (OH)* Attachment Twelve
12. Discuss a Referral from the Statutory Accounting Principles (E) Working Group Regarding Negative Interest Maintenance Reserve (IMR)—*Dale Bruggeman (OH)* Attachment Thirteen
13. Discuss Any Other Matters Brought Before the Task Force—*Tom Botsko (OH)*
14. Adjournment

Draft: 10/20/23

Capital Adequacy (E) Task Force
Virtual Meeting
October 11, 2023

The Capital Adequacy (E) Task Force met Oct. 11, 2023. The following Task Force members participated: Judith L. French, Chair, represented by Tom Botsko and Dale Bruggeman (OH); Grace Arnold, Vice Chair, represented by Fred Andersen (MN); Mark Fowler represented by Charles Hale and Blase Abreo (AL); Lori K. Wing-Heier represented by David Phifer (AK); Ricardo Lara represented by Thomas Reedy (CA); Michael Conway represented by Carol Matthews (CO); Andrew N. Mais represented by Wanchin Chou and Philip Barrett (CT); Karima M. Woods represented by Philip Barlow (DC); Michael Yaworsky represented by Bradley Trim (FL); Dana Popish Severinghaus (IL); Doug Ommen represented by Mike Yanacheak, Kevin Clark, Kim Cross, and Carrie Mears (IA); Amy L. Beard represented by Roy Eft (IN); Vicki Schmidt represented by Sarah Smith (KS); Sharon P. Clark represented by Russell Coy (KY); Kathleen A. Birrane represented by Greg Ricci (MD); Chlora Lindley-Myers (MO); Troy Downing represented by Kari Leonard (MT); Eric Dunning represented by Lindsay Crawford and Michael Muldoon (NE); Mike Causey represented by Jackie Obusek (NC); Jon Godfread represented by Matt Fischer (ND); Eric Dunning represented by Lindsay Crawford (NE); D.J. Bettencourt represented by Jennifer Li and Sandra Barlow (NH); Justin Zimmerman represented by David Wolf (NJ); Glen Mulready represented by Andrew Schallhorn (OK); Michael Wise represented by Ryan Basnett (SC); Cassie Brown represented by Rachel Hemphill, Mei-Li Pitaktong, and Amy Garcia (TX); Mike Kreidler represented by Steve Drutz (WA); and Nathan Houdek (WI).

1. Adopted its 2024 Proposed Charges

Botsko said the Task Force's 2024 proposed charges were exposed during the Summer National Meeting for a public comment period. The Task Force received no comments during the exposure period.

Andersen made a motion, seconded by Yanacheak, to adopt the Task Force's 2024 proposed charges (Attachment A). The motion passed unanimously.

2. Adopted its Revised Procedure Document

Botsko said the revised procedure document was exposed during the Summer National Meeting for a 30-day public comment period. Brian Bayerle (American Council of Life Insurers—ACLI) said the ACLI submitted a comment letter (**Attachment xx**) requesting removal of the phrase “unless a shorter exposure is approved by the Task Force or Working Groups,” as the interested parties require adequate time to review the proposal. Without hearing agreement from the Task Force on the ACLI proposed edits, Botsko announced that the phrase will stay in the revised procedure document.

Eft made a motion, seconded by Chou, to adopt the Task Force's 2024 revised procedure document (**Attachment xx**). The motion passed unanimously.

3. Received Updates from its Risk Evaluation Ad Hoc Subgroups

A. RBC Purposes & Guidelines Ad Hoc Subgroup

Hemphill said the RBC Purposes & Guidelines Ad Hoc Subgroup met twice since the Subgroup was established to discuss potential edits to the Risk-Based Capital Preamble. The purpose of the edits is to clarify and emphasize the purposes and the intended use of risk-based capital (RBC). She also stated that the group had some productive

discussions on the potential changes in different places such as the *Financial Condition Examiners Handbook* or the *Financial Analysis Handbook*.

B. Asset Concentration Ad Hoc Subgroup

Edward Toy (Risk & Regulatory Consulting—RRC) said the Asset Concentration Ad Hoc Subgroup met twice prior to this meeting. He stated that the two meetings primarily focused on: 1) discussing the concepts of asset concentrations; 2) brainstorming issues related to asset concentrations; and 3) reviewing whether there is adequate data at the NAIC for potential asset concentration considerations. Toy also stated that the Ad Hoc Subgroup members are tasked with reviewing the inventory further and provide feedback during the next meeting. In addition, he said Clark proposed developing a decision tree to help deliberate whether RBC is the right solution for any asset concentration risk identified.

C. Geographic Concentration Ad Hoc Subgroup

Chou said the Geographic Concentration Ad Hoc Subgroup met Sept. 13 to discuss the issues that caused Southeast Louisiana companies to become insolvent. He said a meeting to discuss this issue with Florida insurance regulators will be scheduled soon and findings will be reported back to the Ad Hoc Subgroup during its next meeting. In addition, Chou stated that the Subgroup will also brainstorm how applicable geographic concentration is to health and life insurers. Lastly, he said the Ad Hoc Subgroup agreed that it would meet monthly on the second Wednesday of the month.

Botsko said any discussions in the Ad Hoc Subgroups could potentially affect more than one line of business. Monthly meetings of the Risk Evaluation Ad Hoc Group to allow each Subgroup to report its monthly activities is necessary to ensure there is not any overlap of work between each Subgroup.

4. Discussed a Referral from the Statutory Accounting Principles (E) Working Group Regarding Schedule BA Proposal for Non-Bond Debt Securities

Bruggeman said the purpose of this referral (Attachment xx) is to notify the Task Force of the Statutory Accounting Principles (E) Working Group's proposal to report debt securities that do not qualify as bonds on Schedule BA. He stated that the purpose of this memorandum is to highlight that the proposal uses existing annual statement Schedule BA reporting provisions for Securities Valuation Office (SVO)-assigned NAIC designations in determining RBC. Bruggeman also stated that the changes to the asset valuation reserves (AVRs) include instructions that specify the mapping from annual statement Schedule BA to the AVRs for life RBC purposes. Regarding the health and property/casualty (P/C) RBC formula, Botsko said adding an additional column on the RBC Bond page would be one of the alternatives to address this issue. He encouraged all interested parties to review this referral and said he welcomed any comments during the exposure period.

The Task Force agreed to expose the referral from the Statutory Accounting Principles (E) Working Group regarding the Schedule BA proposal for non-bond debt securities for a 33-day public comment period ending Nov. 13.

5. Exposed Proposal 2023-12-CA (Market Value Excess Affiliated Stock)

Botsko said the purpose of this proposal is to clarify that both common and preferred stock amounts should be included in column 13 of the "Calculation of Market Value in Excess of Stocks for the Affiliated Investments" detail page in both health and P/C RBC formulas. He also encouraged interested parties to review the revised instructions and blanks, and he said comments are welcomed during the exposure period.

The Task Force agreed to expose proposal 2023-12-CA for a 33-day public comment period ending Nov. 13.

6. Discussed the RBC Charge for Companies Reported as Blank Affiliate Types in the Details for Affiliated Stock Page

Botsko said that currently, companies reported as blank affiliate types receive the same treatment as affiliate type 9. Since the revised 2023 detail for affiliated stocks instructions did not clearly specify the appropriate treatment of the blank affiliate type, Botsko said he thought that the blank affiliate type should not be allowed if companies reported amounts in any of the numeric columns. He asked all interested parties to spend time brainstorming on the appropriate treatment for this situation and to submit comments to NAIC staff before discussion at the Fall National Meeting.

Having no further business, the Capital Adequacy (E) Task Force adjourned.

SharePoint/NAIC Support Staff Hub/Member Meetings/E CMTE/CADTF/2023-2-Fall/Oct 11 CADTF minutes.docx

Draft: 9/22/23

Capital Adequacy (E) Task Force
Virtual Meeting
September 18, 2023

The Capital Adequacy (E) Task Force met Sept. 18, 2023. The following Task Force members participated: Judith L. French, Chair, represented by Tom Botsko and Dale Bruggeman (OH); Grace Arnold, Vice Chair, represented by Fred Andersen (MN); Mark Fowler (AL); Ricardo Lara represented by Kim Hudson (CA); Michael Conway represented by Mitchell Bronson (CO); Andrew N. Mais represented by Wanchin Chou and Philip Barrett (CT); Karima M. Woods represented by Philip Barlow (DC); Michael Yaworsky represented by Bradley Trim (FL); Doug Ommen represented by Mike Yanacheak and Carrie Mears (IA); Amy L. Beard represented by Roy Eft (IN); Vicki Schmidt represented by Chut Tee (KS); Sharon P. Clark represented by Russell Coy (KY); Kathleen A. Birrane represented by Lynn Beckner (MD); Chlora Lindley-Myers represented by John Rehagen and Julie Lederer (MO); Troy Downing represented by Kari Leonard (MT); Mike Causey represented by Jackie Obusek (NC); Jon Godfread represented by Matt Fischer (ND); Eric Dunning represented by Lindsay Crawford (NE); D.J. Bettencourt represented by Jennifer Li (NH); Justin Zimmerman represented by David Wolf (NJ); Glen Mulready represented by Andrew Schallhorn (OK); Michael Wise represented by Ryan Basnett (SC); Cassie Brown represented by Rachel Hemphill, Endi Silva, and Amy Garcia (TX); Mike Kreidler represented by Steve Drutz (WA); and Nathan Houdek represented by Michael Erdman, Adrian Jaramillo, and Amy Malm (WI).

1. Adopted its Summer National Meeting Minutes

Chou made a motion, seconded by Eft, to adopt the Task Force's Aug. 14 minutes (*see NAIC Proceedings – Summer 2023, Capital Adequacy (E) Task Force*). The motion passed unanimously.

2. Discussed Editorial Changes in the Affiliated Investments

Botsko said one of the vendors notified NAIC staff of two items in the affiliated investments that require adjustments to the risk-based capital (RBC) formulas (Attachment XX). He stated that the first item, which applies to all lines of business, is that the formulas do not pull the RBC amounts from the details for affiliated schedules to the summary schedules when the affiliate code in the detailed schedule is left blank or zero. He said this change was made to include this missing amount in line 21 in the summary schedule for 2023 reporting. He indicated that the Task Force will consider further review for 2024 reporting in the upcoming meetings.

Botsko also said regarding the second item, which applies to only the life RBC formula, the carrying value of non-admitted insurance affiliates amount will be included in line 6 of the calculation of total adjusted capital page (LR033) to align with the adopted instructions under proposal 2022-09-CA. He stated that this is just a temporary fix for 2023 RBC reporting. The Life Risk-Based Capital (E) Working Group will discuss a proposal for year-end 2024 to add a separate line for the carrying value of the non-admitted insurance affiliates amount.

3. Adopted 2023 Newsletters

Botsko said the two affiliated investment items previously mentioned are included in the 2023 newsletters. He stated that re-adopting the newsletter to reflect the changes is necessary to ensure that all the Task Force members are in agreement with the updates in the newsletter.

Malm made a motion, seconded by Drutz, to adopt the Health, Life, and Property/Casualty (P/C) RBC newsletters (Attachment XX). The motion passed unanimously.

Having no further business, the Capital Adequacy (E) Task Force adjourned.

SharePoint/NAIC Support Staff Hub/Member Meetings/E CMTE/CADTF/2023-2-Fall/Sept 18 CADTF minutes.docx

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

November 8, 2023

Summary Report

The Health Risk-Based Capital (E) Working Group met Nov. 8, 2023. During this meeting, the Working Group:

1. Adopted its July 25 minutes and noted the Working Group met Oct. 2 in regulator-to-regulator session, pursuant to paragraph 3 (specific companies, entities, or individuals) of the NAIC Policy Statement on Open Meetings. During its July 25 meeting, the Working Group:
 - A. Adopted its May 17 and April 17 minutes.
 - B. Adopted its 2023 health risk-based capital (RBC) newsletter.
 - C. Adopted its 2022 health RBC statistics
 - D. Exposed proposal 2023-11-H.
 - E. Referred the health test proposal to the Blanks (E) Working Group.
 - F. Received an update from the American Academy of Actuaries (Academy) on the health care receivables and H2-underwriting risk review projects.
 - G. Adopted its updated working agenda.
 - H. Received an update on the Excessive Growth Charge Ad Hoc Group.
 - I. Discussed pandemic risk.
2. Adopted proposal 2023-11-H for page XR014 Fee-For-Service and Other Risk Revenue for Medicare and Medicaid.
3. Received an update from the Academy on the health care receivables and H2-underwriting risk review projects. The Working Group agreed to expose the Academy's Health Care Receivable presentation for a 61-day public comment period ending Jan. 8, 2024.
4. Discussed pandemic risk and received a presentation from Texas Department of Insurance (TDI).
5. Received an overview of the Risk Evaluation Ad Hoc group.
6. Discussed questions on the 2022 health RBC statistics.

2023 Fall National Meeting

Orlando, Florida

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

Saturday, December 2, 2023

8:00 – 9:00 a.m.

Meeting Summary Report

The Risk-Based Capital Investment Risk and Evaluation (E) Working Group met Dec. 2, 2023. During this meeting, the Working Group:

1. Adopted its Summer National Meeting minutes.
2. Adopted its Oct. 17 minutes, which included the following action:
 - A. Continued discussion of the American Academy of Actuaries (Academy) candidate principles for structured securities risk-based capital (RBC).
3. Received updates from the Valuation of Securities (E) Task Force and the Statutory Accounting Principles (E) Working Group.
4. Discussed changes made to the presentation from the Academy on its candidate principles for structured securities RBC. The Working Group agreed for the Academy to use these principles for the development of an RBC methodology for collateralized loan obligations (CLOs).
5. Discussed the process for revisions to the residual tranches factor.

