Draft date: 7/22/26

2026 Summer National Meeting
Columbus, Ohio

RISK-BASED CAPITAL MODEL GOVERNANCE (EX) TASK FORCE
Thursday, August 13, 2026
11:00 a.m. – 12:00 p.m.
Hilton Tower 402—Robinson Ballroom AB—Level 5

ROLL CALL

NAIC Member	**Representative**	**State/Territory**
Jon Godfread, Chair	Jon Godfread	North Dakota
Doug Ommen, Co-Vice Chair	Doug Ommen	Iowa
Nathan Houdek, Co-Vice Chair	Nathan Houdek	Wisconsin
Peter M. Fuimaono	Peter M. Fuimaono	American Samoa
Michael Yaworsky	Michael Yaworsky	Florida
Scott Saiki	Scott Saiki	Hawaii
Micheal T. Caljouw	Micheal T. Caljouw	Massachusetts
Mike Causey	Mike Causey	North Carolina
Judith L. French	Judith L. French	Ohio
Elizabeth Kelleher Dwyer	Elizabeth Kelleher Dwyer	Rhode Island
Michael Wise	Michael Wise	South Carolina
Amanda Crawford	Amanda Crawford	Texas
Jon Pike	Jon Pike	Utah
Kaj Samsom	Kaj Samsom	Vermont
Scott A. White	Scott A. White	Virginia

NAIC Committee Support: Dan Daveline

AGENDA

1. Consider Adoption of its June 18 and Spring National Meeting Minutes —*Commissioner Jon Godfread (ND)* — Attachment One

2. Discuss and Consider Exposure of Proposed Risk-Based Capital (RBC) Solvency Steering Group—*Commissioner Jon Godfread (ND)* — Attachment Two

3. Hear a Presentation from Bridgeway Analytics on the Most Material RBC Gaps for Further Consideration—*Amnon Levy (Bridgeway Analytics)* — Pending

4. Discuss Any Other Matters Brought Before the Task Force
   —*Commissioner Jon Godfread (ND)*

5. Adjournment

Draft: 7/7/26

Risk-Based Capital Model Governance (EX) Task Force
and Capital Adequacy (E) Task Force
Virtual Meeting
June 18, 2026

The Risk-Based Capital Model Governance (EX) Task Force met June 18, 2026, in joint session with the Capital Adequacy (E) Task Force. The following Risk-Based Capital Model Governance (EX) Task Force members participated: Jon Godfread, Chair (ND); Doug Ommen, Co-Vice Chair, and Mike Yanacheak (IA); Nathan Houdek, Co-Vice Chair, and Amy Malm (WI); Michael Yaworsky represented by Jane Nelson (FL); Michael T. Caljouw represented by John Turchi (MA); Mike Causey (NC); Judith L. French (OH); Michael Wise represented by Hinal Patel (SC); Amanda Crawford (TX); Jon Pike (UT); and Scott A. White represented by Dan Bumpus (VA). The following Capital Adequacy (E) Task Force members participated: Grace Arnold, Chair, represented by Ben Slutsker (MN); Judith L. French, Vice Chair (OH); Mark Fowler represented by Charles Hale (AL); Ricardo Lara represented by Thomas Reedy (CA); Michael Conway represented by Rolf Kaumann (CO); Joshua Hershman represented by Wanchin Chou (CT); Karima M. Woods represented by Philip Barlow (DC); Michael Yaworsky represented by Jane Nelson (FL); Doug Ommen and Mike Yanacheak (IA); Ann Gillespie represented by Matt Cheung (IL); Holly W. Lambert represented by Roy Eft (IN); Vicki Schmidt represented by Tish Becker (KS); Sharon P. Clark (KY); Timothy J. Temple represented by Tom Travis (LA); Michael T. Caljouw represented by John Turchi (MA); Angela L. Nelson represented by William Leung (MO); Jon Godfread (ND); Eric Dunning represented by Andrea Johnson and Tadd Wegner (NE); Susan Ochs represented by David Wolf (NJ); Elizabeth Kelleher Dwyer represented by Liz Ammerman (RI); Michael Wise represented by Hinal Patel (SC); Amanda Crawford represented by Jamie Walker (TX); Scott A. White represented by Dan Bumpus (VA); Patty Kuderer represented by Steve Drutz (WA); and Nathan Houdek and Amy Malm (WI).

1. Heard a Background on the Exposed Revised RBC Preamble

Commissioner Godfread provided background on the proposed revisions to the risk-based capital (RBC) preamble. He noted that the RBC preamble was added to the instructions in 2019 to provide historical context and explain the purpose and limitations of RBC. He said regulators and interested parties have continued to discuss whether updates are needed to better reflect current RBC usage and governance expectations.

