



Draft date: 12/9/25

*2025 Fall National Meeting
Hollywood, Florida*

LIFE INSURANCE AND ANNUITIES (A) COMMITTEE

Tuesday, December 9, 2025

3:30 – 4:30 p.m.

Diplomat Convention Center—Great Hall 3–6—Level 3

ROLL CALL

Judith L. French, Chair	Ohio	Justin Zimmerman	New Jersey
Doug Ommen, Co-Vice Chair	Iowa	Kaitlin Asrow	New York
Carter Lawrence, Co-Vice Chair	Tennessee	Glen Mulready	Oklahoma
Mark Fowler	Alabama	Elizabeth Kelleher Dwyer	Rhode Island
Anita G. Fox	Michigan	Cassie Brown	Texas
Remedio C. Mafnas	N. Mariana Islands	Scott A. White	Virginia
Eric Dunning	Nebraska	Nathan Houdek	Wisconsin
Ned Gaines	Nevada		

NAIC Committee Support: Jennifer R. Cook/Jolie H. Matthews

AGENDA

1. Consider Adoption of its Nov. 21 Meeting Minutes—*Director Judith L. French (OH)*
2. Consider Adoption of the Report of the Annuity Suitability (A) Working Group
—*Commissioner Doug Ommen (IA)*
3. Consider Adoption of the Report of the Life Actuarial Task Force
—*Rachel Hemphil (TX)*
4. Hear a Presentation on the Generator of Economic Scenarios (GOES)—*Scott O’Neal (NAIC)*
5. Hear an Update from the Society of Actuaries (SOA) and Center for Insurance Policy and Research (CIPR) on Use of Criminal History in Life Insurance Underwriting Project
—*Kelly Edmiston (CIPR)*
6. Discuss Any Other Matters Brought Before the Committee
—*Director Judith L. French*
7. Adjournment

AGENDA ITEM #1

**Consider Adoption of its Nov. 21 Meeting Minutes
—Director Judith L. French (OH)**

Draft: 12/2/25

Life Insurance and Annuities (A) Committee
Virtual Meeting
November 21, 2025

The Life Insurance and Annuities (A) Committee met Nov. 21, 2025. The following Committee members participated: Judith L. French, Chair (OH); Doug Ommen, Co-Vice Chair (IA); Carter Lawrence, Co-Vice Chair (TN); Mark Fowler (AL); Anita G. Fox (MI); Eric Dunning (NE); Justin Zimmerman (NJ); Kaitlin Asrow represented by William B. Carmello (NY); Glen Mulready represented by Andy Schallhorn (OK); Elizabeth Kelleher Dwyer represented by Matthew Gendron (RI); Cassie Brown represented by Rachel Hemphill (TX); Scott A. White (VA); and Nathan Houdek (WI).

1. Adopted its Summer National Meeting Minutes

Commissioner White made a motion, seconded by Commissioner Lawrence, to adopt the Committee's Aug. 12 minutes (*see NAIC Proceedings – Summer 2025, Life Insurance and Annuities (A) Committee*). The motion passed, with Carmello abstaining.

2. Adopted its 2025 Proposed Charges

Director French summarized the changes to the Committee's 2025 charges. The Committee proposes for 2026 the creation of two working groups and charges. There will be a new Annuity Buyer's Guide (A) Working Group charged to: "Review and revise the NAIC Buyer's Guides for Deferred Annuities in light of changes in the marketplace." Director French explained that the buyer's guides were last revised in 2013. A lot has changed in the marketplace since then, which is not reflected in the current buyer's guides.

Director French said that the proposed 2026 charges create a new Life Insurance and Annuities Illustrations (A) Working Group charged to: "Evaluate concepts for improving life insurance and annuity illustrations and disclosures, and consider revisions to relevant NAIC models or develop other guidance where feasible and appropriate." Director French explained that there has been a Life and Annuity Illustration (A) Subgroup under the Life Actuarial (A) Task Force focusing on actuarial issues with illustrations. The Task Force recently adopted revisions to *Actuarial Guideline XLIX-A—The Application of the Life Illustrations Model Regulation to Policies With Index-Based Interest Sold on or After December 14, 2020* (AG 49-A) to limit the disclosure of hypothetical index returns in years prior to an index's existence. Those revisions are on the Committee's agenda for adoption today. Director French said it makes sense to transition additional work on life insurance and annuity illustrations to a working group under the Committee. This new Life Insurance and Annuities Illustrations (A) Working Group will be able to focus on addressing concerns with illustrations that extend beyond the actuarial. The Working Group will continue to have actuarial participation. Ben Slutsker (MN) served as co-chair of the Life and Annuity Illustration (A) Subgroup under the Life Actuarial (A) Task Force and has agreed to lend his expertise as chair of this new Working Group. The Working Group contemplates membership, including membership from both the Life Actuarial (A) Task Force and the Life Insurance and Annuities (A) Committee.

Birny Birnbaum (Center for Economic Justice—CEJ) asked whether there was a reason for the creation of the new Working Group after having asked the Committee to take on such a charge several times over the years without success. Director French explained that the Life Actuarial (A) Task Force has had a charge and has been working on illustration issues. Now that the Subgroup under the Task Force has achieved its more actuarially focused work with the adoption of revisions to AG 49-A, it seems appropriate to bring these issues to the Committee to continue examining illustration issues more broadly.

Commissioner Houdek made a motion, seconded by Commissioner Ommen, to adopt the Committee's 2026 proposed charges (*see NAIC Proceedings – Fall 2025, Executive (EX) Committee, Attachment __*). The motion passed, with Carmello abstaining.

3. Adopted the 2026 Proposed Charges of the Life Actuarial (A) Task Force

Hemphill said the Life Actuarial (A) Task Force's 2026 proposed charges were adopted on Oct. 23 and reflect two substantive updates from its 2025 charges: 1) the Life and Annuity Illustration (A) Subgroup and its charge have been removed. This change coordinates with the new charge under the Committee creating a new Life Insurance and Annuities Illustrations (A) Working Group; and 2) the charges for the Valuation Manual (VM)-22 (A) Subgroup have been updated to transition from the development of VM-22 to ongoing maintenance of the principle-based reserving framework for non-variable annuities.

Hemphill made a motion, seconded by Commissioner Lawrence, to adopt the Life Actuarial (A) Task Force's 2026 proposed charges (*see NAIC Proceedings – Fall 2025, Executive (EX) Committee, Attachment ____*). The motion passed, with Carmello abstaining.

4. Adopted the 2026 GRET

Hemphill explained that the Society of Actuaries (SOA) provided the Life Actuarial (A) Task Force with the annual update to the Generally Recognized Expense Table (GRET). She said no concerns were raised with the SOA updates, and the Task Force unanimously adopted the updated 2026 GRET on Oct. 2.

Hemphill made a motion, seconded by Director Dunning, to adopt the 2026 GRET (*see NAIC Proceedings – Fall 2025, Executive (EX) Committee and Plenary, Attachment __*). The motion passed, with Carmello abstaining.