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LIFE RISK-BASED CAPITAL (E) WORKING GROUP

Saturday, December 2, 2023

9:00 – 10:00 a.m.

Meeting Summary Report

The Life Risk-Based Capital (E) Working Group met Dec. 2, 2023. During this meeting, the Working Group:

1. Adopted its Summer National Meeting minutes.
2. Adopted its Oct. 4 minutes, which included the following action:
 - A. Discussed C-2 mortality risk.
3. Discussed repurchase agreements.
4. Exposed a C-2 mortality risk memorandum for a 10-day public comment period ending Dec. 15.
5. Discussed its subgroups, working agenda, and priorities for 2024.

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Orlando, Florida

**PROPERTY AND CASUALTY RISK-BASED (E) WORKING GROUP
AND CATASTROPHE RISK (E) SUBGROUP**

Saturday, December 2, 2023

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 Dec. 2, 2023. During this meeting, the Working Group and Subgroup:

1. Adopted their Nov. 16 minutes, which included the following action:
 - A. Exposed proposal 2023-16-CR for a seven-day public comment period that ended Nov. 23.
 - B. Heard a presentation from the American Academy of Actuaries (Academy) on the report *Update to Property and Casualty Risk-Based Capital Underwriting Factors and Investment Income Adjustment Factors*.
2. Adopted the Property and Casualty Risk-Based Capital (E) Working Group's July 27 minutes, which included the following action:
 - A. Adopted its June 26 and April 24 minutes, which included the following action:
 - i. Adopted its Spring National Meeting minutes.
 - ii. Adopted proposal 2023-02-P, which provided a routine annual update to the line 1 premium and reserve industry underwriting factors in the property/casualty (P/C) risk-based capital (RBC) formula.
 - iii. Adopted proposal 2023-02-P-MOD, which updated the H/F, WC, and CMP reserve factors due to an incorrect calculation.
 - B. Adopted the report of the Catastrophe Risk (E) Subgroup.
 - C. Adopted the 2023 P/C RBC newsletter.
 - D. Discussed 2022 RBC statistics.
 - E. Discussed its working agenda.
 - F. Discussed the possibility of reviewing and analyzing the P/C RBC charges that have not been reviewed since developed.
 - G. Heard updates on current P/C RBC projects from the Academy.
3. Adopted the Catastrophe Risk (E) Subgroup's July 18 minutes, which included the following action:
 - A. Adopted its Spring National Meeting minutes.
 - B. Discussed its working agenda.
 - C. Received an update from its Catastrophe Model Technical Review Ad Hoc Group.
 - D. Discussed wildfire peril impact analysis.
 - E. Heard a presentation from Verisk on a severe convective storms model update and technical review.
 - F. Discussed the flood insurance market.

4. Adopted proposal 2023-16-CR (2023 Cat Event List).
5. Adopted the Property and Casualty Risk-Based Capital (E) Working Group and Catastrophe Risk (E) Subgroup's working agenda.
6. Exposed proposal 2023-14-P (Pet Insurance) for a 60-day public comment period ending Jan. 30.
7. Exposed proposal 2023-15-CR (Convective Storm for Informational Purposes Only Structure) for a 60-day public comment period ending Jan. 30.
8. Discussed the wildfire peril impact analysis.
9. Exposed proposal 2023-13-CR (Disclosure for Catastrophe Reinsurance Program) for a 60-day public comment period ending Jan. 30.
10. Received updates from the Convective Storm Model Review Ad Hoc Group on the convective storm technical review.
11. Discussed the report from the Academy on an *Update to Property and Casualty Risk-Based Capital Underwriting Factors and Investment Income Adjustment Factors*.
12. Discussed the Florida Commission on Hurricane Loss Projection Methodology.

Capital Adequacy (E) Task Force

RBC Proposal Form

- | | | |
|---|--|---|
| <input type="checkbox"/> Capital Adequacy (E) Task Force | <input checked="" type="checkbox"/> Health RBC (E) Working Group | <input type="checkbox"/> Life RBC (E) Working Group |
| <input type="checkbox"/> Catastrophe Risk (E) Subgroup | <input type="checkbox"/> P/C RBC (E) Working Group | <input type="checkbox"/> Longevity Risk (A/E) Subgroup |
| <input type="checkbox"/> Variable Annuities Capital. & Reserve (E/A) Subgroup | <input type="checkbox"/> Economic Scenarios (E/A) Subgroup | <input type="checkbox"/> RBC Investment Risk & Evaluation (E) Working Group |

<p style="text-align: right;">DATE: <u>7-12-23</u></p> <p>CONTACT PERSON: <u>Crystal Brown</u></p> <p>TELEPHONE: <u>816-783-8146</u></p> <p>EMAIL ADDRESS: <u>cbrown@naic.org</u></p> <p>ON BEHALF OF: <u>Health Risk-Based Capital (E) Working Group</u></p> <p>NAME: <u>Steve Drutz</u></p> <p>TITLE: <u>Chief Financial Analyst/Chair</u></p> <p>AFFILIATION: <u>WA Office of Insurance Commissioner</u></p> <p>ADDRESS: <u>5000 Capitol Blvd SE</u> <u>Tumwater, WA 98501</u></p>	<p style="text-align: center;">FOR NAIC USE ONLY</p> <p>Agenda Item # <u>2023-11-H</u> Year <u>2024</u></p> <p style="text-align: center;">DISPOSITION</p> <p>ADOPTED:</p> <p><input type="checkbox"/> TASK FORCE (TF) _____</p> <p><input checked="" type="checkbox"/> WORKING GROUP (WG) <u>11-8-23</u></p> <p><input type="checkbox"/> SUBGROUP (SG) _____</p> <p>EXPOSED:</p> <p><input type="checkbox"/> TASK FORCE (TF) _____</p> <p><input checked="" type="checkbox"/> WORKING GROUP (WG) <u>7-25-23</u></p> <p><input type="checkbox"/> SUBGROUP (SG) _____</p> <p>REJECTED:</p> <p><input type="checkbox"/> TF <input type="checkbox"/> WG <input type="checkbox"/> SG _____</p> <p>OTHER:</p> <p><input type="checkbox"/> DEFERRED TO _____</p> <p><input type="checkbox"/> REFERRED TO OTHER NAIC GROUP _____</p> <p><input type="checkbox"/> (SPECIFY) _____</p>
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IDENTIFICATION OF SOURCE AND FORM(S)/INSTRUCTIONS TO BE CHANGED

- | | | |
|---|---|--|
| <input checked="" type="checkbox"/> Health RBC Blanks | <input type="checkbox"/> Property/Casualty RBC Blanks | <input type="checkbox"/> Life and Fraternal RBC Blanks |
| <input checked="" type="checkbox"/> Health RBC Instructions | <input type="checkbox"/> Property/Casualty RBC Instructions | <input type="checkbox"/> Life and Fraternal RBC Instructions |
| <input type="checkbox"/> Health RBC Formula | <input type="checkbox"/> Property/Casualty RBC Formula | <input type="checkbox"/> Life and Fraternal RBC Formula |
| <input type="checkbox"/> OTHER _____ | | |

DESCRIPTION/REASON OR JUSTIFICATION OF CHANGE(S)

The purpose of this proposal is to include Medicare and Medicaid amounts in Column (1), Line (4) – Other Health Risk Revenue and Line (10) – Fee For Service Offset of page XR013. Column (1), Lines (4) and (10) on page XR014 will be updated to reflect the Columns 8 & 9 in the annual statement reference.

Additional Staff Comments:


The proposed change will create consistent treatment of Medicare and Medicaid amounts throughout Column (1) of page XR013.
7-25-23 cgb WG exposed for 30 days comment period ending on Aug. 24.
8-25-23 cgb No comments received.
11-8-23 cgb The WG adopted the proposal.

**** This section must be completed on all forms.**

Revised 2-2023

† Annual Statement Source

		(1) Comprehensive (Hospital & Medical) - Individual & Group	(2) Medicare Supplement	(3) Dental & Vision	(4) Stand-Alone Medicare Part D Coverage	(5) Other Health	(6) Other Non-Health	(7) Total
	Line of Business							
(1)	Premium	Page 7, Columns 2 & 3, Lines 1 + 2	Page 7, Column 4, Line 1 + 2	Page 7, Columns 6 & 5, Line 1 + 2			Page 7, Column 14, Lines 1 + 2	
(2)	Title XVIII-Medicare	Page 7, Column 8, Lines 1 + 2	XXX	XXX	XXX	XXX	XXX	Page 7, Column 8, Lines 1 + 2
(3)	Title XIX-Medicaid	Page 7, Column 9, Lines 1 + 2	XXX	XXX	XXX	XXX	XXX	Page 7, Column 9, Lines 1 + 2
(4)	Other Health Risk Revenue	Page 7, Columns 2 + 3 + 8 + 9, Line 4	XXX	Page 7, Columns 6 & 5, Line 4			XXX	
(7)	Net Incurred Claims	Page 7, Columns 2 + 3 + 8 + 9, Line 17	Page 7, Column 4, Line 17	Page 7, Columns 6 & 5, Line 17			XXX	
(10)	Fee-For-Service Offset	Page 7, Columns 2 + 3 + 8 + 9, Line 3	XXX	Page 7, Columns 6 & 5 , Line 3			XXX	
(17)	Maximum Per-Individual Risk After Reinsurance	Gen Int Part 2, Lines 5.31 + 5.32	Gen Int Part 2 Line 5.33	Gen Int Part 2 Line 5.34			XXX	XXX

 Denotes items that must be manually entered on filing software.

Capital Adequacy (E) Task Force**RBC Proposal Form**

- | | | |
|---|--|---|
| <input checked="" type="checkbox"/> Capital Adequacy (E) Task Force | <input type="checkbox"/> Health RBC (E) Working Group | <input type="checkbox"/> Life RBC (E) Working Group |
| <input type="checkbox"/> Catastrophe Risk (E) Subgroup | <input type="checkbox"/> P/C RBC (E) Working Group | <input type="checkbox"/> Longevity Risk (A/E) Subgroup |
| <input type="checkbox"/> Variable Annuities Capital. & Reserve (E/A) Subgroup | <input type="checkbox"/> Economic Scenarios (E/A) Subgroup | <input type="checkbox"/> RBC Investment Risk & Evaluation (E) Working Group |

	DATE: <u>10-10-23</u>
CONTACT PERSON: <u>Eva Yeung</u>	FOR NAIC USE ONLY
TELEPHONE: <u>816-783-8407</u>	Agenda Item # <u>2023-12-CA</u>
EMAIL ADDRESS: <u>eyeung@naic.org</u>	Year <u>2024</u>
ON BEHALF OF: <u>Capital Adequacy (E) Task Force</u>	DISPOSITION
NAME: <u>Tom Botsko</u>	ADOPTED:
TITLE: <u>Chair</u>	<input type="checkbox"/> TASK FORCE (TF) _____
AFFILIATION: <u>Ohio Department of Insurance</u>	<input type="checkbox"/> WORKING GROUP (WG) _____
ADDRESS: <u>50 West Town Street, Suite 300</u>	<input type="checkbox"/> SUBGROUP (SG) _____
<u>Columbus, OH 43215</u>	EXPOSED:
	<input checked="" type="checkbox"/> TASK FORCE (TF) <u>10/11/23</u>
	<input type="checkbox"/> WORKING GROUP (WG) _____
	<input type="checkbox"/> SUBGROUP (SG) _____
	REJECTED:
	<input type="checkbox"/> TF <input type="checkbox"/> WG <input type="checkbox"/> SG _____
	OTHER:
	<input type="checkbox"/> DEFERRED TO _____
	<input type="checkbox"/> REFERRED TO OTHER NAIC GROUP _____
	<input type="checkbox"/> (SPECIFY) _____

IDENTIFICATION OF SOURCE AND FORM(S)/INSTRUCTIONS TO BE CHANGED

- | | | |
|---|--|--|
| <input checked="" type="checkbox"/> Health RBC Blanks | <input checked="" type="checkbox"/> Property/Casualty RBC Blanks | <input type="checkbox"/> Life and Fraternal RBC Blanks |
| <input checked="" type="checkbox"/> Health RBC Instructions | <input checked="" type="checkbox"/> Property/Casualty RBC Instructions | <input type="checkbox"/> Life and Fraternal RBC Instructions |
| <input type="checkbox"/> Health RBC Formula | <input type="checkbox"/> Property/Casualty RBC Formula | <input type="checkbox"/> Life and Fraternal RBC Formula |
| <input type="checkbox"/> OTHER _____ | | |

DESCRIPTION/REASON OR JUSTIFICATION OF CHANGE(S)

Health: Modified page XR002 to remove the word "Common" the heading of Column (13) and updated page XR010 and XR024 to clarify the line for the Market Value in Excess Affiliated Stocks. This line includes the affiliated amounts for both preferred and common stock.

P/C: Modified PR003 to remove the word "Common" the heading of Column (13) and updated pages PR007 & PR031 to clarify PR007, Line 12 includes the Market Value in Excess affiliated amounts for both preferred and common stocks.

Additional Staff Comments:

The purpose of this proposal is to clarify that both common and preferred stock are included in the calculation of Market Value in Excess of Stocks for the affiliated investments in Column (13).