Commissioner Godfread stated that RBC remains an important regulatory tool for solvency oversight across the life, health, and property/casualty (P/C) lines of insurance, while recognizing that each line has distinct risks and business considerations. He emphasized that RBC is intended to identify potentially weakly capitalized companies and to support appropriate regulatory action and is not intended to rank insurers or serve as a comprehensive measure of financial strength, business strategy, liquidity, or risk management. He said the proposed revisions are intended to clarify the purpose, limitations, and appropriate context for RBC; address disclosure considerations; and align the preamble with the RBC model governance principles adopted at the end of 2025. In addition, the meeting's objective is to determine whether the revised preamble is ready for inclusion in the 2026 RBC instructions or whether further consideration should be deferred.

2. Considered Additional Comments on Possible Compromised Language

Amnon Levy (Bridgeway Analytics) stated that the revised draft moves the RBC preamble in the right direction by better explaining the purpose, use, history, limitations, and role of RBC within the broader solvency framework. He noted that state insurance regulators generally agreed with the recommendations of the American Council of Life Insurers (ACLI) and the Reinsurance Association of America (RAA) (Attachment XXX), including removing references to precision, clarifying the confidentiality of company-specific RBC calculations, and adding contextual language when RBC information is disclosed outside its stated regulatory purpose. They also incorporated selected edits to various business models and streamlined language, while declining proposed additions that were duplicative, too narrow, or outside the scope of the adopted principles.

3. Adopted the Revised Preamble

Representatives from the RAA, ACLI, the American Academy of Actuaries (Academy), and consumer representatives expressed support for the revised RBC preamble and appreciation for the collaborative drafting process. They noted that the revisions reflect careful consideration of stakeholder comments, improved clarity, and provided appropriate transparency regarding accepted and rejected edits.

Commissioner Godfread summarized that the revised draft reaffirms the primary purpose of RBC and thanked the drafting group for balancing stakeholder input. He noted that certain comments were incorporated to improve clarity and balance, while other proposed edits were not accepted because they were duplicative, overly narrow, too detailed, or could create unintended implications. He further stated that the final revised preamble incorporates RBC principles as a guiding framework for future changes, including purpose, use, materiality, objectivity, accuracy, transparency, process, prioritization, regulatory judgment, and practical implementation.

Commissioner Houdek made a motion, seconded by Bumpus, to adopt the revised preamble (Attachment XXX) by the Risk-Based Capital Model Governance (EX) Task Force. The motion passed unanimously.

Malm made a motion, seconded by Eft, to adopt the revised preamble by the Capital Adequacy (E) Task Force. The motion passed unanimously.

Having no further business, the Risk-Based Capital Model Governance (EX) Task Force and Capital Adequacy (E) Task Force adjourned.

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Draft: 4/1/26

Risk-Based Capital Model Governance (EX) Task Force
San Diego, California
March 24, 2026

The Risk-Based Capital Model Governance (EX) Task Force met March 24, 2026. The following Task Force members participated: Jon Godfread, Chair (ND); Nathan Houdek, Co-Vice Chair (WI); Doug Ommen, Co-Vice Chair, and Kevin Clark (IA); Michael Yaworsky represented by Jane Nelson (FL); Mike Causey represented by Jacqueline Obusek (NC); Judith L. French (OH); Elizabeth Kelleher Dwyer represented by John Tudino (RI); Michael Wise represented by Diane Cooper (SC); Amanda Crawford represented by Jamie Walker (TX); Jon Pike (UT); Kaj Samsom (VT); and Scott A. White represented by Dan Bumpus (VA). Also participating was Philip Barlow (DC) and Steve Drutz (WA).

1. Heard Opening Comments

Commissioner Godfread described how, in 2025, the Task Force spent significant time developing and adopting the risk-based capital (RBC) governance principles, which were an important step in clarifying how state insurance regulators view the RBC adjustment framework. He asked Task Force members to continue thinking about how those principles actually translate into the practical process for considering potential changes to RBC, specifically, how ideas enter the RBC process and where policy questions are considered. He also asked how commissioners ensure that when they ask technical regulators to undertake significant analytical work, they can be confident that the underlying policy question has been clearly framed. The idea of the meeting is not to resolve the answers to those questions but rather to start a discussion about whether the current process is achieving that balance and where this Task Force may fit into that discussion.

2. Adopted its 2025 Fall National Meeting Minutes

Commissioner Houdek made a motion, seconded by Commissioner Ommen, to adopt the Task Force's Dec. 10, 2025 minutes (*see NAIC Proceedings – Fall 2025, Risk-Based Capital Model Governance (EX) Task Force*). Drutz requested that the minutes reflect Commissioner Kuderer's participation. With that modification, the motion passed unanimously (Attachment One).

