Draft Pending Adoption

Draft: 7/29/26

International Insurance Relations (G) Committee
Virtual Meeting
July 23, 2026

The International Insurance Relations (G) Committee met July 23, 2026. The following Committee members participated: Eric Dunning, Chair (NE); Timothy J. Temple, Vice Chair (LA); Ricardo Lara (CA); Joshua Hershman represented by Alexander Borkowski (CT); Ann Gillespie represented by Susan Berry (IL); Anita G. Fox represented by Steve Mayhew (MI); Judith L. French (OH); Elizabeth Kelleher Dwyer represented by Patrick Smock (RI); Jon Pike (UT); and Nathan Houdek (WI).

1. Heard an Update on ASSAL Activities

Director Dunning provided an update on the NAIC's engagement with the Association of Insurance Supervisors of Latin America (ASSAL) since becoming an associate member this spring. He noted discussions have taken place on priorities and potential areas of work between the two organizations.

Commissioner Lara reviewed a virtual workshop on natural catastrophe risk exposure, reporting, and resiliency for ASSAL members on July 14. He said that ahead of the workshop, the NAIC circulated a survey to other ASSAL members to gather information on how they collect data on insurer natural catastrophe risk, resiliency efforts, and key topics of interest to explore in the future. Commissioner Lara noted additional efforts as part of the NAIC's membership with ASSAL, including funding scholarships for participation in the NAIC's International Fellows Program, training for actuaries on climate and catastrophe risk, parametric and nature-based insurance solutions, and strategies to better engage with U.S. Latino communities.

2. Adopted a Motion to Approve NAIC Comments on the IAIS Public Consultation of the Draft Issues Paper on Customers Receiving Value from Insurance Products

The International Association of Insurance Supervisors (IAIS) is conducting a public consultation on a draft issues paper on customers receiving value from insurance products.

Director Dunning explained that the purpose of the draft issues paper is to enhance understanding of the importance of insurance products delivering meaningful value to customers and of ways to achieve this. It describes the challenges consumers face in evaluating the value of insurance products when they purchase insurance.

The NAIC's draft comments are based on an internal review by NAIC committee support and members of the Market Regulation and Consumer Affairs (D) Committee. The draft comments were circulated in advance of the meeting, and no additional input was received for consideration.

Director Dunning asked Nikhail Nigam (NAIC) to give an overview of the NAIC's comments on the consultation. Nigam highlighted an addition to a section on supervisory approaches to value that addresses measuring an insured's policy surrender activity.

Draft Pending Adoption

Next, Nigam explained comments suggesting rewording and reorganizing certain language for a better illustration of U.S. examples already in the paper, as well as the addition of an example about the NAIC *Property and Casualty Model Rating Law* (#1780).

David Snyder (American Property Casualty Insurance Association—APCIA) commented that the paper does not address the role of competition in creating value, and it should be clearer that no single metric can reflect value. He also said the paper does not adequately recognize that policy language is sometimes dictated by a jurisdiction's laws and regulation.

Madison Ward (American Council of Life Insurers—ACLI) commented that the ACLI supports NAIC efforts on the topic of value, as well as efforts to provide better understanding of life insurance products.

Director Fox made a motion, seconded by Commissioner Temple, to approve the submission of the NAIC's comments on the IAIS consultation. The motion passed unanimously.

Having no further business, the International Insurance Relations (G) Committee adjourned.

Draft Pending Adoption

Draft: 4/6/26

International Insurance Relations (G) Committee
San Diego, CA
March 24, 2026

The International Insurance Relations (G) Committee met in San Diego, CA March 24, 2026. The following Committee members participated: Eric Dunning, Chair (NE); Timothy J. Temple, Vice Chair (LA); Ricardo Lara (CA); Joshua Hershman (CT); John F. King (GA); Scott Saiki (HI); Dean L. Cameron (ID); Ann Gillespie (IL); Anita G. Fox (MI); Susan Ochs (NJ); Alice T. Kane (NM); Judith L. French (OH); Jon Pike (UT); and Nathan Houdek and Rebecca Easland (WI).