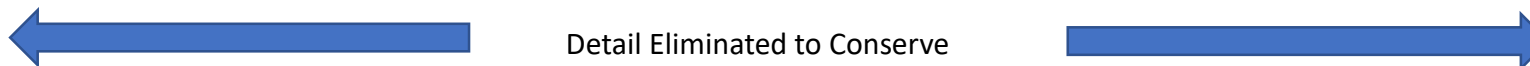
**** This section must be completed on all forms.**

Revised 2-2023

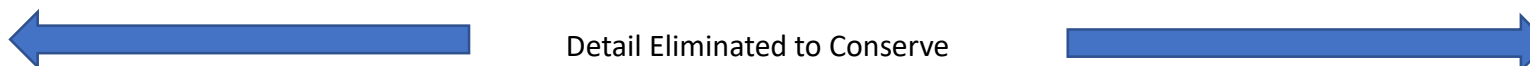
Health

AFFILIATED/SUBSIDIARY STOCKS

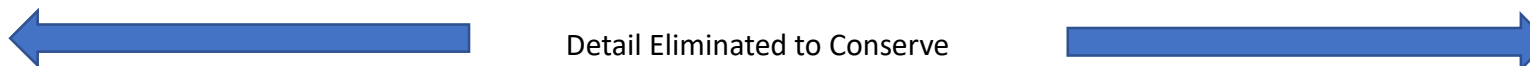
XR002–XR004



Market Value (including discounted market value) Insurance Affiliates/Subsidiaries (See SSAP No. 97, Paragraph 8a.): If the affiliate/subsidiary's common stock is publicly traded and the reporting company carries the affiliate/subsidiary at market value, after any "discount," there are generally two components to the reporting company's RBC generated by the affiliate/subsidiary. The H_0 prorated portion is the percentage of ownership of total common and preferred stock. The smaller of the prorated portion of the affiliate/subsidiary's own statutory surplus or the prorated portion of its RBC after covariance is added to the H_0 component of the reporting company. ~~In the normal case, Normally,~~ the common and preferred stock book/adjusted carrying value of the affiliate/subsidiary exceeds the prorated portion of the larger of its statutory surplus and its RBC after covariance, an additional charge is applied to H_1 . ~~In this case, H_1~~ The additional charge to the H_1 component is the larger of a) 22.5 percent of the affiliate/subsidiary's common and preferred stock book/adjusted carrying value in excess of the prorated portion of the affiliate's/subsidiary's statutory surplus or b) the prorated portion of the affiliate's/subsidiary's RBC after covariance in excess of the prorated portion of its statutory surplus. If the affiliate/subsidiary's common and preferred stock book/adjusted carrying value is less than the prorated portion of its RBC after covariance, but greater than the prorated portion of its statutory surplus, 100 percent of the common and preferred stock book/adjusted carrying value in excess of the prorated portion of the affiliate/subsidiary's statutory surplus is added to the reporting company's H_1 component. If the affiliate/subsidiary's common and preferred stock book/adjusted carrying value is less than the prorated portion of the affiliate/subsidiary statutory surplus, there is no addition to the H_1 component.



Property/Casualty

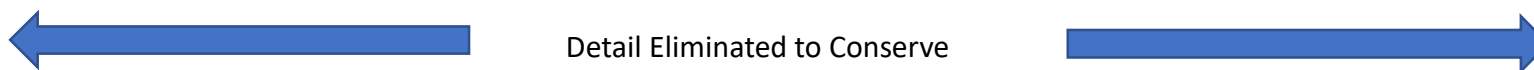


AFFILIATED STOCKS

PR003 – PR005

Market Value (including discounted market value) Insurance Affiliates/Subsidiaries (See SSAP No. 97, Paragraph 8a.): If the affiliate/subsidiary's common stock is publicly traded and the reporting company carries the affiliate/subsidiary at market value, after any "discount," there are generally two components to the reporting company's RBC generated by the affiliate/subsidiary. The R_0 prorated portion is the percentage of ownership of the total common and preferred stock. The smaller of the prorated portion of the affiliate/subsidiary's own statutory surplus or the prorated portion of its RBC after covariance is added to the R_0 component of the reporting company. ~~In the normal case, Normally,~~ the common and preferred stock book/adjusted carrying value of the affiliate/subsidiary exceeds the prorated portion of the larger of its statutory surplus and its RBC after covariance an additional charge is applied to R_2 . ~~In this case, R_2~~ The additional charge to the R_2 component is the larger of a) 22.5 percent of the affiliate/subsidiary's common and preferred

stock book/adjusted carrying value in excess of the prorated portion of the affiliate/subsidiary's statutory surplus or b) the prorated portion of the affiliate/subsidiary's RBC after covariance in excess of the prorated portion of its statutory surplus. If the affiliate/subsidiary's common and preferred stock book/adjusted carrying value is less than the prorated portion of its RBC after covariance, but greater than the prorated portion of its statutory surplus, 100 percent of the common and preferred stock book/adjusted carrying value in excess of the prorated portion of the affiliate/subsidiary's statutory surplus is added to the reporting company's R₂ component. If the affiliate/subsidiary's common and preferred stock book/adjusted carrying value is less than the prorated portion of the affiliate/subsidiaries' s statutory surplus, there is no addition to the R₂ component.



DETAILS FOR AFFILIATED STOCKS

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Name of Affiliate	Affil Type	NAIC Company Code or Alien ID Number	Affiliate's RBC after Covariance Before Basic Operational Risk XR025 Line (41) PR032 Line (60) LR031 Line (69) + (73)	Book/Adjusted Carrying Value (Statement Value) of Affiliate's Common Stock	Valuation Basis of Col (5) M - Market Value after any "discount" A - All Other	Total Value of Affiliate's Outstanding Common Stock	Statutory Surplus of Affiliate Subject to RBC (Adjusted for % Owned)	Book/Adjusted Carrying Value (Statement Value) of Affiliate's Preferred Stock	Total Value of Affiliate's Outstanding Preferred Stock	Percent Owned *	RBC Required (H0 Component)	Market Value Excess Component Affiliated Common Stocks RBC Required (H1 Component)
(01)												
(02)												
(03)												
(04)												
(05)												
(06)												
(07)												
(08)												
(09)												
(10)												
(11)												
(12)												
(13)												
(14)												
(15)												
(16)												
(9999999) Total	XXX	XXX			XXX					XXX		

Denotes items that must be manually entered on filing software.


Remark: Subcategory 8a, 8b and 8c are referring to the directly owned insurance affiliates not subject to RBC look-through

Indirectly owned insurance affiliate not subject to RBC will be included Category 4

* Only applies to Affiliate Type 1 and 2

EQUITY ASSETS

	<u>Annual Statement Source</u>	(1) <u>Bk/Adj Carrying Value</u>	Factor	(2) <u>RBC Requirement</u>
PREFERRED STOCK - UNAFFILIATED				
(1) NAIC 01 Preferred Stock	Included in Schedule D, Part 2, Section 1		0.003	
(2) NAIC 02 Preferred Stock	Included in Schedule D, Part 2, Section 1		0.010	
(3) NAIC 03 Preferred Stock	Included in Schedule D, Part 2, Section 1		0.020	
(4) NAIC 04 Preferred Stock	Included in Schedule D, Part 2, Section 1		0.045	
(5) NAIC 05 Preferred Stock	Included in Schedule D, Part 2, Section 1		0.100	
(6) NAIC 06 Preferred Stock	Included in Schedule D, Part 2, Section 1		0.300	
(7) Total - Unaffiliated Preferred Stock	Sum of Lines (1) through (6)			
(Should equal Page 2, Column 3, Line 2.1 less Sch D Sum, Column 1, Line 18)				
COMMON STOCK - UNAFFILIATED				
(8) Federal Home Loan Bank Stock	Company Records		0.023	
(9) Total Common Stock	Schedule D, Summary, Column 1, Line 25			
(10) Affiliated Common Stock	Schedule D, Summary, Column 1, Line 24			
(11) Other Unaffiliated Common Stock	Lines (9) - (8) - (10)		0.150	
(12) Market Value Excess Affiliated Stocks	XR002 C(13) L(9999999)			
(13) Total Unaffiliated Common Stock and Market Value Excess Affiliated Stocks	Lines (8) + (11) + (12)			

 Denotes items that must be manually entered on filing software.

CALCULATION OF TOTAL RISK-BASED CAPITAL AFTER COVARIANCE

		(1) RBC Amount
H0 - INSURANCE AFFILIATES AND MISC. OTHER AMOUNTS		
(1)	Off-Balance Sheet Items	XR005, Off-Balance Sheet Page, Line (21)
(2)	Directly Owned Health Insurance Companies or Health Entities	XR003, Affiliates Page, Column (2), Line (1)
(3)	Directly Owned Property and Casualty Insurance Affiliates	XR003, Affiliates Page, Column (2), Line (2)
(4)	Directly Owned Life Insurance Affiliates	XR003, Affiliates Page, Column (2), Line (3)
(5)	Indirectly Owned Health Insurance Companies or Health Entities	XR003, Affiliates Page, Column (2), Line (4)
(6)	Indirectly Owned Property and Casualty Insurance Affiliates	XR003, Affiliates Page, Column (2), Line (5)
(7)	Indirectly Owned Life Insurance Affiliates	XR003, Affiliates Page, Column (2), Line (6)
(8)	Affiliated Alien Insurers - Directly Owned	XR003, Affiliates Page, Column (2), Line (9) + (10) + (11)
(9)	Affiliated Alien Insurers - Indirectly Owned	XR003, Affiliates Page, Column (2), Line (12) + (13) + (14)
(10)	Total H0	Sum Lines (1) through (9)
H1 - ASSET RISK - OTHER		
(11)	Holding Company in Excess of Indirect Subs	XR003, Affiliates Page, Column (2), Line (7)
(12)	Investment Subsidiary	XR003, Affiliates Page, Column (2), Line (8)
(13)	Investment in Upstream Affiliate (Parent)	XR003, Affiliates Page, Column (2), Line (15)
(14)	Directly Owned Health Insurance Companies or Health Entities Not Subject to RBC	XR003, Affiliates Page, Column (2), Line (16)
(15)	Directly Owned Property and Casualty Insurance Companies Not Subject to RBC	XR003, Affiliates Page, Column (2), Line (17)
(16)	Directly Owned Life Insurance Companies Not Subject to RBC	XR003, Affiliates Page, Column (2), Line (18)
(17)	Affiliated Non-Insurer	XR003, Affiliates Page, Column (2), Line (19) + (20) + (21)
(18)	Fixed Income Assets	XR006, Off-Balance Sheet Collateral, Lines (27) + (37) + (38) + (39) + XR007, Fixed Income Assets - Bonds, Line (27) + XR008, Fixed Income Assets - Miscellaneous, Line (24)
(19)	Replication & Mandatory Convertible Securities	XR009, Replication/MCS Page, Line (9999999)
(20)	Unaffiliated Preferred Stock	XR006, Off-Balance Sheet Collateral, Line (34) + XR010, Equity Assets Page, Line (7)
(21)	Unaffiliated Common Stock & Market Value Excess Affiliated Stocks	XR006, Off-Balance Sheet Collateral, Line (35) + XR010, Equity Assets Page, Line (13)
(22)	Property & Equipment	XR006, Off-Balance Sheet Collateral, Line (36) + XR011, Prop/Equip Assets Page, Line (9)
(23)	Asset Concentration	XR012, Grand Total Asset Concentration Page, Line (27)
(24)	Total H1	Sum Lines (11) through (23)
H2 - UNDERWRITING RISK		
(25)	Net Underwriting Risk	XR013, Underwriting Risk Page, Line (21)
(26)	Other Underwriting Risk	XR015, Underwriting Risk Page, Line (25.3)
(27)	Disability Income	XR015, Underwriting Risk Page, Lines (26.3) + (27.3) + (28.3) + (29.3) + (30.6) + (31.3) + (32.3)
(28)	Long-Term Care	XR016, Underwriting Risk Page, Line (41)
(29)	Limited Benefit Plans	XR017, Underwriting Risk Page, Lines (42.2) + (43.6) + (44)
(30)	Premium Stabilization Reserve	XR017, Underwriting Risk Page, Line (45)
(31)	Total H2	Sum Lines (25) through (30)

 Denotes items that must be manually entered on filing software.

DETAILS FOR AFFILIATED STOCKS PR003

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Name of Affiliate	Affil Type	NAIC Company Code or Alien ID Number	Affiliate's RBC After Covariance before Basic Operational Risk LR031 L(69) + L(73) PR032 L(60) XR025 L(41)	Book/Adjusted Carrying Value (statement value) of Affiliate's Common Stock	Valuation Basis of Column (5) M - Market Value after any "discount" A - All Other	Total Value of Affiliate's Outstanding Common Stock	Statutory Surplus of Affiliate Subject to RBC (Adjusted for % Owned)	Book/Adjusted Carrying Value (statement value) of Affiliate's Preferred Stock	Total Value of Affiliate's Outstanding Preferred Stock	Percent Owned*	RBC Required (R0 Component)	Market Value Excess Component Affiliate Common Stocks RBC Required (R2 Component)
0000001										0.000%	0	0
0000002										0.000%	0	0
0000003										0.000%	0	0
0000004										0.000%	0	0
0000005										0.000%	0	0
0000006										0.000%	0	0
0000007										0.000%	0	0
0000008										0.000%	0	0
0000009										0.000%	0	0
0000010										0.000%	0	0
0000011										0.000%	0	0
0000012										0.000%	0	0
0000013										0.000%	0	0
0000014										0.000%	0	0
0000015										0.000%	0	0
0000016										0.000%	0	0
0000017										0.000%	0	0
0000018										0.000%	0	0
0000019										0.000%	0	0
0000020										0.000%	0	0
0000021										0.000%	0	0
0000022										0.000%	0	0
0000023										0.000%	0	0
0000024										0.000%	0	0
0000025										0.000%	0	0
0000026										0.000%	0	0
0000027										0.000%	0	0
0000028										0.000%	0	0
0000029										0.000%	0	0
0000030										0.000%	0	0
0000031										0.000%	0	0
0000032										0.000%	0	0
0000033										0.000%	0	0
0000034										0.000%	0	0
0000035										0.000%	0	0
0000036										0.000%	0	0
0000037										0.000%	0	0
0000038										0.000%	0	0
0000039										0.000%	0	0
0000040										0.000%	0	0
0000041										0.000%	0	0
0000042										0.000%	0	0
0000043										0.000%	0	0
0000044										0.000%	0	0
0000045										0.000%	0	0
0000046										0.000%	0	0
0000047										0.000%	0	0
0000048										0.000%	0	0
0000049										0.000%	0	0
0000050										0.000%	0	0
(9999999) Total	XXX	XXX	0	0	XXX	0	0	0	0	XXX	0	0

Remark: Subcategory 8a, 8b and 8c are referring to the directly owned insurance affiliates not subject to RBC look-through
Indirectly owned insurance affiliate not subject to RBC will be included Category 4

* Only applies to Affiliate Type 1 and 2.
Denotes items that must be manually entered on the filing software.