5. Adopted Revisions to AG 49-A

The Life Actuarial (A) Task Force adopted targeted revisions to the additional disclosures section of 49-A. These targeted revisions addressed an issue identified by an informal group of state insurance regulators, where multiple historical averages were being shown in tables side-by-side with the maximum illustrated rate. These "historical averages" were sometimes based on back-casted or simulated historical performance despite indices having only been recently created. The updates require the disclosure of 25 years of actual historical data.

Hemphill said there were multiple exposures of the draft revisions, each time reflecting clarifying comments from interested parties that were generally considered to be "friendly amendments." The Task Force adopted the edits to AG 49-A on Nov. 13.

Commissioner Ommen made a motion, seconded by Director Fox, to adopt the revisions to AG 49-A (*see NAIC Proceedings – Fall 2025, Executive (EX) Committee and Plenary, Attachment __*). The motion passed, with Carmello abstaining.

Having no further business, the Life Insurance and Annuities (A) Committee adjourned.

SharePoint/NAIC Support Staff Hub/Member Meetings/A Cmte/2025 Fall National Meeting/11-21-22 ACmte min

AGENDA ITEM #2

Consider Adoption of the Report of the Annuity
Suitability (A) Working Group—Commissioner
Doug Ommen (IA)

Virtual Meetings

ANNUITY SUITABILITY (A) WORKING GROUP

November 5, 2025 / October 7, 2025

Summary Report

The Annuity Suitability (A) Working Group met Nov. 5 and Oct. 7, 2025. During these meetings, the Working Group:

1. Discussed comments received on the *Annuity Best Interest Regulatory Guidance and Considerations* document, which provides guidance for implementing the safe harbor/comparable standards provision in the revised *Suitability in Annuity Transactions Model Regulation* (#275).
2. Adopted the guidance document.

Draft: 11/6/25

Annuity Suitability (A) Working Group
Virtual Meeting
October 7, 2025

The Annuity Suitability (A) Working Group of the Life Insurance and Annuities (A) Committee met Oct. 7, 2025. The following Working Group members participated: Doug Ommen, Chair, and Johanna Nagel (IA); Lauren Van Buren, Vice Chair (WI); Jessica R. Luff (DE); Craig Van Aalst (KS); Danielle Torres (MI); Maggie Reinert (NE); Keith E. Nyhan (NH); and Matthew Gendron (RI).

1. Discussed the Safe Harbor Guidance Document

Commissioner Ommen said the purpose of this meeting was for the Working Group to discuss the comments received by the Sept. 22 public comment deadline on the draft Annuity Best Interest Regulatory Guidance and Considerations (Attachment ?-A), the safe harbor/comparable standards provision in the revised *Suitability in Annuity Transactions Model Regulation* (#275), which added a best interest standard of conduct for insurers and producers. He said the Working Group received a joint comment letter from the Insured Retirement Institute (IRI), the American Council of Life Insurers (ACLI), the National Association of Insurance and Financial Advisers (NAIFA), the Committee of Annuity Insurers (CAI), the Financial Services Institute (FSI), the Indexed Annuity Leadership Council (IALC), the National Association for Fixed Annuities (NAFA), Finseca, and the Federation of Americans for Consumer Choice (FACC). Collectively, these organizations are referred to as the Joint Trades.

Sara Wood (IRI) acknowledged the Working Group's hard work in developing the revised draft guidance document. She explained that the Joint Trades' comment letter reflects their general support for the revised draft guidance document, which they believe will be helpful for the companies utilizing the safe harbor provision and the supervision requirements related to it. Wood said that included in the Joint Trades' comment is letter a redline of the guidance document with suggested revisions they believe would clarify insurer obligations in alignment with Model #275's provisions and improve the guidance document's readability.

Kim O'Brien (FACC) said that, as stated in its comment letter, the FACC believes the draft guidance document has been improved to mitigate any suggestion that insurers must confirm that comparable standards used by distribution firms are equivalent to standards in Model #275 for business not covered by the safe harbor. She said that, as the FACC previously stated, nothing in Model #275 calls for such duplicative review. She said the FACC applauds the Working Group's efforts to provide guidance and clarity with respect to the safe harbor provisions and, at the same time, recognizes industry's responsibility to comply faithfully with applicable comparable standards.

Commissioner Ommen said he would like to use the remainder of the meeting to discuss potential revisions to the draft guidance document based on the comments received. The Working Group walked through a chair draft document that reflects the small drafting group's review and incorporation of some of the suggested revisions provided in the comments received (Attachment ?-B).

In the reporting provision under the "Requirements of the Safe Harbor" section, the Working Group discussed and accepted an additional suggested revision to add "for the supervising entity" for clarity. Under the "Insurers' 6(C)(1) Obligation" section, Nyhan suggested adding "recommended by a producer relying on" to the last section for clarity. The Working Group agreed to include his suggested language. The Working Group next discussed whether it should say "should" or "shall" in the certifications provision under the "Monitoring Relevant Conduct" section. After discussion, it was determined that the original language did not include "should" or "shall," but the

drafting group decided to add the word “should” with respect to an insurer’s obligation to obtain certifications of compliance from entities for purposes of the insurer’s Section 6(C)(1) supervisory obligations. After additional discussion, the Working Group decided to retain the word “should” to reflect that the purpose of the document is to provide guidance; it is not a regulation or a statute. At the conclusion of its review, there was no objection to using the chair draft document as a basis for the next draft of the guidance document.

The Working Group next discussed the comments offered by the Joint Trades in their comment letter, which the small drafting group did not accept. After discussion, the Working Group decided not to make any additional revisions to the chair draft document based on the Joint Trades’ comments, which the small drafting group decided not to include.

Commissioner Ommen said that following this meeting, the Working Group plans to distribute a revised draft guidance document for a public comment period.

2. Heard a Summary of the Insurance Summit Annuity Best Interest Training Sessions

Nagel provided a summary of the annuity best interest training sessions that occurred during the Insurance Summit. She said the Iowa Insurance Division led the effort of several state insurance regulators to develop and provide training on the best interest standard in Model #275.

Nagel said the training had two main parts. The first part consisted of three one-hour morning classroom sessions focusing on increasing participant understanding of annuities generally and the best interest standard. She said these sessions were open to both in-person and virtual attendees. Nagel said the second part of the training consisted of a practical, hands-on component to help state insurance department (DOI) attorneys and investigators advance their deposition and interview skills. She said the afternoon training session was limited to in-person attendees, and participation was capped at 36 attendees. She said participants were provided with an annuity case file to review prior to the training.

Nagel then described how the training was conducted. She said participants were given the opportunity to apply what they had learned in a one-hour presentation provided before the hands-on training began by taking mock depositions of both an insurance producer and a consumer witness. She said the witness roles were played by six investigators from the Iowa Insurance Division. Nagel said participants received immediate, constructive feedback from state DOI faculty, which was composed of state DOI regulators experienced in litigation. She said the Iowa Insurance Division was able to assemble 12 faculty members from California, Iowa, Minnesota, Missouri, New Mexico, North Carolina, Rhode Island, and Wisconsin. She thanked everyone who helped to make the training possible.