1. <u>Adopted its Feb. 19, 2026; Feb. 3, 2026; and 2025 Fall National Meeting Minutes</u>

Director Dunning reported that the Committee met Feb. 19 and Feb. 3. During these meetings, the Committee took the following action: 1) adopted motions to approve NAIC comments on the International Association of Insurance Supervisors (IAIS) public consultation on the draft revised application papers on recovery and resolution; 2) adopted a motion to approve NAIC comments on the IAIS public consultation on material related to the insurance capital standard (ICS) as part of the Common Framework for the Supervision of Internationally Active Insurance Groups (ComFrame); and 3) adopted a motion to approve NAIC comments on the Financial Stability Board's (FSB's) public consultation on its *Scope of Insurers Subject to the Recovery and Resolution Planning Requirements in the FSB Key Attributes* report.

Director Cameron made a motion, seconded by Director Fox, to adopt the Committee's Feb. 19, 2026 (Attachment One), Feb. 3, 2026 (Attachment Two), and Dec. 10, 2025 (*see NAIC Proceedings – Fall 2025, International Insurance Relations (G) Committee*) minutes. The motion passed unanimously.

2. <u>Adopted the Report of the Aggregation Method Implementation (G) Working Group</u>

Easland reported the Working Group met March 23 and took the following action: 1) adopted its 2025 Fall National Meeting minutes; 2) discussed its activities, including the timeline of its review of U.S. group solvency regulation; and 3) approved to release for exposure its draft review of U.S. group solvency regulation for a public comment period ending May 11.

Director Gillespie made a motion, seconded by Commissioner Lara, to adopt the report of the Aggregation Method Implementation (G) Working Group (Attachment Three). The motion passed unanimously.

3. <u>Held a Roundtable Discussion on the Priorities and Work Plans of the IAIS Committees</u>

Director Dunning explained that one of the Committee's primary charges is to monitor and assess activities at international organizations, including the IAIS. He introduced a roundtable discussion for Committee members who serve on IAIS committees to provide an overview of their committees' roles, planned work for 2026, and how that work connects to the NAIC's domestic priorities and activities:

- Commissioner Lara reviewed the IAIS Implementation Assessment Committee (IAC), highlighting its restructuring at the end of 2025 resulting in more focus on assessment activities. He further elaborated

Draft Pending Adoption

on committee initiatives, including thematic peer reviews, targeted jurisdictional assessments for the holistic framework, and forthcoming implementation assessments of ComFrame.

- Commissioner Houdek reviewed the IAIS Monitoring and Risk Assessment Committee (MRC), explaining its role in: overseeing IAIS' activities on monitoring and assessing global insurance sector developments and risks; detecting the possible build-up of systemic risk; and analyzing issues related to financial stability, market trends, risk assessment and supervision. His remarks also included a review of the IAIS' annual Global Monitoring Exercise (GME) and publication of the Global Insurance Market Report (GIMAR).
- Director French reviewed the IAIS Standards and Supervisory Practices Committee (SSC), noting the group has taken on development of supporting material and supervisory capacity building activities, which were previously under the IAC. The SSC will focus on supporting IAIS members' efforts to implementing proportionate and globally recognized supervisory standards, including by sharing good supervisory practices, enhancing understanding of supervisory issues, and facilitating capacity building.
- Commissioner Arnold reviewed the IAIS Climate Risk Steering Group (CRSG), explaining its aim to promote globally consistent supervisory responses to climate risks and strengthen resilience in the face of increasing natural catastrophe-related losses and protection gaps.

During the roundtable discussion, other Committee members asked questions about the nature of the different committees' work and for additional details on certain projects.