UNAFFILIATED PREFERRED AND COMMON STOCK PR007

	Annual Statement Source	(1) Book/Adjusted Carrying Value	Factor	(2) RBC Requirement
Unaffiliated Preferred Stock				
(1) NAIC 01 Preferred Stock	Sch D Pt 2 Sn 1	0	0.003	0
(2) NAIC 02 Preferred Stock	Sch D Pt 2 Sn 1	0	0.010	0
(3) NAIC 03 Preferred Stock	Sch D Pt 2 Sn 1	0	0.020	0
(4) NAIC 04 Preferred Stock	Sch D Pt 2 Sn 1	0	0.045	0
(5) NAIC 05 Preferred Stock	Sch D Pt 2 Sn 1	0	0.100	0
(6) NAIC 06 Preferred Stock	Sch D Pt 2 Sn 1	0	0.300	0
(7) TOTAL - UNAFFILIATED PREFERRED STOCK (should equal P2 L2.1 C3 less Sch D-Sum C1 L18)	Sum of Ls (1) through (6)	0		0
Unaffiliated Common Stock				
(8) Total Common Stock	Sch D - Summary C1 L25	0		
(9) Affiliated Common Stock	Sch D - Summary C1 L24	0		
(10) Non-Admitted Unaffiliated Common Stock	P2 C2 L2.2 - Sch D Pt6 Sn1 C9 L1899999	0		
(11) Admitted Unaffiliated Common Stock	L(8) - L(9) - L(10)	0	0.150	0
(12) Market Value Excess Affiliated Common Stocks	PR003 C(14) L(9999999)	0		0
(13) Total Unaffiliated Common Stock and Market Value Excess Affiliated Stocks	L(11) + L(12)	0		0

Denotes items that must be manually entered on the filing software.

Calculation of Total Risk-Based Capital After Covariance PR031 R2-R3

(1)

R2 - Asset Risk - Equity		PRBC O&I Reference	RBC Amount
(27)	Common - Affiliate Investment Subsidiary	PR004 L(7)C(2)	0
(28)	Common - Affiliate Hold. Company. in excess of Ins. Subs.	PR004 L(10)C(2)	0
(29)	Common - Investment in Parent	PR004 L(11)C(2)	0
(30)	Common - Aff'd US P&C Not Subj to RBC	PR004 L(12)C(2)	0
(31)	Common - Affil US Life Not Subj to RBC	PR004 L(13)C(2)	0
(32)	Common - Affil US Health Insurer Not Subj to RBC	PR004L(14)C(2)	0
(33)	Common - Aff'd Non-insurer	PR004 L(15)C(2)	0
(34)	Preferred - Aff'd Invest Sub	PR004 L(7)C(3)	0
(35)	Preferred - Aff'd Hold. Co. in excess of Ins. Subs.	PR004 L(10)C(3)	0
(36)	Preferred - Investment in Parent	PR004 L(11)C(3)	0
(37)	Preferred - Affil US P&C Not Subj to RBC	PR004 L(12)C(3)	0
(38)	Preferred - Affil US Life Not Subj to RBC	PR004 L(13)C(3)	0
(39)	Preferred - Affil US Health Insurer Not Subj to RBC	PR004 L(14)C(3)	0
(40)	Preferred - Affil Non-insurer	PR004 L(15)C(3)	0
(41)	Unaffiliated Preferred Stock	PR007 L(7)C(2)+PR015 L(34)C(4)	0
(42)	Total Unaffiliated Common Stock and Fair Value Excess Affiliated Stocks	PR007 L(13)C(2)+PR015 L(35)C(4)	0
(43)	Other Long -Term Assets - Real Estate	PR008 L(7)C(2)	0
(44)	Other Long -Term Assets - Schedule BA Assets	PR008 L(19)C(2)+PR015 L(36)+L(37)C(4)	0
(45)	Misc Assets - Receivable for Securities	PR009 L(1)C(2)	0
(46)	Misc Assets - Aggregate Write-ins for Invested Assets	PR009 L(2)C(2)	0
(47)	Misc Assets - Derivatives	PR009 L(14)C(2)	0
(48)	Replication - Synthetic Asset: One Half	PR010 L(9999999)C(7)	0
(49)	Asset Concentration RBC - Equity	PR011 L(33)C(3) Grand Total Page	0
(50)	Total R2	L(27)+L(28)+L(29)+L(30)+L(31)+L(32)+L(33)+L(34) +L(35)+L(36)+L(37)+L(38)+L(39)+L(40)+L(41)+L(42) +L(43)+L(44)+L(45)+L(46)+L(47)+L(48)+L(49)	0
R3 - Asset Risk - Credit			
(51)	Other Credit RBC	PR012 L(8)-L(1)-L(2)C(2)	0
(52)	One half of Rein Recoverables	0.5 x (PR012 L(1)+L(2)C(2))	0
(53)	Other half of Rein Recoverables	If R4 L(57)>(R3 L(51) + R3 L(52)), 0, otherwise, R3 L(52)	0
(54)	Health Credit Risk	PR013 L(12)C(2)	0
(55)	Total R3	L(51) + L(52) + L(53) + L(54)	0

Capital Adequacy (E) Task Force**RBC Proposal Form**

- | | | |
|---|---|--|
| <input type="checkbox"/> Capital Adequacy (E) Task Force | <input type="checkbox"/> Health RBC (E) Working Group | <input type="checkbox"/> Life RBC (E) Working Group |
| <input checked="" type="checkbox"/> Catastrophe Risk (E) Subgroup | <input type="checkbox"/> Investment RBC (E) Working Group | <input type="checkbox"/> Op Risk RBC (E) Subgroup |
| <input type="checkbox"/> C3 Phase II/ AG43 (E/A) Subgroup | <input type="checkbox"/> P/C RBC (E) Working Group | <input type="checkbox"/> Stress Testing (E) Subgroup |

DATE: <u>11/1/2022</u>	<u>FOR NAIC USE ONLY</u>
CONTACT PERSON: <u>Eva Yeung</u>	Agenda Item # <u>2023-16-CR</u>
TELEPHONE: <u>816-783-8407</u>	Year <u>2023</u>
EMAIL ADDRESS: <u>eyeung@naic.org</u>	<u>DISPOSITION</u>
ON BEHALF OF: <u>Catastrophe Risk (E) Subgroup</u>	<input type="checkbox"/> ADOPTED <u>1st release:</u>
NAME: <u>Wanchin Chou</u>	<u>2nd release:</u>
TITLE: <u>Chair</u>	<input type="checkbox"/> REJECTED _____
AFFILIATION: <u>Connecticut Department of Insurance</u>	<input type="checkbox"/> DEFERRED TO _____
ADDRESS: <u>153 Market St,</u>	<input type="checkbox"/> REFERRED TO OTHER NAIC GROUP
<u>Hartford, CT 06103</u>	<input checked="" type="checkbox"/> EXPOSED <u>1st release:11/16/23</u>
	<u>2nd release:</u>
	<input type="checkbox"/> OTHER (SPECIFY) _____

IDENTIFICATION OF SOURCE AND FORM(S)/INSTRUCTIONS TO BE CHANGED

- | | | |
|---|---|--|
| <input type="checkbox"/> Health RBC Blanks | <input type="checkbox"/> Property/Casualty RBC Blanks | <input type="checkbox"/> Life RBC Instructions |
| <input type="checkbox"/> Fraternal RBC Blanks | <input type="checkbox"/> Health RBC Instructions | <input type="checkbox"/> Property/Casualty RBC Instructions |
| <input type="checkbox"/> Life RBC Blanks | <input type="checkbox"/> Fraternal RBC Instructions | <input checked="" type="checkbox"/> OTHER <u>Cat Event Lists</u> |

DESCRIPTION OF CHANGE(S)

2023 U.S. and non-U.S. Catastrophe Event Lists

REASON OR JUSTIFICATION FOR CHANGE **

New events were determined based on the sources from Swiss Re and Aon Benfield.

Additional Staff Comments:

11/16/23 – The Subgroup and the PCRBC WG exposed this proposal for a 7-public comment period ending 11/23/22.

**** This section must be completed on all forms.****Revised 11-2013**

Type of Event	Name	Date	Location	Overall losses when occurred
Wildfire	Texas	2014	Texas, California	> 25 million
Earthquake		2014	California	25+ million
Hurricane	Patricia	2015		25+ million
Hurricane	Joaquin	2015		25+ million
Wildfire	Butte Fire	9/9/15-10/1/15	Amador County, California	~ 300 million
Wildfire	Valley Fire	9/12/15-10/15/15	Lake, Napa and Sonoma County, California	~ 700 million
Hurricane	Matthew	2016	Florida, North Carolina, South Carolina, Georgia and Virginia	\$ 2,698,400,000
Hurricane	Hermine	2016	Florida, North Carolina, South Carolina, Georgia and Virginia	\$ 245,640,000
Wildfire	Erskine Fire	6/23/16-7/11/16	Lake Isabella, Kern County, California	~26 million
Wildfire	Soberanes Fire	7/22/16-9/30/16	Soberanes Creek, Garrapata State Park, Santa Lucia Preserve, Monterey County, California	> 200 million
Wildfire	Chimney Fire	8/13/16-9/6/16	Santa Lucia Range, San Luis Obispo County, California	> 25 million
Wildfire	Clayton Fire	8/13/16-8/26/16	Lake County, California	>25 million
Wildfire	Gatlinburg Wildfire	11/29/16-12/5/16	Sevier County, Gatlinburg, Pigeon Forge, Tennessee	~637 million
Wildfire	Northern California Wildfires	10/8/17-10/31/17	Northern California	~ 11 billion
Wildfire	Southern California Wildfires	12/4/17-12/23/17	Southern California	~ 2.2 billion
Hurricane	Harvey	2017	Texas, Louisiana	25+ million
Hurricane	Jose	2017	East Coast of the United States	25+ million
Hurricane	Irma	2017	Eastern United States	25+ million
Hurricane	Maria	2017	Southeastern United States, Mid-Atlantic States	25+ million
Hurricane	Nate	2017	Louisiana, Mississippi, Alabama, Tennessee and Eastern United States	25+ million
Tropical Storm	Alberto	2018	Southeast, Midwest	25+ million
Hurricane	Lane	2018	Hawaii	25+ million
Tropical Storm	Gordon	2018	Southeast, Gulf coast of the United States, Arkansas and Missouri	25+ million
Hurricane	Florence	2018	Southeast, Mid-Atlantic	25+ million
Hurricane	Michael	2018	Southeastern and East Coasts of United States	25+ million
Wildfire	Spring Creek Fire	6/27/18-7/11/18	Spring Creek, Colorado	< 100 million
Wildfire	Carr, Mendocino California Wildfires	7/23/18-8/15/18	Northern California	>1,000 million
Wildfire	Northern California Camp Wildfire	11/8/18-11/25/18	Butte County, California	>7.5 billion
Wildfire	Southern California Woolsey Wildfires	11/8/18-11/21/18	Los Angeles and Ventura County, California	2.9 billion
Hurricane	Dorian	2019	Southeast, Mid-Atlantic	500+ million
Hurricane	Barry	2019	Southeast, Midwest, Northeast	300+ million
Tropical Storm	Imelda	2019	Plains, Southeast	25+ million
Tropical Storm	Nestor	2019	Southeast	25+ million
Hurricane	Lorenzo	2019	Louisiana, Mississippi, Texas and Arkansas	25+ million
Wildfire	Saddleridge Wildfire	10/10/19-10/23/19	Sylmar, Los Angeles, Calimesa, Riverside County, California	<1,000 million
Wildfire	Kincadee Wildfire	10/23/19-11/6/19	Northeast of Geyserville, Sonoma County, California	<1,000 million
Tropical Storm	Cristobal	2020	Southeast, Plains, Midwest	150 million
Tropical Storm	Fay	2020	Southeast, Northeast	400 million
Hurricane	Hanna	2020	Texas	350 million
Hurricane	Isaias	2020	Southeast, Mid-Atlantic, Northeast	> 3 billion
Hurricane	Laura	2020	Plains, Southeast, Mid-Atlantic	> 4 billion
Hurricane	Sally	2020	Southeast (Alabama, Mississippi, Louisiana)	> 1 billion
Tropical Storm	Beta	2020	Plains, Southeast	25+ million
Hurricane	Delta	2020	Gulf Coast of United States, Southeast, Northeast (AL, GA, NC, SC, MS, LA, TX)	> 2 billion
Hurricane	Zeta	2020	Gulf coast of the United States, Southeastern United States, Mid-Atlantic	> 1.5 billion
Wildfire	Cameron Peak	08/13/20-12/02/20	Roosevelt National Forest, Larimer County, Colorado	~71 million
Wildfire	SCU Lighting Complex Wildfire	8/16/20-9/16/20	San Francisco Bay Area, Central Valley Santa Clara, Alameda, Contra Costa, San Joaquin, Merced, Stanislaus	<1,000 million
Wildfire	Beachie Creek Wildfire	8/16/20-10/10/20	Approx. 2 miles south of Jaw Bones flats in rugged terrain deep in the Opal Creek Wilderness.	>1,000 million
Wildfire	CZU Lightning Complex Wildfire	8/16/20-9/22/20	San Mateo and Santa Cruz Counties, California	>1,000 million
Wildfire	LNU Lightning Complex WildFire	8/17/20-10/2/20	Lake, Napa, Sonoma, Solano, and Yolo Counties, California	> 1,000 million