Having no further business, the Annuity Suitability (A) Working Group adjourned.

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Draft: 11/10/25

Annuity Suitability (A) Working Group
Virtual Meeting
November 5, 2025

The Annuity Suitability (A) Working Group of the Life Insurance and Annuities (A) Committee met Nov. 5, 2025. The following Working Group members participated: Doug Ommen, Chair (IA); Lauren Van Buren, Vice Chair (WI); Yada Horace (AL); Jodi Lerner (CA); Ann Lockett-Stephens (DE); Craig Van Aalst (KS); Danielle Torres (MI); and Matthew Gendron (RI).

1. Adopted the Safe Harbor Guidance Document

Commissioner Ommen said the purpose of this meeting was for the Working Group to consider adoption of the draft *Annuity Best Interest Regulatory Guidance and Considerations* document, which provides guidance on the safe harbor/comparable standards provision in the revised *Suitability in Annuity Transactions Model Regulation* (#275). The revised Model #275 added a best interest standard of conduct for insurers and producers. He said the Working Group received comments from the Joint Trades—in a joint comment submission from the Insured Retirement Institute (IRI), the American Council of Life Insurers (ACLI), Finseca, the National Association of Insurance and Financial Advisers (NAIFA), the Committee of Annuity Insurers (CAI), the Financial Services Institute (FSI), the Indexed Annuity Leadership Council (IALC), and the National Association for Fixed Annuities (NAFA). Commissioner Ommen said the Joint Trades' comment letter expressed support for this version of the draft guidance document.

Commissioner Ommen asked if there were any additional comments on the draft. There were no additional comments.

Van Buren made a motion, seconded by Van Aalst, to adopt the *Annuity Best Interest Regulatory Guidance and Considerations* document (Attachment ?-A). The motion passed unanimously.

Having no further business, the Annuity Suitability (A) Working Group adjourned.

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ANNUITY BEST INTEREST REGULATORY GUIDANCE AND CONSIDERATIONS

SUMMARY

In Spring 2020, the National Association of Insurance Commissioners adopted the *Suitability in Annuity Transactions Model Regulation*, Model 275-1 (“the Model Regulation”). The Model Regulation requires producers to act in the best interest of the consumer when recommending annuities and obligates insurers to establish supervisory systems that ensure recommendations address the consumer’s insurance needs and financial objectives at the time of the transaction.

To account for existing standards applicable to producers also acting as registered representatives, investment adviser representatives, or plan fiduciaries, the Model Regulation includes a safe harbor provision.¹ This provision allows insurance producers to satisfy the Model Regulation’s requirements if they comply with business rules, controls, procedures, and supervisory systems that satisfy a comparable standard, even if the comparable standard does not directly apply to the annuity product or recommendation.

Central to the purpose of the Model Regulation are the insurers’ supervisory duties. The Model Regulation is principles-based, allowing insurers flexibility to design compliance procedures suited to their business. This guidance clarifies supervisory obligations for insurers that issue annuities sold under the safe harbor.

REQUIREMENTS OF THE SAFE HARBOR

To rely on the safe harbor provision, the financial professional must be subject to or apply a comparable standard (as defined in the Model Regulation), and insurers must also meet the following requirements:

1. **Monitoring:** Insurers must monitor the relevant conduct of the financial professionals’ (or entity responsible for supervising the financial professional) using information gathered in the normal course of an insurer’s business.²
2. **Reporting:** Insurers must provide supervising entities (e.g., broker-dealers) with sufficient data for the supervising entity to maintain effective oversight systems.

As discussed further in Monitoring Relevant Conduct – Onboarding below, insurers should also reasonably verify that the safe harbor conditions are satisfied, which can be done when an insurer onboards a supervising entity.

¹ Section 6(E)(1). The prohibited practices in Section 6(D) still apply in safe harbor transactions.

² A financial professional is a producer that is regulated and acting as

- (a) A broker-dealer registered under federal [or state] securities laws or a registered representative of a broker-dealer;
- (b) An investment adviser registered under federal [or state] securities laws or an investment adviser representative associated with the federal [or state] registered investment adviser; or
- (c) A plan fiduciary under Section 3(21) of the Employee Retirement Income Security Act of 1974 (ERISA) or fiduciary under Section 4975(e)(3) of the Internal Revenue Code (IRC) or any amendments or successor statutes thereto. *See* Section 6(E)(3).

DISCUSSION

The safe harbor applies when insurance producers recommending annuities operate under comparable standards, such as those required by the SEC's Regulation Best Interest (Reg BI) and applicable FINRA rules (2330, 3110, 3120, and 3130).³

The safe harbor may be applied if the annuity is a federally registered security and the recommendation is subject to Reg BI and FINRA rules.⁴ However, under appropriate circumstances, the safe harbor may also be applied to fixed annuities (unregistered fixed and fixed indexed annuities). While Reg BI does not directly apply to fixed annuities, the safe harbor ensures insurance producers supervised under securities regulations can use those supervisory control systems if the broker-dealer applies its Reg BI business rules, controls, and procedures to fixed annuities.

INSURERS' 6(C)(1) OBLIGATION

Even under the safe harbor, insurers must comply with Section 6(C)(1) and have a reasonable basis to believe an annuity meets a consumer's financial and insurance needs. This is required whether that annuity is a federally registered security or a fixed annuity. An insurer may contract for performance of this supervisory function pursuant to Section 6(C)(3)(a) so long as it monitors the conduct of the supervising entity, including by conducting audits, as appropriate. An insurer that issues an annuity recommended by a producer relying on the safe harbor and that contractually assigns the 6(C)(1) obligation has to

- 1) "[m]onitor the relevant conduct of . . . the entity responsible for supervising the financial professional," pursuant to Section 6(E)(3) and
- 2) monitor "and, as appropriate, conduct[...] audits to assure the contracted function is properly performed" pursuant to Section 6(C)(3)(b).

The insurer's monitoring program must be constructed with these two similar but distinct monitoring obligations in mind.

SAFE HARBOR USE CASES

The safe harbor may be used in the following situations:

- A licensed insurance producer is also registered as a registered representative and is subject to the supervisory control system of a registered securities broker-dealer.
- A licensed insurance producer who is also an investment adviser representative is subject to a comparable standard.
- A licensed insurance producer, subject to a comparable standard, may make recommendations of annuities not registered with the SEC, such as fixed annuities or fixed indexed annuities.

³ <https://www.finra.org/finramanual/rules/r3110>; <https://www.finra.org/finramanual/rules/r3120>; <https://www.finra.org/finramanual/rules/r3130>; <https://www.finra.org/rules-guidance/rulebooks/finra-rules/2330>

⁴ While most of the examples and information included address a broker-dealer distribution model, a similar analytical framework, with the appropriate flexibility, would apply to an insurance carrier's obligations when entering into a distribution model with investment advisers and plan fiduciaries.

An insurer's obligation to ascertain the adequacy of the supervising entity's procedures, discussed further below, does not require the insurer to dictate specific policies to the supervising entity.