4. <u>Heard an Update on International Cooperation Activities</u>

Commissioner Temple summarized NAIC participation in recent and upcoming international cooperation activities, including:

- Patrick Smock (RI) participated in the Asian Forum of Insurance Regulators (AFIR) 20th Annual Meeting and Conference and the eighth Asia-Pacific High-Level Meeting on Insurance Supervision, organized jointly by the AFIR, IAIS, and Bank of International Settlements' Financial Stability Institute (FSI) in Hyderabad, India. On the sidelines of the meeting, bilateral conversations were held with the Asian Development Bank (ADB), AFIR Secretariat, National Financial Regulatory Administration of China, Insurance Regulatory and Development Authority of India (IRDAI), and Office of Insurance Commission (OIC) Thailand.
- A virtual training session was held with representatives of OIC Thailand by NAIC staff in January on the U.S. risk-based capital (RBC) framework.
- Commissioner Lara will attend an Association of Insurance Supervisors of Latin America (ASSAL) event to present on NAIC priorities for 2026 and further discuss the NAIC joining as an associate member of ASSAL with its board.
- Next month, Director Wise and Director Dunning will present on NAIC priorities for 2026 at a meeting of the Canadian Council of Insurance Regulators (CCIR) in Montreal, Canada.

Commissioner Temple reported that the European Union (EU)-U.S. Insurance Dialogue Project will continue progress on two workstreams in 2026: 1) supervisory initiatives relative to natural catastrophe risk and natural catastrophe modeling; and 2) the growing impact of technological developments, such as artificial intelligence (AI), on the insurance sector.

Commissioner Temple noted that the Organisation for Economic Co-operation and Development's (OECD's) Working Party on Insurance and Pensions (WPIP) met earlier in March. Commissioner Lara participated in a panel as part of the launch of the new OECD *Financial Protection Against Catastrophic Risks: Floods, Fires and Other Major Risks* report.

Draft Pending Adoption

Finally, Commissioner Temple reported that the Sustainable Insurance Forum (SIF) has agreed on three priorities for work over the next two years related to transition planning, nature-related risk, and catastrophe-related resilience and data.

Dave Snyder (American Property Casualty Insurance Association—APCIA) commented on the work of the OECD, noting that the paper on digitalization ignores two major benefits relating to data. He said that the Global Federation of Insurance Associations (GFIA) remains available as a resource to the Committee and stressed a desire to see greater stakeholder participation at international organizations.

5. Discussed Other Matters

Director Dunning noted that the NAIC's International Insurance Forum will take place May 7–8 in Washington, DC, and registration is currently open, with the event nearing capacity.

Having no further business, the International Insurance Relations (G) Committee adjourned.

Draft Pending Adoption

Draft: 8/6/26

Aggregation Method Implementation (G) Working Group
Virtual Meeting
June 11, 2026

The Aggregation Method Implementation (G) Working Group of the International Insurance Relations (G) Committee met on June 11, 2026. The following Working Group members participated: Rebecca Easland, Chair (WI); John F. Rehagen, Vice Chair (MO); Jared Kosky (CT); Kevin Clark (IA); Susan Berry (IL); Christopher Joyce (MA); Anthony Quandt (NE); David Wolf (NJ); Bob Kasinow (NY); Diana L. Sherman (PA); Elizabeth Kelleher Dwyer and Patrick Smock (RI); and Scott A. White and Dan Bumpus (VA).

1. <u>Heard a Presentation on the Benefits of Scaling Jurisdictional Regimes for Supervisory Analysis Purposes</u>

Easland discussed the purpose of the Aggregation Method (AM) review, which is to leverage existing tools to the greatest extent possible. Where gaps are identified, the review recommends changes. She noted that a full list of these recommendations was discussed during the Working Group's June 2 meeting and is summarized in the meeting materials. She invited Ned Tyrrell (NAIC) to discuss an example of what one of the scaling recommendations under Section 3.2 would look like in practice. Madison Ward (American Council of Life Insurers—ACLI) asked clarifying questions on the role of excess capital and average jurisdictional ratios in the example. Tyrrell responded that these same figures are used in the excess relative ratio approach in the group capital calculation (GCC).