3. Received a Recap of Work Done in 2025

Commissioner Godfread highlighted the key work completed by the Task Force in 2025. Most importantly, the Task Force finalized the RBC governance principles. Those principles were intended to provide a shared framework for how the Task Force thinks about transparency, consistency, and accountability in the RBC adjustment process. Commissioner Godfread noted that the Task Force also provided input to the NAIC's consultant on the project, Bridgeway Analytics, as part of the effort to improve how the NAIC and states should communicate about RBC—both internally and externally. That messaging work will continue into 2026, and the Task Force expects to finalize something and have it ready for the NAIC Communications team later this year. Beyond those items, the Task Force also began discussing the RBC adjustment process itself, and how ideas move from initial concept through technical development and, ultimately, into the RBC framework. Those discussions raised several questions that deserve further exploration.

4. Received Comments on the Gap Analysis Request for Input and Summary of Comments

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Commissioner Godfread reminded participants that the Task Force had issued a request for comment (Attachment Two) on Feb. 10, seeking stakeholder input on potential gaps in RBC, including inconsistencies, areas for improvement, or issues warranting further review. Commissioner Godfread noted that the goal was not to invite fully developed technical solutions or to launch a detailed line-by-line analysis of the RBC formula. Rather, the purpose was to step back and ask a more fundamental question as to areas that deserve closer attention. In other words, the gap analysis was intended to be a high-level input exercise, an opportunity for interested parties to help inform the Task Force's thinking about whether there are clear issues, themes, or areas of concern that may warrant further consideration.

Commissioner Godfread asked that the comment letters (Attachment Three) be received into the public record. He announced that following this meeting, those comments would be reviewed more closely, and the Task Force could then consider whether any of the identified areas warrant additional discussion, refinement, or possible referral for technical evaluation. This Task Force's role is to first consider whether a perceived gap is real, material, and worthy of further work. If so, the next step would be to engage the appropriate technical groups within the Financial Condition (E) Committee structure to evaluate those issues further and determine whether they agree and, if so, how they should be addressed. He asked Amnon Levy (Bridgeway Analytics) to summarize the comments for the Task Force members' benefit, so the input can be digested more easily (Attachment Four).

Levy's summary highlighted his organization's appreciation for supporting the NAIC with this initiative. He noted how the request for comment was deliberately open-ended, noting that while the Task Force had initially focused on life investments, it was now looking for respondents to comment on the broader RBC framework and material gaps and inconsistencies across the life, property/casualty (P/C), and health formulas, and across components within each formula. Commenters pointed out a range of differences and gaps across life, P/C, and health formulas regarding the treatment of investments, which is the primary overlapping component across all three. Commenters have also pointed out a range of gaps and inconsistent components within each of the life, P/C, and health formulas beyond investments.

Levy also noted that common sub-themes on comments regarding governance, model monitoring, development, and update processes include general support for RBC principles, advocating governance, where many commenters explicitly supported the Task Force's effort to establish a clear, durable governance framework for evaluating and prioritizing RBC changes, often explicitly referencing the need for greater transparency, stronger documentation, and a more disciplined process.

Ongoing commissioner involvement was encouraged by several commenters, who noted that the work should not be viewed as a short-term exercise and urged commissioners to remain the primary drivers of policy goals and key decisions for the RBC framework, helping keep it anchored to its core objectives. The Federal Reserve was cited as a benchmark where senior policymakers are actively involved in the rulemaking process. However, one commenter advocated that changes continue to be managed bottom-up by the RBC working groups, which inherently build appropriate lenses through which solvency should be viewed for each line, and allow ongoing reviews by each working group to address material emerging risks and the overall effectiveness of each formula.

The American Academy of Actuaries (Academy), which provides the NAIC a great deal of support for RBC, supports consideration, within each formula, of where the RBC components diverge in the treatment of the same or similar risks, resulting in a risk not being treated appropriately. The Academy also supports consideration of which RBC components materially violate the RBC principles and points out that attempting to comprehensively cover all material risks needs to be balanced with complexity. Creating an overly complex approach may increase model risk.

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Levy noted that many commenters shared views on the usefulness and process by which the gap and inconsistency analysis is conducted. Several recommendations effectively anchored the gap analysis to the RBC principles and the investment framework, and identified key components used in the capital charge calculation (e.g., tail risk definition). Others indicated the need to inventory and analyze inconsistencies and gaps in line with the RBC guiding principles to determine whether differences are intentional and appropriate, or whether adjustments are warranted. Athene provided a deeper look at specific inconsistencies in its listing of life C-1 factors.

Levy noted that with respect to themes regarding differences across formulas, many comment letters reinforced the importance of designing each RBC formula to address relevant risk, particularly the P/C trade associations. The Academy explained that additional effort and time are needed to complete a thorough analysis and identify material gaps and inconsistencies.

Levy also added a final note on his personal opinion. Specifically, having been involved in helping develop many model governance frameworks, he encouraged the Task Force to consider which elements might provide the most value to the community and which may be overly cumbersome or costly. As previously shared with the Task Force, model governance initiatives related to the post-Global Financial Crisis Federal Reserve Stress Tests, for example, provided much-needed structure, but in his opinion, went too far, resulting in tens of billions of dollars, if not much more, spent on systems that were cumbersome to the point of having limited use.