MONITORING RELEVANT CONDUCT

To meet safe harbor requirements, insurers must monitor the insurance producer or their supervising entity. An effective monitoring program involves the insurer taking active steps to assure itself that the supervising entity is complying with its obligations. Simply awaiting complaints or regulatory actions after regulatory exams are passive approaches that are inadequate in and of themselves.⁵ Effective monitoring can include the following:

- **The Contract** – Where the supervising entity is handling the compliance obligations for the insurer, a written contract reduces misunderstanding between the parties as to who is doing the supervising. Contractual provisions may also be used to convey the insurer's expectations and require the supervising entity to perform contracted responsibilities.
- **Onboarding** – When an insurer onboards a supervising entity, it should review policies and procedures to ensure the compliance arrangement will satisfy the safe harbor through an adequate supervisory system. Insurers should review the policies of the supervising entities to see how they address the unique features of annuity contracts, including their long-term guarantees and surrender charges. An insurer should also review regulatory actions against the supervising entity. For companies that sell both registered and unregistered annuities, one aspect of this inquiry may be to understand if the policies that the broker-dealer or entity developed for the sale of registered annuities also apply to the sale of unregistered annuities (with modest modifications for the product differences). If they do, this is useful evidence on which the insurer may rely.
- **Ongoing monitoring** – To ensure the supervising entity is complying with its obligations, insurers should employ ongoing monitoring, which may include:
 1. Due diligence/compliance questionnaires: these questionnaires may be stand-alone safe harbor questionnaires or wrapped into a larger vendor process that could include cybersecurity, state specific requirements, and other topics.
 2. Periodic engagement: the insurer should periodically engage with the supervising entity's compliance and/or legal team.
 3. Data analytics: categorize sales data to analyze it from a risk perspective. The categorized data could be sorted by number of contracts and by premiums to get a risk-informed review of producers and broker-dealers or entities for key elements such as sales to older consumers, free-look cancellations, early surrenders, replacements, and others. Reviewing this data may inform the audit program, as discussed below, or may otherwise inform the nature of the due diligence an insurer conducts.
 4. Audits: an effective audit program includes selecting an adequate sample size on a frequent basis and escalation procedures for any supervising entity that fails to respond, up to and including termination of the relationship. Selection of audit frequency should be risk-based, based on the volume that comes through the

⁵ The receipt of a complaint or a supervising entity receiving a regulatory inquiry or action resulting from an exam are risk indicators that require follow-up. Moreover, relying on the lack of regulatory action is insufficient for several reasons, including that an insurer has no way of knowing the status of any regulatory exam and whether that exam focused on annuity sales.

entity as well as other risk factors available to the insurer. Generally, an insurer should audit a supervising entity with regular frequency. The audit frequency and depth will depend on the strength of the other elements of the monitoring program. Post-audit, the insurer should ensure the supervising entity corrects and identifies the root cause of any identified problem.

5. **Registered Annuities:** A regulatory exam that focuses on the supervising entity's annuity sales is strong evidence on which an insurer can rely as part of its monitoring program.

- **Certifications** – Certifications of compliance from the supervising entity are required annually where the partner has assumed the contractual performance of the insurer's 6(C)(1) obligation.⁶ Insurers should also require certifications to cover the entity's compliance with a comparable standard since certifications serve other purposes for insurers. A meaningful certification is detailed and active.

PROVIDING INFORMATION AND REPORTS

Insurers must provide supervising entities with sufficient data to make informed decisions. This may include reports on customer demographics, annuity features, and other relevant factors. Data sharing ensures both parties can oversee transactions effectively without duplicating efforts.

Information the insurer might share with the supervising entity includes the following:

- Total contracts issued through the producer over the period, including number and type of annuity;
- Amount of commissions paid for each sale to that producer over the period;
- Number of internal replacements initiated by the same producer;
- Number of contracts issued where the consumer was older than a certain age;
- Number of contracts issued with a death claim pending or complete;
- Number of consumer complaints or lawsuits received by the insurer related to the producer;
- Number of contracts for the producer that were surrendered less than 2 years from policy issue, between years 2-5, between years 6-10, and more than 10 years from issuance; or
- Whether any surrenders were subject to surrender charges.

CONCLUSION

Annuities may not suit all consumers. Insurers are responsible for implementing effective supervisory systems and ensuring compliance with the Model Regulation's best interest requirements. By adhering to these principles, insurers can protect consumers while meeting their regulatory obligations. This guidance emphasizes the active monitoring that must occur for insurers to issue annuities pursuant to the safe harbor.

⁶ 6(C)(3)(b)(ii).

AGENDA ITEM #3

Consider Adoption of the Report of the Life Actuarial (A)
Task Force—Rachel Hemphil (TX)

*2025 Fall National Meeting
Hollywood, Florida*

LIFE ACTUARIAL (A) TASK FORCE

Sunday, December 7, 2025

8:00 a.m. – 4:30 p.m.

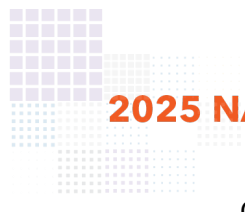
Monday, December 8, 2025

8:00 – 10:00 a.m.

Meeting Summary Report

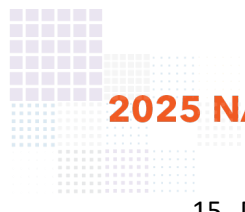
The Life Actuarial (A) Task Force met Dec. 7-8, 2025. During this meeting, the Task Force:

1. Adopted its Nov. 13, Nov. 6, Oct. 30, Oct. 23, Oct. 2, and Sept. 25 minutes. During these meetings, the Task Force took the following actions:
 - A. Adopted revisions to *Actuarial Guideline XLIX-A—The Application of the Life Illustrations Model Regulation to Policies with Index-Based Interest Sold On or After December 14, 2020* (AG 49-A).
 - B. Re-exposed amendment proposal form (APF) 2023-10, which would utilize a net asset earned rate (NAER) methodology for discounting in the *Valuation Manual* (VM)-20, Requirements for Principle-Based Reserves for Life Products, stochastic reserve (SR) calculation for a 70-day public comment period ending Jan. 21, 2026.
 - C. Exposed APF 2025-15, which updates the *Valuation Manual* to replace Table K with NAIC designation categories for credit rating mappings for a 60-day public comment period ending Jan. 6, 2026.
 - D. Adopted APF 2025-13, which clarifies documentation requirements for companies seeking approval of non-U.S. valuation mortality tables.
 - E. Adopted *Actuarial Guideline LV—Application of the Valuation Manual for Testing the Adequacy of Reserves Related to Certain Life Reinsurance Treaties* (AG 55) reporting templates.
 - F. Adopted its 2026 proposed charges.
 - G. Adopted the 2026 Generally Recognized Expense Tables (GRETs).
 - H. Adopted APF 2025-05, which provides clearer definitions and examples of what constitutes “contractually guaranteed” revenue sharing income.
 - L. Adopted its Summer National Meeting minutes.
2. Adopted the report of the Variable Annuities Capital and Reserve (E/A) Subgroup, which met Oct 31 in joint session with the Life Risk-Based Capital (E) Working Group. During this meeting, the Subgroup took the following action.
 - A. Re-exposed the proposed changes to C-3 Phase I/C-3 Phase II calculations and life risk-based capital (RBC) instructions for a 60-day public comment period ending Jan. 5, 2026.
 - B. Adopted the proposed changes to the VM-21, Requirements for Principle-Based Reserves for Variable Annuities, supplement blank and instructions.