Wolf asked to confirm whether the proposed table would be confidential. Tyrrell confirmed that the proposed table is for use by supervisory colleges. He put forward language, based on the commit that made clear that the selections in the table are at the discretion of the group-wide supervisors and, similar to other analysis performed on the GCC, are not subject to public disclosure requirements.

Easland asked for questions on the proposed language. Ward said that the language about confidentiality is welcome.

2. <u>Finalized Recommendations for Implementation of the ICS via the AM</u>

Rehagen made a motion, seconded by Clark, to approve the recommendations (including the language on selections made on the proposed table) for submission to the International Insurance Relations (G) Committee. The motion passed unanimously.

Having no further business, the Aggregation Method Implementation (G) Working Group adjourned.

Draft Pending Adoption

Draft: 8/6/26

Aggregation Method Implementation (G) Working Group
Virtual Meeting
June 2, 2026

The Aggregation Method Implementation (G) Working Group of the International Insurance Relations (G) Committee met on June 2, 2026. The following Working Group members participated: Rebecca Easland, Chair (WI); John F. Rehagen, Vice Chair (MO); William Arfanis and Jared Kosky (CT); Kevin Clark (IA); Susan Berry (IL); Christopher Joyce (MA); Anthony Quandt (NE); David Wolf (NJ); Bob Kasinow (NY); Diana L. Sherman (PA); Elizabeth Kelleher Dwyer and Patrick Smock (RI); and Scott A. White and Dan Bumpus (VA).

1. <u>Received a Summary of the Draft Exposure Comments and Discussed Potential Resolutions</u>

Easland gave an overview of the comments received on the Working Group's draft exposure paper and potential resolutions. Ned Tyrrell (NAIC) went over the individual recommendations, which are in Sections 3, 4, 5, and 6 of the paper.

Tyrrell went over the two recommendations in Section 3. The first is to update the entity categories in the aggregation method (AM). Tyrrell said responses to the exposure document were supportive, and the proposal is to leave the recommendation unchanged. There were no further comments.

Tyrrell described responses to the second recommendation in Section 3.2. The draft recommendation was to add functionality to the group capital calculation (GCC) template to allow scaling to other regimes. He said that responses questioned whether this additional calculation is necessary and that it could cause confusion. He described an alternative where scaling to other levels would be provided as an automatic calculation at the entity-level but without calculating an alternative group-level ratio.

Mariana Gomez-Vock (American Council of Life Insurers—ACLI) raised concerns about converting the ratios and said they are not fully addressed by Option 2. Clark said that he does not have a strong preference but said it could be useful to have a calculation like in this template. Quandt asked to clarify that this is the same calculation as in the GCC but reversed to scale to the level of a non-U.S. regime. Tyrrell confirmed this understanding. Wolf said he is not certain of the value at the individual regulator level, but it could be useful in discussions among regulators at the international level. He also questioned whether it places a burden on insurance groups and asked about alternatives. Tyrrell said that no further data would be required from groups. Easland said more discussion is needed and asked for interested parties to provide further comment before the next call.

For Section 4, Tyrrell outlined recommendations to increase the AM's interest-rate sensitivity. Gomez-Vock said that the ACLI would be concerned if a new group-level stress test were added. Tyrrell confirmed that this describes stresses already being performed and not a new requirement.

For Section 5, Tyrrell described comments that were supportive of providing principles that reinforce GCC's role as a supervisory tool but questioned a potential gap about identifying the "ratios at which they apply." He said that language was deleted. There were no comments.

Draft Pending Adoption

For Section 6, Tyrrell stated the recommendation is to wait until the International Association of Insurance Supervisors (IAIS) has finalized its standard for reporting/disclosure of the insurance capital standard (ICS) before determining the appropriate approach for the AM. Gomez-Vock noted that while final standards have not yet been published, she would advise caution, as the AM is being implemented through the GCC, which is subject to strict confidentiality requirements. John Muska (American Property Casualty Insurance Association—APCIA) suggested that the Risk-Based Capital Model Governance (EX) Task Force's work could be useful in addressing this issue.