5. Discussed the Draft RBC Adjustment Process Flowchart and Received Input on Further Development

Commissioner Godfread directed participants to the draft flowchart included in the meeting materials that attempts to map the current RBC adjustment process. He noted that the intent of including that flowchart in the process was not to suggest that the process is broken. In many respects, it has worked well for many years. As has been seen, as the RBC framework becomes more complex, it is useful to step back occasionally and ask whether the NAIC has the right process for evaluating potential changes before significant technical work begins. Commissioner Godfread noted that one thing that became clear in the 2025 Task Force discussions was that RBC changes often involve two quite different types of questions. First, there are policy questions, such as whether there truly is a regulatory gap. That is, what problem is the NAIC trying to solve? And asking if RBC was the appropriate tool to address that issue. Then there are technical questions, which involve detailed modeling, calibration, and implementation decisions. Those technical questions are extremely important and require deep expertise, which is exactly why the NAIC and the states rely on groups like the Capital Adequacy (E) Task Force and the various RBC working groups. The individuals serving those groups bring tremendous knowledge and experience to the table, and the work they do is critical to maintaining the strength and credibility of the RBC framework. Commissioner Godfread noted that the question he wanted the Task Force to consider was whether there is value in making sure the policy questions are clearly addressed before we ask those technical groups to begin extensive work.

Commissioner Godfread said that often, Commissioners see issues enter the RBC process that quickly become highly technical discussions. He noted that sometimes those involve incredibly detailed modeling or calibration work, and that those efforts can continue for a considerable period of time, although they are particularly important and often necessary. But occasionally, what can happen is that after a year or two of very thoughtful technical analysis, the conversation eventually circles back to a more fundamental policy question as to whether this issue should be addressed through RBC at all, and the question can even arise as to what problem is ultimately trying to be solved. Commissioner Godfread noted that when that happens, it can put the technical experts in a difficult position. They may have invested significant time and effort in developing a technically sound solution, only for the broader policy discussion to begin much later in the process.

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Commissioner Godfread noted that he did not think anyone would suggest that the work being done in those situations is wrong. In fact, it is often of extremely high quality, but it raises the question of whether the RBC process is sequenced most effectively. He suggested that, ideally, commissioners should first have a clear understanding of the problem that is to be addressed and whether RBC is the appropriate tool to address it. Once there is agreement on that policy direction, technical experts can focus on the equally important question of how best to implement a solution.

Commissioner Godfread also suggested thinking about it differently. That is, the NAIC technical groups are incredibly good at solving complex problems. But as regulators, states also have a responsibility to step back and consider the broader market implications of those solutions. Sometimes a technically elegant answer may still raise broader policy considerations, such as potential impacts on the market, availability of coverage, or ultimately the consumers the states are trying to protect. Commissioner Godfread noted that such judgments naturally involve both policy considerations and technical expertise.

Commissioner Godfread asked the Task Force some specific questions. When a potential RBC issue is identified, where should the policy discussion take place? How does the Task Force ensure that there is a clear agreement on the problem to be solved before technical work begins? Is this Task Force the appropriate forum to help frame those policy discussions before matters move deeper into the RBC technical process? Commissioner Godfread noted that the goal is not to slow down or duplicate the excellent work being done by the technical groups; instead, the question is whether the NAIC can create a clearer front-end process that ensures that when technical groups begin their work, the policy direction has already been thoughtfully considered. He noted that this may ultimately make the process more efficient for everyone involved, including the technical experts themselves. Commissioner Godfread asked Task Force members for their thoughts on whether the flowchart (Attachment Five) accurately reflects the current process and whether there are opportunities to improve it going forward.

Commissioner Godfread noted how there were two sides to this coin. He described how, sometimes now, technical work is done, a solution is developed, and then the policy discussion happens. He believes that the Task Force is asking, "Is this the right way to do it?" Commissioner Godfread noted that he was not tied to any outcome and that the charge was included as something to be determined by this Task Force and requested input from Task Force members.

Commissioner Ommen thanked Commissioner Godfread for framing this item for discussion. He noted that when he thinks about the issue, it is one of those questions about which details need to be considered in the actual application once the group starts talking about policy, because it involves cost-benefit. He noted that, ultimately, the technical decision will impact it, but he certainly understands, on the front end, the importance of that policy discussion. Commissioner Ommen noted that he views this as ensuring that, at the commissioner level, there is informed consent and identified that the Task Force’s challenges over the years have been those circumstances where commissioners may not have been as engaged. He likened it to going into surgery, where the patient does not need to tell the doctor how to perform the heart surgery, but before that surgery, the patient wants to make sure they are fully informed and understand the significance of those decisions.