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- C. Exposed APF 2025-14 and RBC Proposal 2025-17-L, which provide a scope clarification for variable annuity (VA) contracts in the payout phase for both the *Valuation Manual* and the life RBC instructions for a 28-day public comment period ending Dec. 1.
- 3. Adopted the report of the VM-22 (A) Subgroup, which met Sept 17. During this meeting, the Subgroup took the following action:
 - A. Adopted APF 2025-12, which adds standard projection amount (SPA) disclosure and testing requirements for VM-22, Requirements for Principle-Based Reserves for Non-Variable Annuities, contracts.
- 4. Discussed comments on the aggregation, settlement options, and deposit-type contract exposures of the VM-22 (A) Subgroup.
- 5. Heard an update on the longevity risk C-2 proposal.
- 6. Adopted the report of the Longevity Risk (E/A) Subgroup, which met Nov 19 and Oct 9. During these meetings, the Subgroup took the following action:
 - A. Discussed methodologies for risk-based capital C2 charges for longevity reinsurance.
- 7. Adopted the report of the Experience Reporting (A) Subgroup, which met Nov 17. During this meeting, the Subgroup took the following action:
 - A. Discussed a proposal for a mandatory data collection for group annuities.
- 8. Exposed APF 2024-12 that enacts a mandatory data collection for group annuities for a 60-day public comment period ending Feb. 9, 2026.
- 9. Adopted the report of the Generator of Economic Scenarios (GOES) (E/A) Subgroup, which last met Oct 29. During this meeting, the Subgroup took the following action:
 - A. Adopted revisions to the corporate model to better align with state insurance regulator-determined acceptance criteria.
 - B. Re-exposed the GOES Model Governance Framework and NAIC staff scenario review workpapers for a 21-day public comment period ending Nov. 18.
- 10. Adopted the GOES Model Governance Framework.
- 11. Heard an Update on *Actuarial Guideline LIII—Application of the Valuation Manual for Testing the Adequacy of Life Insurer Reserves* (AG 53) Reports.
- 12. Heard an update from the Society of Actuaries (SOA) on international mortality.
- 13. Exposed a proposal that revises the VM-22 reinvestment guardrail for pension risk transfer (PRT) products for a 45-day public comment period ending Jan. 23, 2026.
- 14. Exposed APF 2025-16 that revises the reinvestment guardrail for VM-20, VM-21, and VM-22 for a 60-day public comment period ending Feb. 9, 2026.



2025 NAIC FALL NATIONAL MEETING

15. Discussed in-force application of VM-22.
16. Heard an update from the SOA on their recent research initiatives.
17. Heard an update from the American Academy of Actuaries (Academy) Council on Professionalism and Education.
18. Heard an update from the Academy Life Practice Council.
19. Exposed APF 2025-17, which revises the VM-20 SR calculation to allow for an aggregation benefit for a 60-day public comment period ending Feb. 7, 2026.
20. Heard an update from the Interstate Insurance Product Regulation Commission (Compact).
21. Reported that the Task Force met Nov. 20 in regulator-to-regulator session, pursuant to paragraph 3 (specific companies, entities, or individuals) of the NAIC Policy Statement on Open Meetings, to discuss individual company feedback on VM-22 in-force application.

AGENDA ITEM #4

Hear a Presentation on the Generator of Economic Scenarios (GOES)—Scott O’Neal (NAIC)

Generator of Economic Scenarios (GOES)

December 9, 2025

DECEMBER 8-11



2025 FALL NATIONAL MEETING
HOLLYWOOD, FL

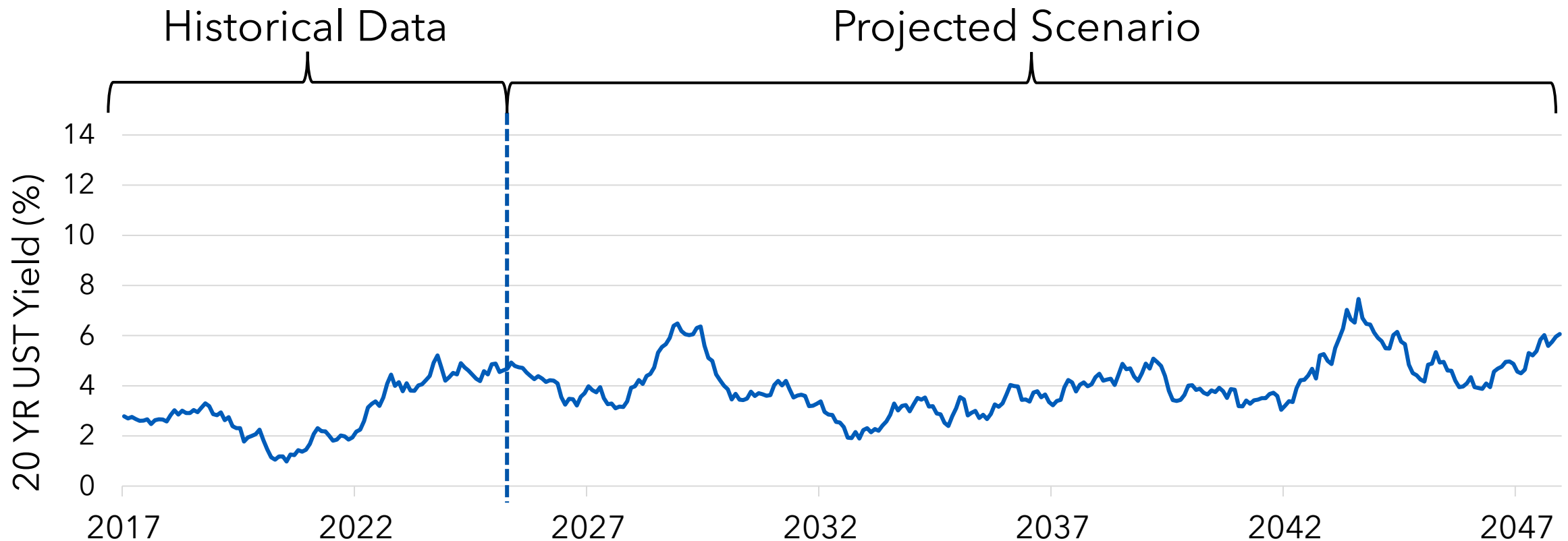
Agenda



1. What is an Economic Scenario?
2. How Scenarios are Used in NAIC Frameworks
3. Drivers of Economic Scenario Reform
4. Insurance Examples
5. Key Project Deliverables
6. Model Governance
7. Next Steps