Easland requested any further comments and asked that they be provided by June 5 to allow for discussion during the Working Group's June 11 meeting.

Having no further business, the Aggregation Method Implementation (G) Working Group adjourned.

Draft Pending Adoption

Draft: 3/30/25

Aggregation Method Implementation (G) Working Group
San Diego, California
March 23, 2026

The Aggregation Method Implementation (G) Working Group of the International Insurance Relations (G) Committee met in San Diego, CA, March 23, 2026. The following Working Group members participated: Rebecca Easland, Chair (WI); John F. Rehagen, Vice Chair (MO); William Arfanis (CT); Kevin Clark (IA); Susan Berry (IL); Christopher Joyce (MA); Anthony Quandt (NE); David Wolf (NJ); Bob Kasinow (NY); Liz Ammerman (RI); and Dan Bumpus (VA).

1. Adopted its 2025 Fall National Meeting Minutes

Rehagen made a motion, seconded by Arfanis, to adopt the Working Group's Nov. 19, 2025, minutes (*see NAIC Proceedings – Fall 2025, International Insurance Relations (G) Committee, Attachment Three*). The motion passed unanimously.

2. Discussed its Upcoming Activities

Ned Tyrrell (NAIC) presented an update on the Working Group's upcoming deliverables. He discussed a potential timeline of the Working Group's review of U.S. group solvency regulation, including an exposure period and meetings to discuss comments received. The Working Group expects to consider adoption of the updated review and its recommendations in June and then refer it to the International Insurance Relations (G) Committee for approval. Once approved, the recommendations will be referred to the Financial Condition (E) Committee for implementation.

3. Exposed its Draft Review of U.S. Group Solvency Regulation for Public Comment

Easland introduced a draft review of U.S. group solvency regulation. Tyrrell described the paper's sections, noting that they address issues highlighted by the International Association of Insurance Supervisors (IAIS) comparability assessment. The review provides recommendations for implementing the insurance capital standard (ICS) in the U.S. using the aggregation method (AM). Kasinow asked about the paper's section on reporting and disclosure requirements, noting difficulties in obtaining additional data from the groups. Easland responded that no further data collection will be needed, as all the insurer data on the AM and ICS were collected for the comparability assessment, but the Working Group will need to discuss further when the IAIS finalizes the Common Framework for the Supervision of Internationally Active Insurance Groups (ComFrame) reporting and disclosure requirements.

Rehagen made a motion, seconded by Joyce, to expose the draft review for a comment period ending May 11 (Attachment A). The motion passed unanimously.

Having no further business, the Aggregation Method Implementation (G) Working Group adjourned.

SharePoint/NAIC Support Staff Hub/Member Meetings/G CMTE/National Meetings/AMIWG/2026 Spring NM/Final Minutes AMIWG_San Diego 20261209.docx

Recommendations on Review of the US Group Solvency System

Background: The following are recommendations from the Aggregation Method Implementation (G) Working Group's (AMIWG) document, *US Group Solvency Regulation Review: Implementation of the Insurance Capital Standard via the Aggregation Method,* which was developed in early 2026 and exposed for public comment this Spring. The *Review* was developed based on technical work undertaken by AMIWG in 2025. The recommendations reflect discussions and revisions informed by regulator and interested party feedback from a regulator-only call (May 21) and two open calls (June 2 and June 11). The recommendations are targeted to where identified gaps can best be addressed: the Final Aggregation Method (AM) document; the Group Capital Calculation (GCC); ORSA; and/or additional work by AMIWG.

The recommendations were approved by AMIWG on its June 11 call. Following discussion and approval by the G Committee, the recommendations will be referred to the appropriate group(s) under the E Committee for implementation, where relevant.