Wildfire	Carmel Fire	8/18/20-9/4/20	Carmel Valley, California	<1,000 million
Wildfire	North Complex Fire	8/18/20-10/12/20	Plumas and Butte Counties, California	<1,000 million
Wildfire	Creek Fire	9/4/20-10/12/20	Fresno and Madera Counties, California	<1,000 million
Wildfire	Bobcat Fire	9/6/20-10/23/20	Central San Gabriel Mountains, in and around the Angeles National Forest California	< 1,000 million
Wildfire	Babb Road Fire	9/7/20-9/18/20	Malden and Pine City, Palouse County of Eastern Washington	<1,000 million
Wildfire	Almeda Fire	9/7/20-9/16/20	Jackson County, Oregon	<1,000 million
Wildfire	Holiday Farm Fire	9/7/20-10/3/20	Willamette National Forest	<1,000 million
Wildfire	Echo Mountain Complex Fire	9/7/20-9/23/20	north of Lincoln City, Oregon	<100 million
Wildfire	Riverside Fire	9/8/20-10/3/20	Valley Drive between Misty Ridge Drive and Mitchell Avenue, Oregon	<100 million
Wildfire	Slater Fire	9/8/20-10-9/20	Northern California and Southern Oregon	<100 million
Wildfire	Glass Fire	9/27/20-10/19/20	Napa and Sonoma Counties, California	> 1,000 million
Wildfire	East Troublesome Fire	10/14/20-11/9/20	Grand County, Colorado	~543 million
Tropical Storm	Claudette	2021	Gulf Coast of the United States, Georgia, Carolinas	> 350 million
Hurricane	Elsa	2021	East Coast of the United States	1.2 billion
Tropical Storm	Fred	2021	Eastern United States (particularly Florida and North Carolina)	1.3 billion
Hurricane	Henri	2021	Northeastern United States	550 million
Hurricane	Ida	2021	Gulf Coast of the United States (especially Louisiana), East Coast of the United States (especially the Northeastern United States)	44 billion
Tropical Storm	Nicholas	2021	LA, TX	>1.1b
Tropical Storm	Wanda	2021	Southern United States, Mid-Atlantic United States, Northeastern United States	>200 million
Wildfire	Bootleg Wildfire	7/17/21-8/6/21	Northwest of Beatty, Oregon	<1,000 million
Wildfire	Dixie Wildfire	7/14/21-10/5/21	Butte, Plumas, Tehama, Lassen and Shasta Counties, California	>1,000 million
Wildfire	Caldor Fire	8/14/21-10/5/21	El Dorado National Forest and other areas of the Sierra Nevada in El Dorado, Amador, and Alpine County, California	<1,000 million
Wildfire	Corkscrew Fire	8/15/21-8/30/21	Ford, WA; Tum Tum, Springdale, City of Deer Park, Loon Lake, Clayton, H395, Scoop Mt	<100 million
Wildfire	Marshall Fire	12/30/21-1/1/22	Boulder County, Colorado	~ 2 billion
Wildfire	Calf Canyon/Hermits Peak Fire	4/6/22-8/22/22	San Miguel County, Mora County, Taos County	> 25 million
Wildfire	McKinney Fire	7/29/22-9/7/22	Siskiyou County, Northern California	> 25 million
Wildfire	Cedar Creek Fire	8/1/22-present	Central Oregon	> 25 million
Wildfire	Mosquito Fire	9/6/22- present	Northern California, Placer County, El Dorado County	> 25 million
Hurricane	Hurricane Fiona	9/18/22-9/20/22	PR	>3 billion
Hurricane	Ian	9/23/22-10/2/22	Florida and the Carolinas, FL, GA, NC, SC, VA	>110 billion
Hurricane	Hurricane Nicole	11/9/22-11/11/22	FL, GA, SC	>1 billion
Wildfire	Hawaii Wildfire	8/8/23-8/17/23	Hawaii	> 25 million
Hurricane	Hurricane Hilary	8/17/23-8/22/23	West, Southwest United States	> 25 million
Wildfire	Washington Wildfire	8/18/23-8/22/23	Washington	> 25 million
Hurricane	Hurricane Idalia	8/27/23-8/31/23	Southeastern United States	> 25 million
Hurricane	Hurricane Lee	9/14/23-9/17/24	Northeast United States	> 25 million
Tropical Storm	Ophelia	9/22/23-9/26/23	East Coast of the United States	> 25 million

Year	Event Type	Begin	End	Event	Country	Affected Area (Detail)	Munich Re NatCATService Insured losses (in original values, US\$m) Criteria: insured losses equal/greater US\$ 25m. Tries to reflect non-US losses only	Swiss Re Sigma: Insured Loss Est. US\$m (mid point shown if range given) Mostly reflect total US and nonUS losses combined.	
2014	Earthquake	07/07/2014		Earthquake	Mexico, Guatemala		N/A	N/A	25+million
2014	Earthquake	04/01/14		Earthquake	Chile		N/A	N/A	100+million
2014	Earthquake	12/02/2014		Earthquake	China		N/A	N/A	350+million
2014	Earthquake	05/04/2014		Earthquake	China		N/A	N/A	80+million
2014	Earthquake	05/05/2014		Earthquake	Thailand		N/A	N/A	62+million
2014	Earthquake	05/24/14		Earthquake	China		N/A	N/A	60+million
2014	Tropical Storm	06/14/14	06/16/14	TS Hagibis	China		N/A	N/A	131+million
2014	Super Typhoon	07/08/14	07/11/14	STY Neoguri	Japan		N/A	N/A	100+million
2014	Super Typhoon	07/15/14	07/20/14	STY Rammasun		Philippines, China, Vietnam	N/A	N/A	570+million
2014	Typhoon	07/22/14	07/24/14	TY Matmo		Taiwan, China, Philippines	N/A	N/A	570+million
2014	Cyclone	01/10/14	01/12/14	CY Ian	Tonga		N/A	N/A	48+million
2014	Cyclone	04/10/14	04/14/14	CY Ita	Australia		N/A	N/A	1+billion
2014	Wildfire	Summer 2014		Northwest Territories Fire	Canada	Northwest Territories, Canada			~\$3.6b
2015	Hurricane	08/16/92	08/28/92	Hurricane Andrew	Bahamas	Bahamas			> 25 million
2015	Hurricane	10/20/15	10/24/15	Hurricane Patricia		Central America, Mexico	N/A	N/A	> 25 million
2015	Typhoon	06/26/15	07/13/15	Typhoon Chan-hom (Falcon)		Guam, Northern Mariana Islands, Philippines, Japan, Taiwan, Chian, Korea, Russian Far East	N/A	N/A	> 25 million
2015	Severe Tropical Storm	07/01/15	07/10/15	Severe Tropical Storm Linfa (Egay)		Philippines, Taiwan, China	N/A	N/A	> 25 million
2015	Typhoon	07/02/15	07/18/15	Typhoon Nangka		Marshall Islands, Mariana Islands and Japan	N/A	N/A	> 25 million
2015	Typhoon	07/29/15	08/12/15	Typhoon Soudelor (Hanna)		Mariana Islands, Japan, Philippines, Taiwan, Eastern China and South Korea	N/A	N/A	> 25 million
2015	Typhoon	08/13/15	08/30/15	Typhoon Goni (Ineng)		Mariana Islands, Japan, Philippines, Taiwan, China, Russia and Korea	N/A	N/A	> 25 million
2015	Severe Tropical Storm	09/06/15	09/11/15	Severe Tropical Storm Etau		Japan, Russian Far East	N/A	N/A	> 25 million
2015	Typhoon	09/19/15	09/30/15	Typhoon Dujan (Jenny)		Ryukyu Islands, Taiwan, East China	N/A	N/A	> 25 million
2015	Typhoon	09/30/15	10/05/15	Typhoon Mujigae (Kabayan)		Philippines, Vietnam and China	N/A	N/A	> 25 million
2015	Typhoon	10/12/15	10/21/15	Typhoon Koppu (Lando)		Northern Mariana Islands, Philippines, Taiwan, Ryukyu Islands	N/A	N/A	> 25 million
2015	Typhoon	12/03/15	12/08/15	Storm Desmond		Ireland, Isle of Man, United Kingdom, Iceland, Norway and Sweden	N/A	N/A	> 25 million
2015	Hurricane	09/28/15	10/15/15	Hurricane Joaquin		Caribbean Islands, Portugal	N/A	N/A	> 25 million
2015	Earthquake	04/27/15		Earthquake	Nepal		N/A	N/A	> 25 million
2015	Earthquake	09/22/15		Earthquake	Chile		N/A	N/A	> 25 million
2015	Wildfire	11/25/15	12/02/15	Pinery Bushfire	Australia	Lower Mid North, Light River, West Barossa, South Australia, Australia			\$75m
2015	Wildfire	12/25/15		Wye River, Separation Creek bushfires,	Australia	Great Ocean Road region of Victoria, Australia			~\$110m
2016	Hurricane	08/28/16	09/06/16	Hurricane Hermine		Dominican Republic, Cuba, The Bahamas	N/A	N/A	> 25 million
2016	Tropical Cyclone	02/16/16	02/22/16	TC Winston		South Pacific Islands	N/A	N/A	> 25 million
2016	Earthquake	02/06/16		Earthquake	Taiwan	Asia	N/A	N/A	> 25 million
2016	Earthquake	01/03/16		Kaohsiung EQ	India, Bangladesh, Myanmar	Asia	N/A	N/A	> 25 million
2016	Earthquake	02/14/16		Christchurch EQ	New Zealand	Oceania	N/A	N/A	> 25 million
2016	Earthquake	04/14/16	04/16/16	Kumamoto EQs	Japan	Asia	N/A	N/A	> 25 million
2016	Earthquake	04/16/16		Ecuador EQ	Ecuador	South America	N/A	N/A	> 25 million

2016	Tropical Cyclone	05/14/16	05/23/16	CY Roanu	Sri Lanka, India, Bangladesh, China	Asia	N/A	N/A	> 25 million
2016	Earthquake	08/24/16		Italy EQ	Italy	Europe	N/A	N/A	> 25 million
2016	Tropical Cyclone	09/14/16	09/16/16	STY Meranti	China, Taiwan, Philippines	Asia	N/A	N/A	> 25 million
2016	Tropical Cyclone	07/08/16	07/12/16	STY Nepartak	China, Taiwan	Asia	N/A	N/A	> 25 million
2016	Tropical Cyclone	09/26/16	09/29/16	TY Megi	Taiwan, China	Asia	N/A	N/A	> 25 million
2016	Earthquake	09/10/16		Kagera EQ	Tanzania, Uganda	Africa	N/A	N/A	> 25 million
2016	Tropical Cyclone	08/29/16	09/01/16	TY Lionrock	China, Japan, South Korea	Asia	N/A	N/A	> 25 million
2016	Tropical Cyclone	09/19/16	09/22/16	TY Malakas	Japan, China	Asia	N/A	N/A	> 25 million
2016	Tropical Cyclone	08/18/16	08/20/16	TS Dianmu	China, Vietnam	Asia	N/A	N/A	> 25 million
2016	Tropical Cyclone	07/31/16	08/03/16	TY Nidia	China, Philippines Vietnam	Asia	N/A	N/A	> 25 million
2016	Tropical Cyclone	08/02/16	08/10/16	HU Earl	Belize, Mexico, Caribbean Islands	Caribbean Islands, Mexico and Central America	N/A	N/A	> 25 million
2016	Tropical Cyclone	08/22/16	08/23/16	TS Mindulle	Japan	Asia	N/A	N/A	> 25 million
2016	Tropical Cyclone	09/06/16	09/08/16	HU Newton	Mexico	North America (non-U.S.)	N/A	N/A	> 25 million
2016	Tropical Cyclone	10/04/16	10/07/16	STY Chaba	Japan, Korea	Asia	N/A	N/A	> 25 million
2016	Tropical Cyclone	10/16/16	10/22/16	STY Haima	Philippines, China	Asia	N/A	N/A	> 25 million
2016	Tropical Cyclone	10/14/16	10/20/16	TY Sarika	Philippines, China, Vietnam	Asia	N/A	N/A	> 25 million
2016	Earthquake	10/26/16		Central Italy EQ	Italy	Europe	N/A	N/A	> 25 million
2016	Earthquake	10/27/16		Central Italy EQ	Italy	Europe	N/A	N/A	> 25 million
2016	Earthquake	10/21/16		Tottori	Japan	Asia	N/A	N/A	> 25 million
2016	Hurricane	09/28/16	10/10/16	Hurricane Matthew		Caribbean Islands and Eastern Canada	N/A	N/A	> 25 million
2016	Hurricane	08/28/16	09/06/16	Hurricane Hermine		Dominican Republic, Cuba, The Bahamas	N/A	N/A	> 25 million
2016	Wildfire	01/06/16		Waroona-Yarloop Bushfire	Western Australia				~\$71.25m
2016	Wildfire	05/01/16	05/26/16	Canada Wildfire	Canada	Fort McMurray			\$3.52b
2016	Wildfire	11/22/16	11/27/16	November 2016 Israel Fires	Israel	Various regions in Israel, mainly in Haifa, Judaean Mountains and the Sharon Plain			>\$25m
2017	Earthquake	01/18/17		Earthquake	Italy	Europe	N/A	N/A	> 25 million
2017	Earthquake	01/28/17		Earthquake	China	Asia	N/A	N/A	> 25 million
2017	Earthquake	02/10/17		Earthquake	Philippines	Asia	N/A	N/A	> 25 million
2017	Earthquake	03/27/17		Earthquake	China	Asia	N/A	N/A	> 25 million
2017	Cyclone	03/28/17	04/05/17	CY Debbie	Australia	Queensland, New South Wales, New Zealand	N/A	N/A	> 25 million
2017	Earthquake	05/11/17		Earthquake	China	Asia	N/A	N/A	> 25 million
2017	Typhoon	07/29/17	07/31/17	TY Nesat & TS Haitang	China, Taiwan, Philippines	Asia	N/A	N/A	> 25 million
2017	Typhoon	08/07/17	08/09/17	Typhoon Noru	Japan	Asia	N/A	N/A	> 25 million
2017	Earthquake	08/08/17		Earthquake	China	Asia	N/A	N/A	> 25 million
2017	Typhoon	08/23/17	08/24/17	TY Hato	China	Macau, Hong Kong	N/A	N/A	> 25 million
2017	Typhoon	08/25/17	08/28/17	TY Pakhar	China	Asia	N/A	N/A	> 25 million
2017	Hurricane	08/25/17	09/02/17	Hurricane Harvey		Caribbean Islands and Central America	N/A	N/A	> 25 million
2017	Hurricane	08/30/17	09/16/17	Hurricane Irma		Caribbean Islands and Cape Verde	N/A	N/A	> 25 million
2017	Hurricane	09/05/17	09/26/17	Hurricane Jose		Caribbean Islands and Eastern Canada	N/A	N/A	> 25 million
2017	Hurricane	09/16/17	10/03/17	Hurricane Maria		Caribbean Islands, UK, France and Spain	N/A	N/A	> 25 million
2017	Earthquake	09/07/17		Earthquake		Mexico, Guatemala	N/A	N/A	> 25 million
2017	Earthquake	09/19/17		Earthquake	Mexico	Mexico City	>200	N/A	> 25 million
2017	Hurricane	10/04/17		Hurricane Nate		Central America, Cayman Islands, Cuba Yucatan Peninsula	N/A	N/A	> 25 million
2017	Wildfire	06/06/17		Knysna Fires	South Africa	Knysna region of the Western Cape			~\$146m
2017	Wildfire	07/01/17	08/01/17	British Columbia Wildfires	Canada	British Columbia			>\$78m
2017	Wildfire	10/15/17	10/16/17	Iberian Wildfires	Portugal	Northern Portugal and Northwestern Spain			~\$210m
2018	Earthquake	02/06/18		Earthquake	Taiwan				> 25 million
2018	Earthquake	02/16/18		Earthquake	Mexico				> 25 million
2018	Cyclone	02/09/18	02/20/18	CY Gita	Tonga, Fiji, Samoa, New Zealand				> 25 million