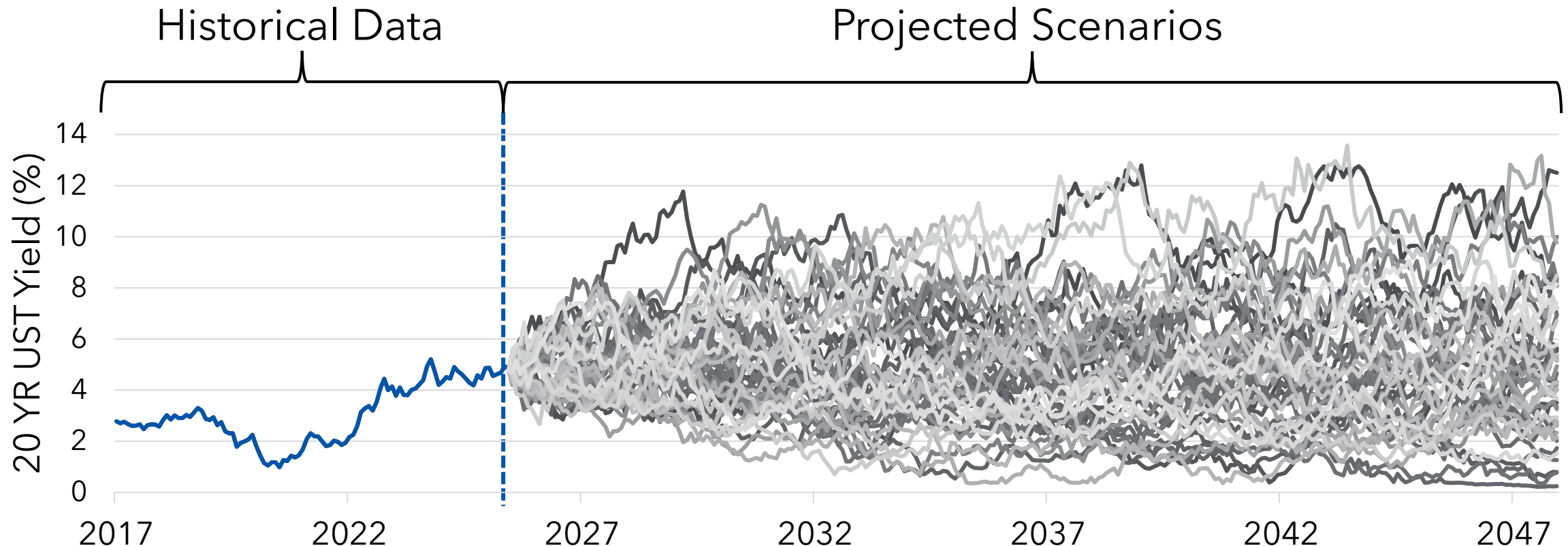
What is an Economic Scenario?

Economic scenarios are used by state insurance regulators to assess risks to insurers in potential future economic environments. They are not meant to be predictive.



What is an Economic Scenario?

A good set of scenarios captures the range of future economic environments. Testing over many scenarios provides insights into insurer solvency positions.



How Scenarios are Used in NAIC Frameworks

The GOES is a comprehensive solution to promoting life insurer solvency across companies with diverse product portfolios and investment strategies.

Treasury Scenarios

Equity Fund Scenarios

Bond Fund Scenarios

Products

Life Insurance

Variable Annuities

Non-Variable Annuities

Reserve Standards

VM-20

VM-21

VM-22

Risk-Based Capital

C3 Phase II

C3 Phase I*

Drivers of Economic Scenario Reform

2016: Variable Annuity Reform

- Consultant recommended changes to prescribed economic scenario generator
- Ultimately it was decided to postpone review of the scenarios

2017: AAA Notification

- The American Academy of Actuaries notified LATF that it did not have the resources to maintain the prescribed ESGs, except in their current form until a suitable replacement could be found.

2019: Financial Stability (E) Task Force

- The FSTF noted a potential deficiency in the prescribed ESGs related to a limited reflection of long periods of low (or negative) interest rates.

Stories from the Wall Street Journal

Firms, Funds Feel Squeeze of Low Rates

"The sustained low interest rates have really wreaked havoc on long-term-care insurers."

"Few industries have as much interest-rate risk as life insurers, which invest premiums largely in bonds."

Restyled Annuities Offer Fewer Choices

"When markets tanked world-wide in 2007-09, minimum-income guarantees suddenly were a lot more valuable to investors—and costly to the issuers."

High on Life

"But rising rates can pose problems for life insurers. As rates start to rise, a customer's return on a fixed annuity product is relatively unattractive."

Fixed Deferred Annuity Example

The currently prescribed ESG failed to capture the rising interest rate environment that began in 2022. The GOES is able to produce scenarios that rise quickly.