Section 3.1: Excess Relative Ratio Scalars in GCC and AM	
Gap Identified: GCC entity categories used in the Provisional AM have been updated more recently.	**Recommendation for Final AM:** The list of entity categories in the Final AM should reflect all updates made to the GCC.
Section 3.2: Consideration of Comparability Assessment	
Gap Identified: Without scaling, differences in reserve conservatism between US and other regimes lead to inconsistencies in aggregated capital.	**Recommendation for GCC:** The GCC template should include the full calculation (including base and local average capital levels) of the scaled results for each entity category. This would be an automatic calculation using the same inputs as the current GCC; no further data would need to be filed. GCC results would (as always) be scaled to US capital levels but other bases may be used for analysis purposes on an entity category basis by the group-wide supervisor. This tool would be available to help regulators translate between capital ratios in the US as compared to other

	jurisdictions and thereby facilitate the use of AM/GCC as a common language. Any selections made in this table are at the discretion of the group-wide supervisor and would be used within the Supervisory College framework. The selections and resulting ratios would not be disclosed outside of the Supervisory College, are not subject to public disclosure requirements, and will be confidential similar to other analysis that regulators perform on the GCC.
Section 4: Sensitivity to Changes in Interest Rates	
Gap identified: The move to PBR will increase sensitivity but data on how quickly this transition is happening is not readily available to state insurance regulators.	**Recommendation for GCC:** IAIGs should provide a summary of reserves by valuation manual in their GCC template. This would be a high-level summary of the reporting in Exhibit 5 in the Annual Statements of US legal entities owned by the IAIG. The summary reserves are aggregated into PBR, Legacy and Other categories.
Section 4.2 Impact of Scalars on Interest Rate Sensitivity	
Gap Identified: Even when scaled, levels of reserve conservatism can vary with interest rate levels and by type of business.	**Recommendation for Final AM and GCC:** There should be a formal process for updating scalars for all material jurisdictions. Scalars should be updated separately for entity categories that cover, at a minimum, life versus property/casualty (non-life).
Section 4.3.1 (i) Other Tools & ORSA	
Gap Identified: The ORSA manual section on “Additional Expectations for Internationally Active Insurance Groups” does not mention the GCC. The current manual says that the ORSA should show both the economic capital and the “regulatory capital at the head of the IAIG level”. The “economic capital” is the risk capital that is assessed in the main 3 sections of the ORSA. RBC is the regulatory capital at the legal entity level. The GCC is an aggregation of entity-	**Recommendation for ORSA:** Clarify treatment of GCC in the “Additional Expectations for Internationally Active Insurance Groups” at the end of the ORSA guidance manual to say that GCC is an appropriate choice for reporting the “regulatory capital at the head of the IAIG level”.

based requirements that produces regulatory capital at the head of the IAIG level.	
Section 4.3.1 (ii) and Section 4.3.2 Other Tools & Scenario Testing	
Gap Identified: [In addition to gaps in 4.3.1 (i)] Impact of changes in interest rates on US life IAIG results can be opaque to regulators.	**Recommendation for additional guidance:** AMIWG could produce material with examples of how scenario testing (particularly of interest rates by life IAIGs) may be done on GCC results. This would not itself be a requirement. Rather it would explain how the existing principle-based requirements (such as Section 3B of the ORSA) may work in practice and illustrate how such analysis may be performed, including examples of approaches already used by groups. [Proposed addition] **Recommendation for GCC:** Template should include a 'sensitivity test' for life IAIGs to provide a description of an interest rate scenario that was calculated for their ORSA and the corresponding impact on their GCC ratio. [Proposed addition]
Section 5: Supervisory Intervention on Group Capital Grounds	
Gap Identified: The NAIC Financial Analysis Handbook procedures call for regulators to "consider the need for company discussions for reduction in risk" when there are "meaningful decreases in GCC ratio". More clarity is needed on potential content of these discussions.	**Recommendation for GCC:** Update "Procedure Step 5" of the GCC Lead State Procedures with examples and principles that describe how GCC ratios could inform discussions of group capital adequacy of IAIGs.
Section 6: Reporting and Disclosure	
Possible Gap: ComFrame reporting and disclosure requirements will be finalized in Q4 of 2026 following consideration and potential revisions based on public consultation comments. Implementation would need to consider what is possible in an aggregation-based construct (compared to the consolidated	**Recommendation [for AMIWG]:** After the finalization of the relevant ComFrame requirements, AMIWG should develop options for how ComFrame public reporting requirements could be implemented. Consideration should be given to factors such as the outcome to be achieved, reliance on existing legal entity level

balance sheet construct of the ICS) as well as appropriate for the US regulatory approach.	reporting and information needed to aggregate legal entity results across the IAIG.