Commissioner Pike noted that this was a member-driven organization and, from his experience, it is critical that commissioners and directors be actively involved in these types of decisions since they involve setting policy and strategic direction. Surely, the technical direction needs to be informed by the technical experts and the industry, but Commissioners need to be more involved in and aware of this important aspect of their jobs.

Director French noted that in Ohio, where this has worked best, the early stages of an issue are addressed with the full technical team. Therefore, it is important to understand that it is not just the policy decision that goes first; the technical and policy decisions must be integrated, and Ohio has some processes in place to help with

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that. Commissioner Godfread expressed his appreciation and noted that these policy discussions are not happening less today; it is more about where they are happening. He used the Capital Adequacy (E) Task Force as an example where there are a lot of policy discussions that happen there, but is that exposure enough to the vast number of commissioners that ultimately have to make that ultimate judgment, whether it is at the Financial Condition (E) Committee, the Executive (EX) Committee, Plenary or wherever it lands. He noted that, ultimately, the commissioners are going to be responsible for making that decision point, and this has been an age-old problem of how to get all commissioners to be involved in very technical work. How do you get them to understand it and desire it, given that all commissioners have different areas they want to dig into, but ultimately, they are responsible for the decisions made by the organization, by each of the state-level organizations, and what happens in the states?

Commissioner Godfread suggested that it is not for a lack of opportunity to learn these issues, but that is where the discussion ends up hitting with commissioners. They think, "I did not know about this, I did not know what the work was going on, and now you are expecting to make a vote on it." He said that commissioners have the responsibility to know what is going on, but is it better to have a better process to ensure that? Is there a better process to ensure engagement?

Bumpus said this is an important governance question and is very much tied to the adjustment process, which is one of the task forces. Bumpus added that one of the commenters noted that one of the things that worked best was when those things flowed bottom up, with technical solutions and problem identification by the technical groups. However, other commenters noted that the commissioners should be more involved. He suggested that things do not work one way or another, but rather together.

Commissioner Godfread discussed the need to provide a venue for those technical groups to say, hey, we've got an issue, we've found an issue. He asked what the Task Force members, as Commissioners, think, noting that, as Commissioner Ommen said, the Task Force will not have all the answers at this stage. However, he acknowledged that the Task Force members understand the impact, and it is about whether it should move forward before years of work. Ultimately, when the work does get completed, there will not be this fight over whether the process was followed or where it came from.

Director French discussed how some of the issues are very difficult to understand and that while she often tries to have her technical team explain it in a way that is more understandable, it cannot be a clean process where the commissioners have to decide a direction because she would not be able to have an informed decision without the technical input. Commissioner Godfread understood and noted that there was a reason his technical staff was sitting next to him, but it is also a good exercise for those technical groups to try to find the right words to give us a clear interpretation that commissioners can understand.

Clark noted that, as a technical regulator, the issues may be more around the lack of consistency of the process occurring, noting that sometimes these discussions do occur at the Financial Condition (E) Committee, but not all of the time, so that process may just need to be finalized so that technical regulators understand the expectations. He noted that in some cases, an issue may not be controversial or raise a lot of issues, then down the line, issues may end up popping up. Commissioner Godfread noted how there is some pretty consistent turnover at the commissioner-level, and at times this work spans multiple commissioners, multiple generations, or commissioners, so the goal is to leave this organization in a good state for whoever comes next.

Barlow described how some of what is being contemplated could be beneficial, and not to determine whether to do the work because that happens very rarely—when one looks at the work and determine this is not something that RBC should not be addressing. However, it would be beneficial for prioritizing the work. He noted that he has felt many times the order in which work is done is not as productive. The one thing that needs to be determined

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is for the technical groups to make the presentations about what kind of information the commissioners need for them to make their decision.

6. Discussed and Received Input on its Plan for 2026

Commissioner Godfread noted that when this Task Force was created, the idea was to provide commissioner-level governance oversight for the RBC framework. He questioned what type of questions the Task Force should focus on. He stated that one way to think about it is to distinguish between “why” and “how” questions. The “why” questions tend to be policy-oriented, such as why RBC should address a particular risk, whether an adjustment is necessary, or what regulatory outcome is being achieved. The “how” questions are more technical, such as how a factor should be calibrated, how a model should be constructed, or how a change should be implemented within the RBC formula.

Commissioner Godfread noted that those technical questions are exactly the type of work that the Capital Adequacy (E) Task Force and the RBC working groups are exceptionally well-positioned to address, but that leads to a natural follow-up question which is whether there is value in having a more structured moment where the policy “why” questions are discussed and agreed upon before the technical “how” work begins. The purpose would not be to slow the process down but to ensure that when commissioners ask their technical experts to invest substantial time and resources, there has already been a clear policy discussion. Is this the place where those policy discussions should occur? Are there ways to clarify the front end of the RBC adjustment process so that the policy direction is well-understood before technical work begins? How is there assurance that any governance structure developed complements rather than complicates the work of the Capital Adequacy (E) Task Force and the other RBC groups?