2018	Earthquake	02/26/18		Earthquake	Papua New Guinea				> 25 million
2018	Earthquake	03/05/18		Earthquake	Papua New Guinea				> 25 million
2018	Cyclone	03/17/18		CY Marcus					> 25 million
2018	Tropical Storm	05/23/18	05/27/18	Tropical Storm Mekunu	Yamen, Oman , Saudi Arabia				> 25 million
2018	Tropical Storm	06/02/18	06/07/18	Tropical Storm Ewiniar	Vietnam, China, Taiwan, Philippines and Ryukyu Islands	Guangdong Province, Jiangxi, Fujian, Zhejiang Provinces, and Hainan Island.			> 25 million
2018	Earthquake	06/18/18		Earthquake	Japan				> 25 million
2018	Super Typhoon	07/10/18	07/12/18	STY Maria	China, Taiwan, Guam and Japan	Fujian province, Yantze River Basin, Japan's Ryukyu Islands			> 25 million
2018	Tropical Storm	07/17/18	07/24/18	TS Sonh-Tinh	Vietnam, China, Loas	Japan, Russian Far East			> 25 million
2018	Tropical Storm	07/22/18	07/25/15	TS Ampil	China	Jiangsu, Zhejiang, Shandong, and Hebei			> 25 million
2018	Typhoon	07/27/18	08/03/18	TY Jongdari	Japan, China				> 25 million
2018	Earthquake	08/05/15	08/09/18	Earthquake	Indonesia				> 25 million
2018	Tropical Storm	08/09/18	08/15/18	TS Yagi	Philippines, China	Zhejiang, Anhui, Jiangsu and Shandong Provinces.			> 25 million
2018	Tropical Storm	08/13/18	08/19/18	TS Bebinca	China	Hong Kong, Guangdong and Hainan			> 25 million
2018	Typhoon	08/16/18	08/18/18	TY Rumbia	China	Shanghai, Jiangsu, Zhehiang, Anhui, Shandong and Henan			> 25 million
2018	Typhoon	08/23/18	08/25/18	TY Soulik	Japan, South Korea, China and Russia	Haenam County, South Jeolla Province			> 25 million
2018	Typhoon	09/04/18	09/05/18	RY Jebi	Japan, Mariana Islands, Taiwan, Japan, Russian Far East and Artic				> 25 million
2018	Earthquake	09/06/18		Earthquake	Japan	Hokkaido			> 25 million
2018	Super Typhoon	09/15/18	09/18/18	STY Mangkhut	N. Mariana Islands, Philippines, China and Hong Kong				> 25 million
2018	Hurricane	Leslie	09/23/18	Hurricane Leslie	Azores, Bermuda, Europe	Azores, Bermuda, Madeira, Iberian Peninsula, France			> 25 million
2018	Hurricane	10/07/18	10/16/18	Hurricane Michael	Central American, Yucatan Peninsula, Cayman Islands, Cuba, Atlantic, Canad				> 25 million
2018	Wildfire	May-18	Aug-18	Sweden Wildfires	Sweden	ranging from north of Arctic Circle to the southern County of Scania.			>\$87m
2018	Wildfire	Jul-18		Greece Wildfires	Greece	Attica, Greece			~38.1m
2019	Cyclone	05/03/19	05/05/19	Cyclone Fani	India, Bangladesh				>500 million
2019	Earthquake	06/17/19		Earthquake	China				> 25 million
2019	Tropical Storm	08/01/19	08/08/19	Tropical Storm Wipha	China, Vietnam				> 25 million
2019	Typhoon	08/09/19	08/11/19	Typhoon Lekima	China				> 855 million
2019	Typhoon	08/15/19	08/16/19	Typhoon Krosa	Japan				>25 million
2019	Hurricane	08/31/19	09/07/19	Hurricane Dorian	Caribbean, Bahamas, Canada				>1 billion
2019	Typhoon	09/05/19	09/08/19	Typhoon Lingling	Japan, China, Korea				>5.78 billion
2019	Typhoon	09/08/19	09/09/19	Typhoon Faxai	Japan				> 7 billion
2019	Hurricane	09/19/19	09/22/19	Hurricane Humberto	Bermuda				>25+ million
2019	Hurricane	09/17/19	09/26/19	Hurricane Lorenzo	Portugal				>25+ million
2019	Earthquake	11/26/19		Earthquake	Albania				>25+ million
2019	Cyclone	11/08/19	11/11/19	Cyclone Matmo (Bulbul)	India, Bangladesh				>25+ million
2019	Typhoon	10/01/19	10/02/19	Typhoon Hagibis	Japan				> 7 billion
2019	Earthquake	12/18/19		Earthquake	Philippines				>25+ million
2019	Wildfire	Sep-19	Mar-20	Australian Bushfires	New South Wales, Queensland, Victoria, South Australia, Western Australia, Tasmania and Northern Territory				~910 million
2020	Earthquake	03/22/20		Earthquake	Croatia				>25+ million
2020	Cyclone	04/01/20	04/11/20	Cyclone Harold	Solomon Islands, Canuatu, Fiji, Tonga				> 25+ million
2020	Tropical Storm	05/31/20		Tropical Storm Amanda	El Salvador, Guatemala, Honduras				> 25+ million
2020	Tropical Storm	06/01/20	06/05/20	Tropical Storm Cristobal	Mexico, Guatemala, El Salvador				150 million
2020	Hurricane	07/25/20	07/27/20	Hurricane Hanna	Mexico				350 million
2020	Hurricane	07/28/20	08/01/20	Hurricane Isaias	Caribbean, Canada				> 3 billion
2020	Hurricane	08/22/20	08/25/20	Hurricane Laura	Caribbean				> 4 billion
2020	Typhoon	05/15/20	05/22/20	Typhoon Amphan	India, Bangladesh, Sri Lanka				15 billion
2020	Tropical Storm	06/03/20	06/04/20	Tropical Storm Nisarga	India				> 25+ million
2020	Typhoon	08/03/20	08/04/20	Typhoon Hagupit	China, Taiwan				> 100+ million

2020	Hurricane	10/05/20	10/12/20	Hurricane Delta	Jamaica, Nicaragua, Cayman Island, Yucatan Peninsula				> 2 billion
2020	Hurricane	10/24/20	10/30/20	Hurricane Zeta	Cayman Islands, Jamaica, Central America, Yucatan Peninsula, Ireland, United Kingdom				> 1.5 billion
2020	Cyclone	04/01/20	04/11/20	Cyclone Harold	Solomon Islands, Canuatu, Fiji, Tonga				> 25+ million
2020	Hurricane	10/31/20	11/14/20	Hurricane Eta	Colombia, Jamaica, Central America, Cayman Islands, Cuba, The Bahamas				> 7.9 billion
2020	Hurricane	11/14/20	11/19/20	Hurricane Iota	ABC Islands, Colombia, Jamaica, Central America				> 1.4 billion
2020	Typhoon	11/22/20	11/23/20	Typhoon Goni	Philippines, Vietnam, Cambodia, Laos				> 400+ million
2020	Typhoon	11/08/20	11/15/20	Typhoon Vamco	Philippines, Vietnam, Laos, Thailand				> 400+ million
2020	Wildfire	10/04/20		Lake Ohau Fire	New Zealand	Northwest of Lake Ohau Village			~\$25m
2020	Wildfire	02/05/21		Perth Hills Wildfire	Australia	Shire of Mundaring, Shire of Chittering, Shire of Northam City of Swan			~\$63m
2021	Earthquake	01/14/21	01/14/21	West Sulawesi	Indonesia				> 58.1 million
2021	Earthquake	02/13/21	02/13/21	Fukushima Prefecture Offshore	Japan				1.3 billion
2021	Tropical Cyclone	05/17/21		Tropical Cyclone Tautae	India				> 25+ million
2021	Tropical Storm	06/19/21	06/23/21	Tropical Storm Claudette	Oaxaca, Veracruz, Atlantic Canada				> 25+ million
2021	Earthquake	06/21/21	06/21/21	China	Yunnan Dali				> 25+ million
2021	Earthquake	06/21/21	06/21/21	China	Southern Qinghai				> 25+ million
2021	Hurricane	07/01/21	07/14/21	Elsa	Lesser Antilles, Greater Antilles, Venezuela, Colombia, Atlantic Canada, Greenland, Iceland				50 million
2021	Typhoon	07/16/21	07/31/21	In-fa (Fabian)	Philippines, Ryukyu Islands, Taiwan, China, North Korea				> 25+ million
2021	Tropical Storm	08/11/21	08/20/21	Fred	Lesser Antilles, Greater Antilles, Southern Quebec, The Maritimes				25 million
2021	Hurricane	08/13/21	08/21/21	Grace	Lesser Antilles, Greater Antilles, Yucatan Peninsula, Central Mexico				513 million
2021	Earthquake	08/14/21	08/14/21		Haiti				1 billion
2021	Hurricane	08/26/21	09/04/21	Ida	Venezuela, Colombia, Jamaica, Cayman Islands, Cuba, Atlantic Canada				> 250 million
2021	Earthquake	09/07/21	09/07/21	Guerrero	Mexico				200 million
2021	Earthquake	09/16/21			China				> 25+ million
2021	Hurricane	09/12/21	09/18/21	Nicholas	Yucatan Peninsula, Tamaulipas				1.1 billion
2021	Hurricane	09/10/21	09/11/21	Larry	Canada				80 million
2021	Cyclone	10/02/21	10/04/21	Cyclone Shaheen	Oman, Iran, India, Pakistan, United Arab Emirates, Saudi Arabia, Yemen				> 25+ million
2021	Earthquake	10/07/21	10/07/21		Japan				> 25+ million
2021	Tropical Storm	10/10/21	10/14/21	Tropical Storm Kompasu	Philippines, Hong Kong, China				245 million
2021	Earthquake	10/16/21	10/16/21		Indonesia				> 25+ million
2021	Tropical Cyclone	10/24/21	11/02/21	Apollo	Italy, Malta, Tunisia, Algeria, Libya, Turkey				> 25+ million
2021	Tropical Storm	10/31/21	11/07/21	Wanda	Atlantic Canada, Bermuda, Azores				> 25+ million
2021	Earthquake	11/14/21	11/14/21		Iran				> 25+ million
2021	Tropical Cyclone	12/14/21	12/18/21	Rai (Odette)	Caroline Islands, Palau, Philippines				> 25+ million
2022	Wildfire	01/15/22	02/28/22	Corrientes	Corrientes Province, Argentina				> 25+ million
2022	Earthquake	03/16/22		Fukushima Earthquake	Japan				2.8 billion
2022	Tropical Storm	04/08/22	04/12/22	Megi	Philippines				>25+ million
2022	Typhoon	08/28/22	09/07/22	Hinnamnor	Japan, Taiwan, Philippines, South Korea, Russian, Far East				>25+ million
2022	Earthquake	09/05/22		Luding Earthquake	Luding County in Sichuan province				>25+ million
2022	Hurricane	09/14/22	09/28/22	Fiona	Leeward Islands, Puerto Rico, Dominican Republic, Lucayan Archipelago, Bermuda, Eastern Canada, Saint Pierre and Miquelon, Greenland				660 million
2022	Hurricane	09/23/22	10/02/22	Ian	Trinidad and Tobago, Venezuela, Colombia, ABC Islands, Jamaica, Cayman Islands, Cuba				> 110 billion
2022	Hurricane	10/07/22	10/10/22	Julia	Trinidad and Tobago, Venezuela, ABC islands, Colombia, Nicaragua, El Salvador, Honduras, Guatemala, Panama, Mexico				>400 million