August 6, 2026
Director Eric Dunning
Chair, International (G) Committee
National Association of Insurance Commissioners

Re: Aggregation Method Implementation Working Group's Recommendations on Review of the Group Solvency System

Dear Director Dunning:

The American Council of Life Insurers (ACLI) appreciates the opportunity to submit comments beyond the comment period on recommendations from the AMIWG document, *US Group Solvency Regulation Review: Implementation of the Insurance Capital Standard via the Aggregation Method.* First and foremost, ACLI strongly supports implementation of the final Aggregation Method (AM) and remains committed to working constructively with regulators and NAIC staff to meet implementation timelines.

ACLI is appreciative of AMIWG's efforts to solidify confidentiality of the GCC Template in the revisions to Section 3.2.

As we understand it, AMIWG is recommending several changes to the U.S. group solvency framework, including updates to the Group Capital Calculation (GCC) template that would allow regulators to convert the AM, or portions of the AM, to a ***non-U.S. basis*** through the use of "reverse scalars," (Section 3.2), as well as updates to the Group Capital Calculation (GCC) template and ORSA Guidance Manual (Section 4, 4.3.1, 4.3.2, et.al) to address interest-rate sensitivity concerns raised during the AM Comparability Assessment.

ACLI supports referring the AMIWG proposals to technical working groups and requests that the working groups be tasked with recommending how and whether to implement the AMIWG proposals.

ACLI understands that the AMIWG proposals are still in the conceptual stage and it would be up to the technical working groups to develop the proposals further. ACLI supports referring the AMIWG recommendations to the relevant technical working groups and we respectfully request that the referral includes written directions that the Working Groups will evaluate the proposals, develop any tools or technical processes that are needed to implement AMIWG's proposals, and provide implementation recommendations to AMIWG and G Committee.

The recommendations from the working groups would include whether or not to implement the proposals or to suggest modifications, if needed. The recommendations from the technical working groups would help inform discussions at the G Committee, who would vote after receiving the recommendations from the technical working group.

This approach allows the important technical work to proceed while ensuring that all stakeholders have a meaningful opportunity to discuss and better understand the substance of the proposals and the application of formulas before final adoption and implementation decisions are made.

Reverse scalars

ACLI strongly supports the GCC and AM's current use of scalars, which are designed to translate non-U.S. capital ratios into a basis similar to NAIC RBC, by adjusting for different margins of prudence in accounting and reserve valuation. However, ACLI is concerned that using "reverse scalars" to convert the AM to a ***non-US basis*** is potentially inconsistent with ACLI's understanding that the U.S. would not fundamentally change how it assesses or regulates group capital adequacy. We are also concerned that converting the AM to a non-US basis subjects the U.S. to an additional layer of scrutiny that no other jurisdiction is subject to, and that it potentially prolongs the comparability debate that was completed in November 2024.

Regardless of ACLI's views, we recognize that some group supervisors may find the data of interest. For that reason, ACLI supports sending the referrals to the technical working groups, which should create the time and space to fully develop and validate the methodology and consider any implications related to its adoption.

Conclusion

Thank you for your leadership and for your consideration of ACLI's views at this late date. ACLI remains committed to the timely implementation of the Final AM and we look forward to continuing to engage constructively with you, NAIC committees and working groups, and NAIC staff as this important work moves forward. Please let us know if there is anything we can do to support this work as it proceeds.

Respectfully submitted,

Mariana Gomez-Vock
Senior Vice President, Prudential Policy & International

Madison Ward
Senior Counsel