Commissioner Godfread repeated some of the same points about having this Task Force, or another group, be responsible for the early capital adequacy proposal discussions before the technical RBC groups begin work on those projects. Commissioner Samsom asked whether there was a specific budgetary point at which such reporting would be appropriate. Commissioner Godfread noted that it is hard to make that determination because the most significant resource is time, which may not be known at the outset, and asked whether that discussion could occur early. Director French noted that it may be important to keep such a group small, form a commissioner-only group, and establish a parallel group with a more technical focus. She noted that if she were a member of that group, she would bring her technical person to such meetings. Director French noted that the discussions should continue with some of the technical regulators to understand the cadence of such meetings, such as once a quarter. Commissioner Ommen agreed with the idea of formalizing what the group may need in terms of its access to expertise.

7. Heard an Update from the Academy

Steven Jackson (Academy) provided a summary (Attachment Six) of a comprehensive RBC impairment research project underway at his organization, along with some initial points. Most significant among the initial findings is the question of whether the Academy considers all companies in a sector—life, health, or P/C. He said that again, the Academy is looking at all three separately but in a common framework. However, if it looks at all companies in a sector, are the RBC ratios and the probability of impairment related? The initial answer is no, or very weakly; however, if the data are restricted to exclude small companies (in part because their RBC ratios tend to be volatile) and companies with RBC ratios above some level, the answer is yes. Commissioner Samsom noted that there seemed to be a major flaw in the study: its inability to quantify regulatory and company attention and involvement when RBC starts trending down and during the period in between. Jackson summarized that the Academy will try to address this as the work moves forward.

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Having no further business, the Risk-Based Capital Model Governance (EX) Task Force adjourned.

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RBC Model Governance (EX) Task Force

Proposed Work Plan for the Remainder of 2026

Internal Discussion Draft for Task Force Leadership, NAIC Officers, E Committee Leadership, and Staff

Revised July 21, 2026

I. Purpose and Proposed Path

The RBC Model Governance (EX) Task Force has two principal meetings remaining in 2026: the Summer National Meeting in Columbus and the Fall National Meeting in Dallas. The remaining work should be focused on completing the Task Force's existing charges rather than initiating new technical workstreams.

The proposed path is to complete four outcomes:

1. **Complete the RBC governance foundation** established through the revised RBC Preamble and the RBC Model Governance Principles adopted in 2025.
2. **Finalize and distribute RBC educational and public messaging materials.** The Task Force has completed the substantive development of materials explaining the purpose, benefits, and strengths of RBC and its role in the U.S. state-based solvency framework. NAIC Communications is completing final review, design, and distribution, with the materials expected to be available no later than Dallas. This work will satisfy the Task Force's charge to oversee development of an RBC education and public messaging campaign.
3. **Develop a focused two-year RBC priority agenda** consisting of approximately five to seven material gaps or modernization projects, with final approval and referral to the Financial Condition (E) Committee in Dallas.
4. **Recommend a durable commissioner-level governance structure** for setting solvency policy direction, assigning technical work, and providing appropriate oversight and support. Two structural options will be presented in Columbus, exposed for comment, and brought back for final recommendation in Dallas.

If these deliverables are completed and an orderly handoff is made to E Committee and the appropriate NAIC leadership bodies, the Task Force should be positioned to conclude its work at the end of 2026.

II. Work Completed to Date

The Task Force, working jointly with the Capital Adequacy (E) Task Force, completed revisions to the RBC Preamble ahead of the Commissioners Conference in Georgia.

The revised Preamble clarifies that RBC is a regulatory solvency tool intended to identify potentially weakly capitalized insurers and support appropriate regulatory action. It is not intended to rank insurers or serve as a comprehensive measure of company strength, business strategy, liquidity, or risk management.

The revised Preamble also aligns RBC governance with the RBC Model Governance Principles adopted in 2025, including purpose, use, materiality, objectivity, accuracy, transparency, process, and prioritization. Together, the Principles and Preamble provide the policy foundation for determining how future RBC modernization should be prioritized, scoped, assigned, monitored, and returned to commissioners when significant policy decisions arise.

The Task Force has also substantially completed its RBC education and public messaging work. NAIC Communications is finalizing the materials for distribution no later than Dallas.

Feedback on the earlier work plan supports a narrower closeout agenda:

- Complete the Task Force's existing charges rather than initiate additional substantive projects.
- Use a two-year planning horizon to provide stability and predictability.
- Establish an iterative process in which commissioners set policy direction, technical groups conduct the analysis, and material policy choices return to commissioners when appropriate.
- Finalize and distribute the RBC educational materials.
- Present two governance structures for comment and make a final recommendation in Dallas.