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 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 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 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							
L4	Life RBC WG	1	2023 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		
L5	Life RBC WG	1	2023 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.			
L6	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.			
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 or later	Supplementary Investment Risks Interrogatories (SIRI)	Referred from CADTF	The Task Force received the referral on Oct. 27. This referral will be tabled until the bond factors have been adopted and	1/12/2022 11/19/2020

					Referral from Blackrock and IL DOI	the TF will conduct a holistic review all investment referrals.	
IR2	RBC IRE	2	2023 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 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 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 adoption of the bond structure and factors.	1/12/2022 11/16/2018
New Items – RBC IR & E							
IR5			2023 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			2023 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		2023 or later	Address the tail risk concerns no captured by reserves for privately structured securities.	Referral from the Macroprudential (E) Working Group		8/11/2022

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 Force. March 2021	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.	4/26/2021
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	Refer from Operational Risk Subgroup	1) Sent a referral to the Academy on 6/14/18 conference call.	1/25/2018

				adequately accounts for growth risk that is ceded to reinsures that do not trigger growth risk in their own right.			
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 PCRBC And Cat Risk SG meeting.	6/10/2019
P5	P&C RBC WG	1	2023 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 including the wildfire peril			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 30-day comment period at the Joint P/C RBC and Cat Risk SG meeting.	7/27/2023
New Items – P&C RBC							
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)	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. Discuss and monitor the development of federal level programs and the potential impact on the HRBC formula.	1/11/2018
Carryover Items Currently being Addressed – Health RBC							
X3	Health RBC WG	2	Year-End 2024 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 2024 RBC or later	Review the individual factors for each health care receivables line within the Credit Risk H3 component of the RBC formula. Work with the American Academy of Actuaries (Academy) to inquire through the NAIC on the reporting of the health care receivables to better understand why these receivables are being reported as such. With the intention to produce recommendations to improve instruction clarity or provide additional guidance.	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	
X5	Health RBC WG	1	Year-end 2024 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 2024 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
X7	Health RBC WG	2	Year-End 2024 or later	Consider the impact of COVID-19 and pandemic risk in the health RBC formula.	HRBCWG		7/30/2020
X8	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.	
CA2			Ongoing	All investment related items referred to the RBC Investment Risk & Evaluation (E) Working Group			1/12/2022
CA3	CADTF	3	Ongoing	Receivable for Securities factor		Consider evaluating the factor every 3 years. (2024, 2027, 2030 etc.) Factors are exposed for comment. Comments due May 28, 2021 for consideration on June 30th. Factors Adopted for 2021.	
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) Prioritize those factors that require reviewing.		7/26/23 – the Risk Evaluation Ad Hoc Group established 3 Ad Hoc Subgroup 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.	03/23/2023
Carryover Items Currently being Addressed – Task Force							
New Items –Task Force							
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.	Blanks WG and SAPWG		12/2/2023

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	Blanks WG and SAPWG	12/2/23 – the TF received a referral from SAPWG regarding the possible Annual Statement reporting for debt securities that do not qualify as bonds on Schedule BA.	12/2/2023
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MEMORANDUM

TO: Carrie Mears, Chair Representative, Valuation of Securities (E) Task Force
Tom Botsko, Chair Representative, Capital Adequacy (E) Task Force

FROM: Dale Bruggeman, Chair of the Statutory Accounting Principles (E) Working Group
Kevin Clark, Vice-Chair of the Statutory Accounting Principles (E) Working Group

DATE: August 28, 2023

RE: SAPWG Schedule BA Proposal for Non-Bond Debt Securities

The purpose of this referral is to notify the Valuation of Securities (E) Task Force and Capital Adequacy (E) Task Force of the Statutory Accounting Principles (E) Working Group's (SAPWG) proposal to report debt securities that do not qualify as bonds on Schedule BA. A key component of this notice is to highlight that the proposal uses existing Schedule BA reporting provisions for SVO-Assigned NAIC designations in determining RBC.

As preliminary information, as part of the bond project (Ref #2019-21) the SAPWG has been working on a revised bond definition to determine the structures that qualify for bond reporting, either as an issuer credit obligation on a new Schedule D-1-1 or as an asset-backed security on Schedule D-1-2. The new definition and the resulting statutory accounting guidance in *SSAP No. 26R—Bonds* and *SSAP No. 43R—Asset-Backed Securities* was adopted during the 2023 NAIC Summer National Meeting with an effective date of January 1, 2025. Revised bond reporting schedules are currently exposed by the Blanks (E) Working Group and those are anticipated to be considered for adoption by the end of the year. Also, during the 2023 Summer National Meeting, the SAPWG exposed accounting and reporting guidance for debt securities that do not qualify as bonds in *SSAP No. 21R—Other Admitted Assets* and received direction to sponsor a blanks proposal to capture these securities in new reporting lines on Schedule BA - Other Long Term Invested Assets.

The key aspect of this referral is to highlight that the blanks proposal for the new reporting lines intends to divide the debt securities that do not qualify as bonds into separate reporting lines based on whether they have NAIC designations assigned by the SVO from those securities with NAIC designations not assigned by the SVO or that do not have designations. The intent of this reporting is to permit debt securities that do not qualify as bonds, for which the SVO has assigned an NAIC designation, to receive the RBC factor that would have been received if the security had been reported on the bond schedule with an equivalent designation. Although the debt security does not qualify for reporting as a bond due to structure, if the SVO has assessed credit quality with the issuance of an NAIC designation, then the proposed reporting allows for a fixed income RBC factor.

To illustrate an example where a debt security may not meet the bond definition but may warrant a fixed income RBC factor, one of the key principles is that, for debt securities that rely on underlying collateral for repayment,

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underlying collateral must produce meaningful cash flows to service the debt to qualify as a bond. If the debt security relies on the underlying collateral retaining its **value** to repay the debt (e.g. through sale of collateral or refinancing), then it does not qualify to be reported as a bond. For example, a debt security could be secured by non-cashflow-producing real estate at a 50% loan-to-value. While it would not qualify to be reported as a bond, its characteristics are consistent with that of a mortgage loan, and may warrant a fixed income RBC charge.

This proposal does not intend to hinder the Capital Adequacy (E) Task Force’s ability to assess these debt securities and determine the appropriate RBC factor, it simply intends to allow an avenue for certain assets to receive a fixed income factor until the Capital Adequacy (E) Task Force decides if a separate project is needed to review and assess RBC factors for these debt securities. As noted, it is only proposed to be provided for the securities that have an SVO-assigned designation, which is consistent with other Schedule BA lines for which designations influence RBC. Note also that prior to the effective date of the bond definition, these securities are reported as bonds on Schedule D and receive bond RBC factors based on NAIC designation (whether from a credit rating provider for filing exempt securities, or an SVO assigned designation). After adoption, non-qualifying debt securities with NAIC designations that are not assigned by the SVO or that do not have designations are proposed to receive the RBC factor for “other” Schedule BA assets. This is also consistent with the Schedule BA lines that have these separate reporting determinants. Since only reporting entities that file using the life blank can receive RBC reductions for reporting SVO-assigned NAIC designations on Schedule BA, this provision is intended to only apply to those entities until / unless the Capital Adequacy (E) Task Force, and related RBC Working Groups, incorporate changes to provide those capabilities to non-life entities.

The intent of this referral is to inform the Task Forces of the current reporting proposal and request the Valuation of Securities (E) Task Force to assess whether additional guidance is needed within the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* to permit or govern the assignment of SVO-Assigned NAIC Designations for debt securities that do not qualify as bonds.

The following illustrates the proposed Schedule BA reporting lines for these debt securities. A blanks proposal will be developed and exposed by the Blanks (E) Working Group to incorporate these revisions, as well as changes to the AVR with instructions that specifies the mapping from Schedule BA to the AVR for life RBC purposes.

Debt Securities That Do Not Qualify as Bonds

Debt Securities That Do Not Reflect a Creditor Relationship in Substance

NAIC Designation Assigned by the Securities Valuation Office (SVO)

Unaffiliated

Affiliated

NAIC Designation Not Assigned by the Securities Valuation Office (SVO)

Unaffiliated

Affiliated

Debt Securities That Lack Substantive Credit Enhancement

NAIC Designation Assigned by the Securities Valuation Office (SVO)

Unaffiliated

Affiliated

NAIC Designation Not Assigned by the Securities Valuation Office (SVO)

Unaffiliated

Affiliated

Debt Securities That Do Not Qualify as Bonds Solely to a Lack Of Meaningful Cash Flows

NAIC Designation Assigned by the Securities Valuation Office (SVO)

Unaffiliated

Affiliated

NAIC Designation Not Assigned by the Securities Valuation Office (SVO)

Unaffiliated

Affiliated

The Working Group appreciates your time and looks forward to your response. If you have any questions, please contact Dale Bruggeman, or Kevin Clark, SAPWG Chair and Vice Chair, with any questions.

Cc: Julie Gann, Robin Marcotte, Jake Stultz, Jason Farr, Wil Oden, Charles Therriault, Marc Pearlman, Eva Yeung, Dave Fleming, Crystal Brown, Maggie Chang

https://naiconline.sharepoint.com/teams/FRSStatutoryAccounting/Stat Acctg_Statutory_Referrals/2023/SAPWG to VOSTF & CAPTF - Schedule BA.docx

Mike Monahan

Senior Director, Accounting Policy

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November 13, 2023

Mr. Tom Botsko, Chairman
Capital Adequacy Task Force
National Association of Insurance Commissioners
1100 Walnut Street, Suite 1500
Kansas City, MO 64106-2197

Dear Mr. Botsko:

Re: Exposure on Referral from the Statutory Accounting Principles Working Group (Dale Bruggeman) Regarding Schedule BA Proposal for Non-Bond Debt Securities

The American Council of Life Insurers (ACLI) appreciates the opportunity to comment on the above referenced exposure. ACLI is very appreciative of the referral from SAPWG as the ACLI believes both the new principles-based bond definition (effective date January 1, 2025) and any related risk-based capital (RBC) impact should be addressed concurrently.

The proposed breakout on Schedule BA includes the following three classification categories for securities that do not qualify as a bond (or will no longer qualify as a bond) under the principles-based bond definition (PBBB):

- Debt securities that do not reflect a creditor relationship in substance,
- Debt securities that lack substantive credit enhancement, and
- Debt securities that do not qualify as bonds solely to a lack of meaningful cash flows.

These categories are further segregated between those securities that have an NAIC Designation assigned by the SVO and those that do not have an NAIC Designation assigned by the SVO.

ACLI is supportive of the proposed categorizations but is concerned that without addressing RBC concurrently, there may be punitive risk-based capital impacts for insurance companies. For example:

- There may be securities that do not qualify as a bond because they have more than a nominal interest rate adjustment (generally considered to be more than 10% - e.g., > 0.4% for a 4% yielding bond). For example, this might be an adjustment for a sustainability-linked bond where failure to achieve performance metrics causes the interest rate adjustment. Such a security likely is one where the SVO assigns an NAIC Designation or for which the security otherwise has a Credit Rating Provider (CRP) rating.
- There may be securities that do not qualify as bonds due to not having a substantive credit enhancement or meaningful cash flows for which the SVO assigns an NAIC Designation or for which the security otherwise has a CRP rating.

Without addressing RBC concurrently, ACLI understands such securities would default to a 30% RBC charge which can be punitive and inappropriate. For a security with an interest rate adjustment that is more than nominal, while maybe appropriate for disqualifying the security as a bond under the PBBD, it may still be relatively minor such that a 30% RBC charge would not be appropriate. Similarly, asset-backed securities that do not have a substantive credit enhancement or meaningful cash flows, have been likened to be more akin to collateral loans. The 30% RBC charge would be significantly more punitive than the 6.8% RBC charge that is currently assigned for collateral loans.

As a consequence, the ACLI believes the following would be appropriate actions by CATF:

- 1) Refer this exposure to the Risk-Based Capital Investment Risk and Evaluation WG (RBCIRE WG) recommending a project to determine the appropriate RBC charges for these security categories.
- 2) To the extent it is impractical to complete this work by the effective date of the PBBD, allow the continuance of both SVO assigned NAIC Designations and CRP ratings for purposes of RBC. Ensure the RBC infrastructure is in place until the RBCIRE WG can develop the appropriate risk commensurate for the RBC charges.
- 3) Work concurrently with the SVO to ensure a coordinated effort in utilizing SVO assigned NAIC Designations and CRP ratings. This could, for example, include ensuring the P&P Manual is updated, where appropriate, for the authority to utilize NAIC Designations and CRP ratings for these categories on Schedule BA.

The ACLI stands ready to assist in this process and help ensure the NAIC and the assignment of RBC charges continue to appropriately evolve and be refined for changes occurring elsewhere within the NAIC framework.

If you have any questions regarding this letter, please do not hesitate to contact us.