Interest Rates Rise

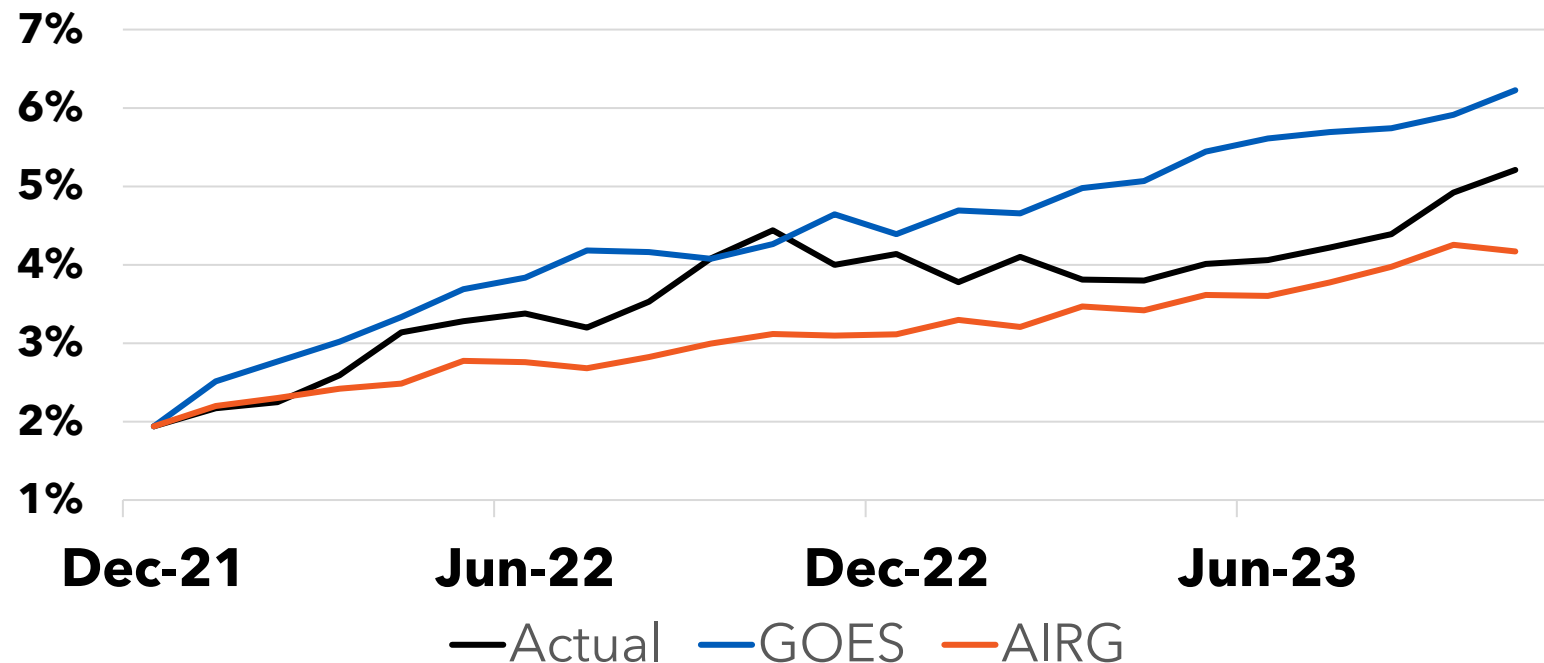


Consumers Surrender Annuities for Higher Yields in New Products



Excess Surrenders Force Companies to Sell Assets at a Loss

20 YR UST: Actual vs Modeled Maximum Rate



Universal Life with Secondary Guarantee Example

One of the primary drivers of the GOES project related to a concern with a lack of “low-for-long” scenarios in the current prescribed economic scenario generator.

Interest Rates Go Low and Stay Low

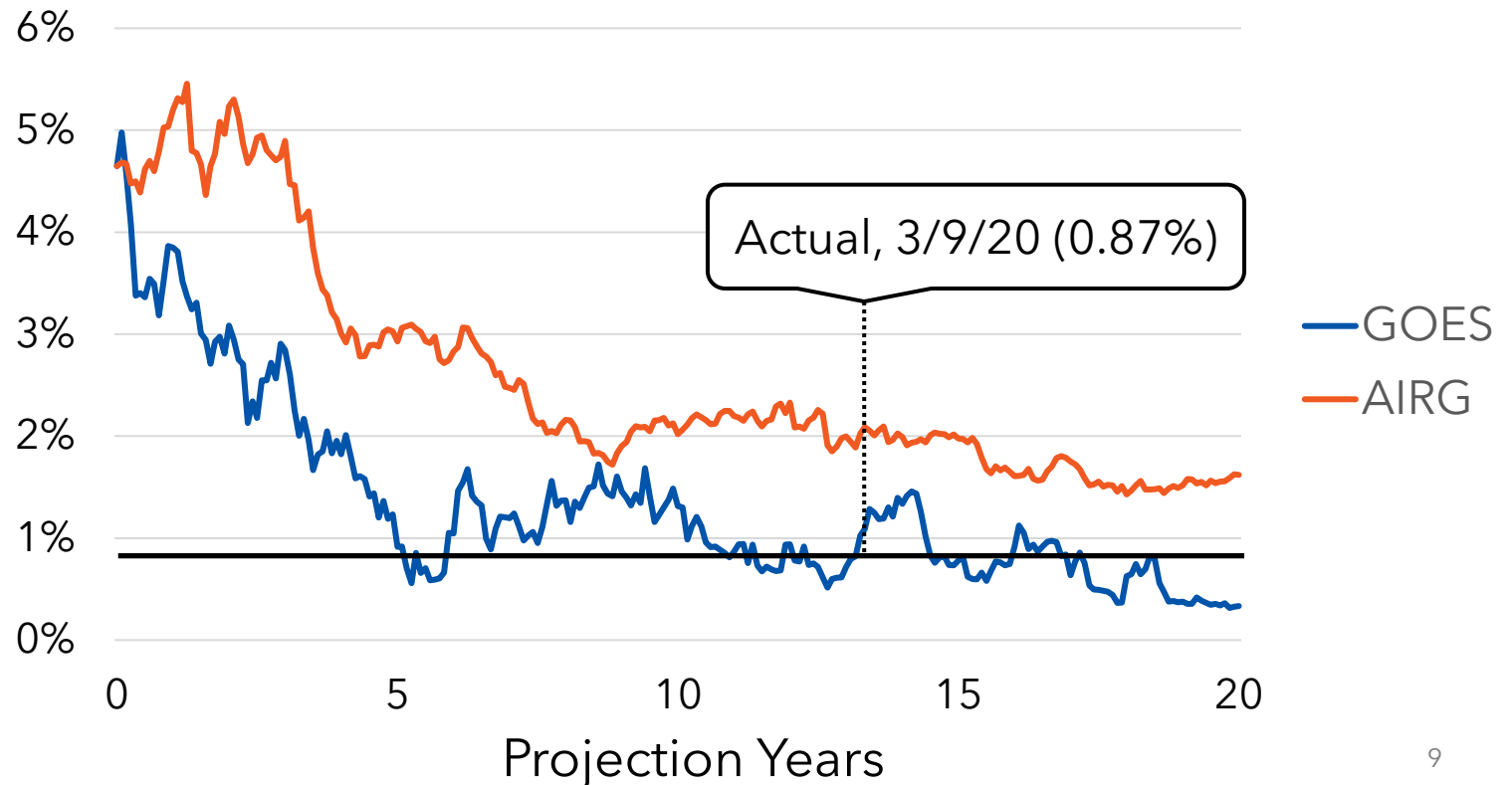


Companies lower credited rates to minimum guarantee



Account values deplete but policies stay in force due to no-lapse guarantee

20 YR UST: Lowest Projected Scenarios vs COVID



Variable Annuity Example

In periods of steep decline, equity markets across the globe tend to move together. The GOES has a better reflection of this relationship.