III. Gap Analysis and Two-Year Priority Agenda

Objective

Approve in Dallas a focused list of approximately five to seven material RBC gaps or modernization projects for E Committee consideration during 2027 and 2028.

The final agenda should identify the issue, policy rationale, recommended assignment, relative priority, anticipated timing, and any points at which commissioner direction may be required.

The two-year agenda is intended to establish the NAIC's principal areas of focus and provide direction, sequencing, and accountability. It is not intended to require final adoption of every item within two years. The expected milestones and timing for each project should reflect its technical complexity, data needs, reliance on outside expertise, and stakeholder process.

Guiding Principles

The priority agenda should:

- Focus on material solvency concerns rather than catalogue every potential RBC issue.
- Create a manageable two-year portfolio.
- Distinguish major policy or modernization projects from routine factor updates, corrections, and technical maintenance.
- Identify dependencies involving capital, investments, accounting, valuation, reinsurance, financial analysis, or multiple lines of business.
- Keep risks associated with reinsurance in nonreciprocal jurisdictions visible as a priority while recognizing the existing E Committee referral and technical process.

Process

Initial inventory. Amnon Levy, working with Task Force leadership and NAIC staff, will develop an initial list based on prior Task Force work, the RBC Model Governance Principles, retrospective-review concerns, regulator input, and E Committee subsidiary group priorities.

Drafting and coordination. The Drafting Group will consolidate overlapping items and consult E Committee leadership and relevant technical chairs regarding scope, assignment, sequencing, resources, and dependencies.

Columbus discussion and exposure. The Task Force will review the initial inventory, narrow it toward approximately five to seven priorities, and expose the proposed agenda for focused comment.

Interim refinement. Comments will be synthesized, proposed assignments and milestones will be tested with E Committee leadership and technical chairs, and each priority will be placed into a common format.

Dallas approval and handoff. The Task Force will approve the final agenda and refer it to E Committee with recommended assignments, milestones, policy checkpoints, and reporting expectations.

Format for Each Priority

Each priority should be summarized concisely and include:

1. The identified gap or modernization issue;
2. The material solvency concern;
3. The policy question, if any;
4. The recommended E Committee group or groups;
5. Expected timing and milestones; and
6. Dependencies, data needs, or commissioner checkpoints.

The handoff should provide clear direction without prescribing the technical result.

IV. Commissioner-Level Governance Options

Feedback received to date indicates that the NAIC officers and staff generally support creation of a commissioner-level **Financial Policy Steering Committee**. That structure would provide broader commissioner engagement, visible membership support, and a policy perspective outside the ordinary technical process.

Both viable structures should nevertheless be presented in Columbus so Task Force members, commissioners, E Committee leadership, technical chairs, industry, consumer representatives, stakeholders, and interested parties have an opportunity to comment before a final recommendation is made.

The question is not whether commissioner-level steering has value. The question is where the function should reside and how it should operate without duplicating E Committee, delaying technical work, or elevating routine matters.

Common Charge Under Either Structure

The steering body would:

- Maintain a rolling two-year agenda for major RBC and solvency initiatives.
- Review proposed significant work and recommend priorities, sequencing, and assignments.

- Define the policy objective, scope, and key fence posts before substantial technical work begins.
- Refer work to the appropriate technical group through a written charge identifying deliverables, timing, coordination needs, and commissioner checkpoints.
- Receive interim reports when significant policy choices emerge or the scope changes materially.
- Conduct policy-level review before exposure of major or controversial proposals when appropriate.
- Coordinate initiatives involving multiple solvency disciplines or NAIC groups.
- Report to E Committee and, as appropriate, the Executive Committee, officers, and broader membership.
- Monitor implementation and recommend retrospective review where warranted.

The steering body would not conduct technical analysis, approve individual factors, replace E Committee authority, or review routine maintenance and technical updates.

Option 1: Financial Policy Steering Committee

Under Option 1, the NAIC would establish a small commissioner-level Financial Policy Steering Committee outside the ordinary E Committee structure, likely reporting to or operating under the Executive Committee.

A possible seven- to nine-member Committee could include:

- The E Committee chair and vice chair;
- Commissioner representatives from Capital Adequacy, Invested Assets, Life Actuarial, and Financial Analysis;
- Two or three at-large commissioners; and
- The President and President-Elect as members, ex officio members, or leadership liaisons.

SAPWG and other relevant technical chairs would participate as advisors.

This model would provide broader commissioner participation, an independent policy perspective, greater membership support for difficult technical work, and a forum for issues that cross committees or lines of business.

Potential concerns include duplication, additional process, and delay. Those risks could be limited through a narrow charge, clear materiality thresholds, defined timelines, and explicit preservation of E Committee authority.

Option 2: E Committee Solvency Steering Subcommittee

Under Option 2, the steering function would remain within E Committee through a formally charged Solvency Steering Subcommittee or comparable written governance process.