Sincerely,

Mike Monahan

Senior Director, Accounting Policy



Brian Bayerle

Chief Life Actuary



Cc: Eva Yeung, NAIC

Framework for Regulation of Insurer Investments – A Holistic Review

Executive Summary

- Recent initiatives to address gaps in the regulatory framework for insurer investments have received much attention by a variety of stakeholders.
- While the broader commentary has included many misconceptions around these initiatives, it has also included constructive feedback with themes and observations that many regulators have shared.
- At the most basic level, the question has arisen – **what is the most effective use of regulatory resources in the modern environment of insurance regulation for investments?**
- The historical focus of the SVO has been on risk assessment of individual securities, with filing exempt securities blindly reliant on credit rating providers (CRPs) for designations.
- The SVO currently lacks the tools to provide due diligence and assessment over the use and effectiveness of CRPs, or to conduct enterprise- or industry-wide risk analytics
- Rather than a framework that utilizes valuable SVO resources to prioritize synthesizing CRP functions, a more effective use of those resources would be to prioritize the establishment of a robust and effective governance structure for the due diligence of CRPs.
- Further, with investment in modern risk analytics tools, the SVO could provide invaluable risk analysis capabilities to better support the risk-focused approach to supervision, at both a micro- and macro-prudential level.
- This memo provides concrete proposals envisioning a modernization of the role and capabilities of the SVO in a way that correlates with the observed shift towards more complex and asset-intensive insurer business strategies.
- It also provides high-level guidelines for considering consistency of capital across assets as the investment RBC initiatives move forward, recognizing the practical limitations of absolute capital parity.

Background

There are several workstreams underway related to investments, which are meant to address a material, observable shift in insurer investment strategies – primarily but not limited to life insurance/reinsurance – toward more private assets, more structured assets and more complex assets. The workstreams are not meant to be punitive for the sake of being punitive, or to discourage innovation in insurers' investment strategies, but they recognize existing frameworks did not contemplate these investment strategies and will need to be enhanced to appropriately incorporate their characteristics into the regulatory framework.

While this goal is largely accepted by all interested parties as being necessary, the details of various proposals and the processes by which they have been undertaken have received an immense amount of attention from industry, other supervisory stakeholders and special interest groups, with stark divides in approval or disapproval of various initiatives. The collective commentary has included a significant amount of constructive feedback and valid critique, but has also been marked by misconceptions and competitive dynamics.

Recent comments have referred to these projects as “piecemeal” and “disjointed” and recommended a pause to all such workstreams. Others have suggested that these efforts are motivated by objectives other than enhancing regulators’ ability to protect policyholders. In reality, what is being observed is the natural strain that results from solving complex problems through open and democratic processes. A number of compounding factors contribute towards making these projects particularly challenging endeavors:

- (1) **Highly technical nature** – the ability to assess risk and design a regulatory framework for structured assets is highly dependent on the ability to model collateral performance through the capital structure of an extremely wide variety of securitization types. This requires highly specialized expertise. With experts from a divided group of stakeholders providing differing assessments of the modeled data, it is difficult for policy-making regulators to parse without conducting an impartial analytical study.
- (2) **Separate working groups** – the state-based framework has long utilized a “three-legged stool” approach to addressing accounting, risk assessment, and capital, which are governed by separate working groups. While all three legs of the stool have always needed to contemplate what the other legs were doing in order to have a cohesive regulatory framework, a project of this magnitude that spans all three legs requires a much more intensive level of coordination, which is further challenged by its exploratory nature.
- (3) **Exploratory nature** – assessing risk and capital is a balance between being too broad, and failing to appropriately capture material risks, and being too detailed, such that the framework is impractical to apply and too complex to be understood. Finding this balance is an iterative process of developing proposals, soliciting feedback, and adjusting or replacing proposals in response. This process inherently takes time and involves uncertainty around final outcome, but it also is not well understood by all stakeholders. This can result in disproportionately adverse reactions rather than the productive feedback that is necessary to reach what are often the common goals of all stakeholders. It also makes the coordination of working groups challenging, as the end state of each working group’s initiatives is unknown while in process.
- (4) **Capital parity** – as a number of stakeholders have pointed out, the capital framework should have a goal of assigning “equal capital for equal risk”. While this goal is likely non-controversial in the abstract, it doesn’t address the practical limitations of achieving this goal in absolute terms. First are the balancing considerations noted elsewhere here. But it also implies that all risks must be holistically evaluated at the same time, in order to prevent a change for one asset class from disadvantaging another by comparison. There is no question that these impacts are very important to consider as updates are made, and mitigating unequal treatment to the extent possible should be a goal. However, practical constraints may prevent this aspiration from being realized to the satisfaction of all parties.
- (5) **Limited resources** – just as the regulatory framework is a balance between being too broad and too detailed, so too is the use of regulatory resources a balance between impartiality and practicality. State regulators have at their disposal a valuable resource in the NAIC, and SVO specifically. However, these resources are not unlimited. There should be a deliberate evaluation of the best use of these limited resources. State regulators should not develop frameworks that prioritize using such resources in reperforming functions that can otherwise be satisfied using available market mechanisms, leaving no capacity for more impactful and macro-level risk assessment and analysis.

Purpose

While much of the characterization of these ongoing projects in the broader commentary is misplaced, it is prudent to reflect periodically on a holistic basis over the course of a complex project to evaluate potential areas for process improvement to the overall regulatory framework. **The intent of this memo is to highlight areas that regulators have identified where the insurance regulatory framework for investments could be enhanced based on reflections on the past several years of work on these issues, as well as comments on individual current initiatives and how they could be improved upon by addressing certain of the challenges described above.** This memo is not directly responsive to any particular feedback from stakeholders, but draws upon the experience of regulators involved in these workstreams, as well as comment letters written on current proposals, stakeholder communications not directly related to working group exposures, and ongoing conversations among regulators and stakeholders.

Proposed Regulatory Enhancements

A. Investment risk assessment / role of a centralized investment expertise function (e.g. SVO: IAO/SSG)

The current framework relies upon NAIC Designations for assets reported as bonds, with limited risk assessment for non-bond holdings. NAIC Designations currently are either provided directly by the SVO for filed securities or by a direct translation of a credit rating from a Credit Rating Provider (“CRP”) for those securities that are exempt from filing (“FE”). There is currently a “blind” reliance on the CRP rating, with no mechanism for overall due diligence around CRP usage, nor an ability to challenge an individual rating for not conforming to regulator expectations of how it was determined. Both of these issues are potentially addressed through current initiatives of the Valuation of Securities Task Force (“VOSTF”), with multiple challenges and concerns (both warranted and unwarranted) of how they may be implemented.

Proposed Framework to modernize the SVO:

- (1) Reduce/eliminate “blind” reliance on CRPs but retain overall utilization of CRPs ***with the implementation of a strong due diligence framework***. This framework should be extremely robust with focused resources within the NAIC in its implementation and maintenance. This initiative should be a ***primary*** focus of the NAIC and ***utilize an external consultant/resource to design & implement***. It is both inefficient and impractical for the SVO to effectively replicate the capabilities of CRPs on a large scale, and would not provide incremental benefit if the output is substantially similar. Rather, the SVO should focus primarily on holistic due diligence around CRP usage. That process must be vigorous and consequential (e.g. clear quantitative and qualitative parameters for CRPs utilized to provide ratings for use as NAIC designations).
- (2) ***Retain ability*** within the SVO to perform individualized credit assessment and utilize regulatory discretion when needed, ***under well-documented and governed parameters***. This “backstop” should be embedded in the regulatory regime, but ideally would be rarely used if other governance is optimized.
- (3) ***Enhance SVO’s portfolio risk analysis capabilities*** with investment in a risk analytics tool and corresponding personnel, which could perform both company-specific risk analytics at the request of regulators, and industry-wide risk analytics for use in macroprudential efforts. ***Review/increase staffing*** to include analysts with investment actuarial and risk management backgrounds

that can provide dedicated investment-related support to risk-based capital and reserving teams, understanding the key functions of asset-liability management and resulting portfolio impacts.

- (4) **Enhance structured asset modeling capabilities** in line with #3 with less focus on individual designation production, but in support of the CRP due diligence function (can provide tools for validation of CRP designations), company and industry stress testing, and emerging risk identification. Provide additional resources to SSG to continue to build this capability, inclusive of **model governance** and validation of key parameters.
- (5) **Build out a broad policy advisory function** at the SVO that can consider and recommend future policy changes to regulators under a holistic lens, considering input from all impacted processes. If needed, **hire key external consultants** to be on retainer to provide key guidance on policy related issues, assess market impact and provide recommendations. This would be akin to the use of the Academy of Actuaries or similar for risk-based capital and reserving initiatives.
- (6) Consider establishing a **broad investment working group** under E committee that acts in an advisory capacity to various investment processes that would ultimately need more intensive regulator engagement and analysis on confidential basis (similar to FAWG/VAWG), including (1) review of bond reporting analysis under the principles-based bond definition, (2) challenges to individual designations provided by CRPs, (3) review of work provided by external consultants for investment-related projects for broad impacts to the framework (beyond the group that would have commissioned the review)
- (7) If the multitude of the above recommendations are implemented, rename the SVO and VOSTF to better reflect the responsibilities of the groups beyond securities valuation. **Empower SVO** to utilize the tools and analysis available to raise key issues to other applicable working groups, such as SAPWG or LATF (or RBC-IRE, but also noting key support for that group via an investment-focused actuarial team). **Reduce the size** of VOSTF membership or its successor to encourage active regulator engagement on core issues.

Impacts of Proposed Framework on Current Initiatives:

VOSTF:

- (1) CRP Due Diligence: Re-prioritize this initiative (currently in place with limited resources) and retain an external consultant to build out the framework. Allow for engagement with CRPs in its creation.
- (2) Regulatory Discretion over CRP designations: Continue deliberative process on this existing proposal to incorporate interested parties' constructive feedback on framework.
- (3) CLO/RMBS/CMBS Modeling: Review output in conjunction with the Academy of Actuaries and RBC-IRE to determine if (1) NAIC designations, (2) dynamic ad hoc modeling/stress capabilities or (3) a combination of both, are the most valuable use of SSG resources, noting the request above to provide additional resources to this group.

LATF:

- (1) SVO Staff enhanced as suggested above could be an additional resource in AG 53 type reviews, and may be able to provide validating analysis via its analytical tools.
- (2) Investment actuarial staff can provide key recommendations to enhancements to asset adequacy testing based on investment characteristics identified.

SAPWG:

- (1) No direct impact to implementation of the bond project outside of establishment of a working group that can assess specific assets for reporting purposes.

RBC-IRE:

- (1) Increased investment actuarial and risk management could provide key support to establishment of structured asset RBC factors given the cross-functional understanding of investments and RBC parameters.

B. Risk-Based Capital for Investments

The project to review RBC factors for investments remains in its infancy, but has made considerable strides with the formation for the RBC-IRE Working Group in 2022 and the engagement of the American Academy of Actuaries to begin developing factors for CLOs. As this project moves forward, the following guidelines should be considered:

- (1) Changes in RBC factors ***should consider market impacts and consistency across asset classes*** in determining when and how to implement such changes. While perfection under a principle of “Equal Capital for Equal Risk” is likely unachievable, it should nevertheless be a goal to create consistent standards to the highest degree practicable. For example, the current work at RBC-IRE is appropriately beginning with studying CLOs for developing RBC factors for structured securities. It is possible that new factors for CLOs would be available before a determination has been made for how to extrapolate a framework to other types of structured securities. As the phases of this project progress, care should be taken to consider the impacts of changing factors for an asset class while similar asset classes may remain unchanged. Factors to consider may include impacts to asset allocation and financial markets, in balance with the level of urgency of regulatory action.
- (2) The RBC-IRE Working Group should consider and address areas where inconsistencies in treatment across asset classes ***incentivize a particular legal form***. A key example of this is private credit funds, where the underlying assets are fixed income, but regulatory barriers frequently prevent them from receiving a fixed income capital charge, instead assigning an equity factor. This requires insurers to structure such investments into bond-form through securitization in order to receive a fixed income charge, which may ***“overcorrect”*** and lead to ***capital arbitrage***. Developing an avenue for such assets to receive a capital charge commensurate with the underlying asset risk would significantly reduce the need to form structured securities out of many types of private fixed income assets.

MEMORANDUM

TO: Tom Botsko, Chair of the Capital Adequacy (E) Task Force

FROM: Dale Bruggeman, Chair of the Statutory Accounting Principles (E) Working Group
Kevin Clark, Vice-Chair of the Statutory Accounting Principles (E) Working Group

DATE: March 27, 2023

RE: SAPWG Referral for Negative Interest Maintenance Reserve (IMR)

During the 2023 Spring National Meeting, the Statutory Accounting Principles (E) Working Group held a detailed discussion on the potential to permit admittance of negative interest maintenance reserve (IMR). The Working Group discussed the potential for both a 2023 solution and long-term solution. With this discussion, the Working Group requested a referral to the Capital Adequacy (E) Task Force to consider the following:

1. The elimination of any admitted net negative IMR from Total Adjusted Capital (TAC).
2. Sensitivity testing with and without negative IMR.

With this referral, and the consideration of removing net negative IMR from TAC, the Working Group notes that RBC is a regulator tool, which is intended to identify poorly capitalized insurers given their overall business operations in consideration of their sizes and risk profiles. The RBC tool is not a strength indicator for other uses. The Working Group requests the Task Force to consider both of these options, or any others deemed appropriate by the Task Force, in light of this purpose.

The Working Group appreciates your time and consideration of this referral. If you have any questions, please contact Dale Bruggeman, or Kevin Clark, SAPWG Chair and Vice Chair, with any questions.

Cc: Julie Gann, Robin Marcotte, Jake Stultz, Jason Farr, Wil Oden, Eva Yeung

https://naiconline.sharepoint.com/teams/FRSStatutoryAccounting/Stat Acctg_Statutory_Referrals/2023/SAPWG to CATF - 3-27-23.docx