Stock Market Crashes

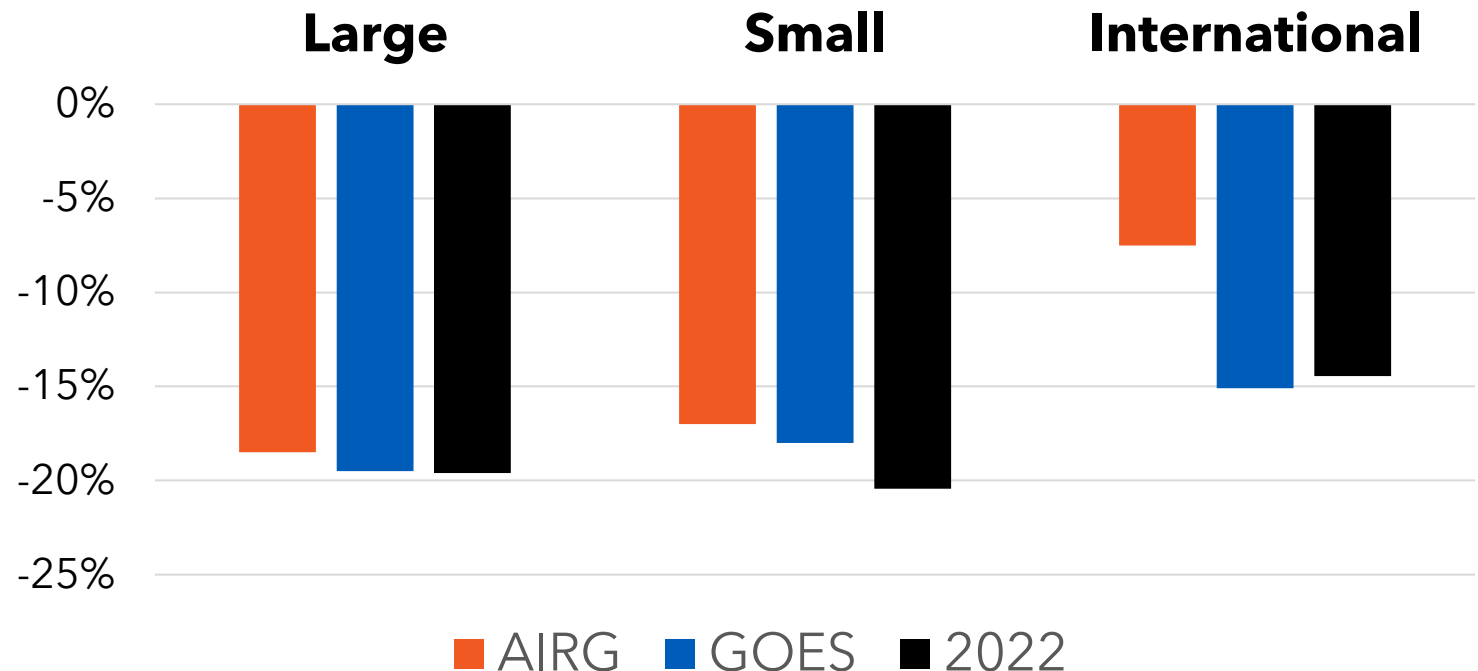


Account Values Drop and
Guaranteed Benefits
become "In-the-Money"



Claim Payments Lead to
Solvency Concerns

Average Returns in Equity Down Market Scenarios* vs. 2022



Key Project Deliverables

GOES Scenario Website

CONNING®

NAICNATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

Scenario FilesDocumentation

Scenario Files

Conning has been chosen by the National Association of Insurance Commissioners (NAIC) to provide GEMS® Economic Scenario Generator scenario files for use in calculations of life and annuity statutory reserves according to the Valuation Manual and capital under the NAIC RBC requirements after adoption by regulators. Note: The scenarios included on this page are only prescribed in the 2026 Valuation Manual.

For help with scenarios, please contact naicscenarios@conning.com

NAIC GOES Scenario Set 20251031

Basic Data Set 20251031

Basic Data Set Validation Report 20251031

Basic Data Set Additional Statistics 20251031

Scenario Picking Data Set 20251031

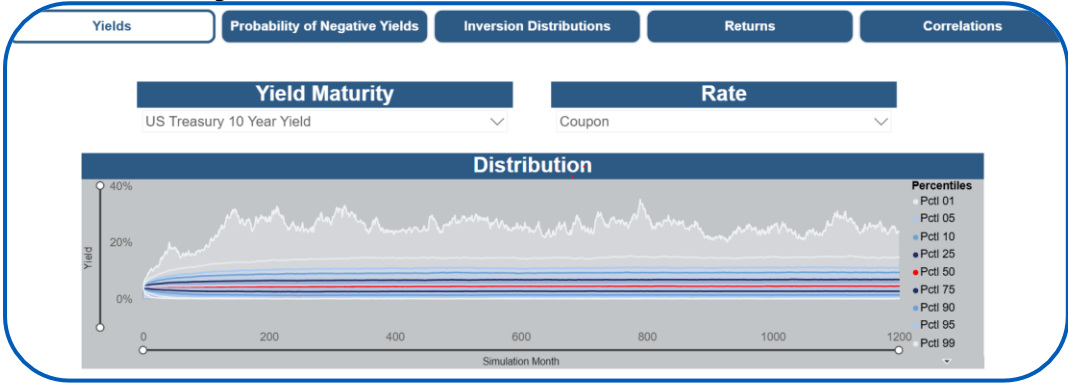
SERT Scenarios Set 20251031

Real Treasury Fitting and State Variables 20251031

Support

naicscenarios@conning.com

Monthly Scenario Sets and Statistics



Tools

Input File (Full Basic Data Set)

C:\NAIC\GOES\Basic_Data_Set_20241231.csv

Output File (Subset File)

C:\NAIC\GOES\Basic_Data_Set_20241231_1000_paths.csv

Scenario Subset Method:

Scenario Subset Selected for File

1000

Must be <= 1000; -1 will write out all scenarios

Yields to Output:

Years to Output:

Renumber Paths in Ascending order?

☒

Generate Subset File

Scenario Picker File

C:\NAIC\GOES\Scenario_Picking_Data_Set_20241231.xlsx

Documentation

NAIC GOES

Technical Documentation

CONNING®

Interest Rate Model

NAIC Basic Data Set

The Basic Data Set provided free of charge to insurers is the standard scenario file set delivered as part of the NAIC scenario service. Users can access the scenarios online by downloading a file containing stochastic scenarios from the Generator of Economic Scenarios (GOES) for real-world interest rates, equity, and bond fund returns. The typical application for these scenarios is in calculations of life and annuity statutory reserves according to the Valuation Manual (e.g., VM-20, VM-21) and capital under the NAIC RBC requirements (e.g., C3 Phase 1, C3 Phase 2).

In this document, the technical specification of the underlying stochastic model of the ESG used for producing government bond yields and returns on bond funds for the Basic Data Set are described.

Model Governance

Key Governance Components

Purpose and Scope

Model Update and Review

Handling and Communicating Model Findings

Model Update and Review

Documentation

Roles and Responsibilities

Executive (EX) Committee

Life Insurance and Annuities (A) Committee

Financial Condition (E) Committee

Life Actuarial (A) Task Force

Life RBC (E) Working Group

GOES (E/A) Subgroup

NAIC Staff

Conning

Interested Parties

Next Steps

Production Scenarios

- Beginning Jan. 1, 2026, the GOES will be effective for calculations of principle-based reserves under the *Valuation Manual*.
- Scenario sets, statistics, and other relevant files are released on the first business day following the end of each month.

Risk-Based Capital

- Changes to RBC Blanks and instructions are needed to effectuate the GOES for RBC year-end 2026 .
- Comments on recent exposures of RBC blanks and instructions changes will be discussed early 2026.

Model Governance

- Comments on the latest draft of the GOES Model Governance Framework were discussed at the Life Actuarial (A) Task Force Fall National Meeting session.

References

Eisinger, J. (2004, May 5). *High on Life*. The Wall Street Journal. <https://www.wsj.com/articles/SB108371142136202070>

Rappaport, L., Corkery, M., & Scism, L. (2010, December 8). *Firms, Funds Feel Squeeze of Low Rates*. The Wall Street Journal.
<https://www.wsj.com/articles/SB10001424052748703471904576003880782571372>

Scism, L. (2011, November 7). *Restyled Annuities Offer Fewer Choices*. The Wall Street Journal.
<https://www.wsj.com/articles/SB10001424052970203633104576622994124208976>