Membership could generally mirror Option 1 but would be drawn primarily from E Committee leadership and relevant subsidiary groups. Officers could participate periodically or receive reports.

This model would provide direct accountability to E Committee, closer coordination with the technical groups performing the work, faster implementation, and less risk of duplicative meetings or referrals.

Potential concerns include insularity, dependence on current leadership relationships, and less visible support from the broader membership. Those risks could be addressed through at-large commissioner participation, a formal charge, standardized referrals, and periodic reporting to officers or the Executive Committee.

Issues for Exposure

The Columbus exposure should seek focused comment on:

- Organizational placement and reporting;
- Membership and officer participation;
- Materiality thresholds;
- Commissioner checkpoints and pre-exposure review;
- Transparency and regulator-only discussion;
- Safeguards against duplication and delay; and
- Whether the selected structure should be reviewed after an initial implementation period.

The comments should help refine the final structure and charge, while recognizing that the ultimate decision is an internal NAIC governance matter.

V. 2026 Meeting Plan and Decision Timeline

Columbus: Direction and Exposure

At the Columbus meeting, the Task Force should:

1. Acknowledge completion of the revised RBC Preamble and substantial completion of the educational materials.
2. Receive Amnon Levy's presentation and provide direction on a focused two-year RBC priority agenda.
3. Explain that feedback to date generally favors a Financial Policy Steering Committee while presenting both governance structures for consideration.
4. Review the common charge and the principal differences between the two options.
5. Authorize exposure of:
    - The proposed gap agenda;
    - The two governance options;
    - The common draft charge; and
    - Focused questions regarding placement, membership, scope, and operation.
6. Establish Dallas as the final recommendation and handoff meeting.

Between Columbus and Dallas: Comment and Refinement

During the interim period, Task Force leadership and NAIC staff should:

- Conduct a defined written comment period.
- Seek focused input from Task Force members, commissioners, E Committee leadership, technical chairs, NAIC staff, industry, consumer representatives, and interested parties.
- Refine the priority agenda, assignments, milestones, and commissioner checkpoints.
- Compare the governance options based on authority, accountability, commissioner engagement, efficiency, duplication risk, transparency, and staffing.
- Revise the common charge and prepare a concise recommendation identifying the preferred structure, membership, reporting relationship, thresholds, and implementation steps.
- Finalize the RBC educational and public messaging materials for distribution.

The interim work should refine the proposed choices rather than expand the Task Force's scope.

Dallas: Final Recommendation and Handoff

At Dallas, the Task Force should:

1. Approve the final two-year RBC priority agenda and refer it to E Committee.
2. Approve and distribute the RBC educational and public messaging materials.
3. Select and recommend:
   - A Financial Policy Steering Committee;
   - An E Committee Solvency Steering Subcommittee or formal process; or
   - A clearly defined hybrid or phased approach.
4. Approve the final charge, membership structure, reporting relationship, materiality thresholds, commissioner checkpoints, and implementation steps.
5. Refer the governance recommendation to the appropriate NAIC bodies for adoption.
6. Complete the handoff to E Committee and the Executive Committee.
7. Determine whether the Task Force should conclude its work at the end of 2026.

The Dallas outcome should be an actionable governance recommendation, not simply a preference between two concepts.

VI. Final Deliverables

The Task Force's remaining deliverables should be limited to four items:

1. **RBC Education and Public Messaging Materials**

Final materials explaining the purpose, benefits, and strengths of RBC and its role in the U.S. state-based solvency framework.

2. **Two-Year RBC Priority Agenda**

A focused list of approximately five to seven gaps or modernization projects, including rationale, assignment, timing, milestones, and commissioner checkpoints.

3. **Governance Recommendation and Charge**

A final recommendation identifying where commissioner-level steering should reside, together with a concise charge defining its role, authority, limitations, membership, reporting, and operating process.

4. **Final Handoff and Task Force Status Recommendation**

A clear handoff to E Committee and the Executive Committee, including confirmation that private credit and offshore reinsurance work will remain with the appropriate E Committee groups and a recommendation regarding whether the Task Force should sunset.

VII. Summary

The Task Force has completed the foundational work of revising the RBC Preamble, adopting the RBC Model Governance Principles, and substantially completing the RBC educational materials.

The remaining work should be disciplined and limited: finalize the educational campaign, approve a focused two-year RBC priority agenda, and recommend a durable commissioner-level governance structure.

Columbus should be used to present and expose the priority agenda and the two governance options. The period between Columbus and Dallas should be used to gather focused feedback and refine the recommendations. Dallas should be the decision point for final approval, handoff, and determination of the Task Force's future.

This approach preserves commissioner-level policy direction while allowing E Committee and its technical groups to perform the technical work. It also keeps important issues, including nonreciprocal-jurisdiction reinsurance risk, moving through the appropriate existing process without creating duplicative Task Force work.