The National Association of Insurance Commissioners (NAIC) recently held its Fall National Meeting in Austin. Our publication highlights key issues that NAIC groups have addressed since the 2019 Summer National Meeting. We hope you find it informative, and we welcome your comments. Please contact your local EY professional for more information.

### What you need to know

- The Executive Committee and Plenary reapproved the qualified jurisdiction status of the jurisdictions on the NAIC List of Qualified Jurisdictions, effective 1 January 2020.
- The Financial Condition Standards and Accreditation (F) Committee adopted the requirements of the 2019 revisions to the NAIC’s credit for reinsurance model law and regulation as an accreditation standard, effective 1 September 2022.
- The A Committee approved the revisions to the NAIC’s annuity suitability model regulation that establish a “best interest” framework for the sale of annuity products.
- The NAIC elected its 2020 executive officers: Raymond G. Farmer (South Carolina) as president, David Altmaier (Florida) as president-elect, Dean L. Cameron (Idaho) as vice president, and Chlora Lindley-Myers (Missouri) as secretary-treasurer.

### Covered agreement on reinsurance collateral

Various actions have been taken to incorporate the 2019 revisions to the Credit for Reinsurance Model Law (#785) and the Credit for Reinsurance Model Regulation (#786) into different areas of the NAIC statutory framework. These revisions eliminate the requirement for reinsurers domiciled in the European Union (EU) to post collateral for reinsurance transactions based on the provisions of the bilateral agreement between the US and the EU on prudential measures regarding insurance and reinsurance (US-EU Covered Agreement).
Accreditation program

The Financial Regulation Standards and Accreditation (F) Committee (F Committee) adopted the 2019 revisions to Model #785 and Model #786 as components of the reinsurance ceded accreditation standard in the Financial Regulation Standards and Accreditation Program.

The F Committee also adopted the Term and Universal Life Insurance Reserve Financing Model Regulation (#787) as a new accreditation standard. Model #787 established uniform national standards governing reserve financing arrangements for term life (i.e., XXX) and universal life insurance policies with secondary guarantees (i.e., AXXX).

Both accreditation standards were adopted on an expedited basis. The requirements are effective 1 September 2022, with enforcement beginning 1 January 2023, to coincide with the date by which the Federal Insurance Office must complete its federal preemption analysis of state laws under the Dodd-Frank Wall Street Reform and Consumer Protection Act.

Qualified and reciprocal jurisdictions

The Executive Committee and Plenary adopted the Process for Evaluating Qualified and Reciprocal Jurisdictions, which allows qualified jurisdictions not currently subject to an in-force covered agreement (i.e., any jurisdiction that is not part of the EU or United Kingdom) to be evaluated as a reciprocal jurisdiction and receive similar reinsurance collateral treatment if certain requirements similar to those applicable to jurisdictions that are subject to a covered agreement are met.

The Executive Committee and Plenary also adopted reevaluations of the existing jurisdictions on the NAIC List of Qualified Jurisdictions (i.e., Bermuda, France, Germany, Ireland, Japan, Switzerland and the United Kingdom) and the related summary of findings and determinations prepared by the Qualified Jurisdiction (E) Working Group. These jurisdictions will retain their status as qualified jurisdictions under the requirements of the NAIC’s current framework for a five-year period, effective 1 January 2020.

In addition, the Executive Committee and Plenary adopted the separate evaluation of Bermuda, Japan and Switzerland as reciprocal jurisdictions. The classification will apply to these jurisdictions once individual states adopt the 2019 revisions to Model #785 and Model #786.

The Reinsurance (E) Task Force exposed a proposal to incorporate the 2019 revisions to Model #785 and Model #786 into the annual statement blanks and related instructions. The proposal would add instructions, categories and lists for reciprocal jurisdiction companies in various schedules of the life/fraternal, health, property/casualty (P&C) and title blanks to allow insurance reporting entities to report transactions with reinsurers domiciled in reciprocal jurisdictions when the 2019 revisions are adopted by individual states. Comments are due by 21 February 2020. The Blanks (E) Working Group (BWG) exposed a corresponding proposal (Ref# 2019-30BWG).

Requirements for principle-based reserving

The Life Actuarial (A) Task Force (LATF) continued its work to update the Valuation Manual and address issues related to the implementation of principle-based reserving (PBR) for life and annuity products.

Life products

The Valuation Analysis (E) Working Group reviewed the voluntary PBR supplements and actuarial reports filed for 2018 year-end reporting (i.e., second year of the transition period) and released the 2018 Principle-Based Reserves (PBR) Review Report. The report summarizes the Working Group’s review process and related findings, while noting emerging best practices related to PBR documentation and filings.

LATF continued to evaluate various approaches for aggregating mortality segments when determining the credibility of company experience under VM-20: Requirements for Principle-Based Reserves for Life Products. No formal comments were received on the approaches previously exposed, including a “top-down” approach that uses techniques to subdivide the aggregate experience into various mortality segments and a “bottom-up” approach that uses credibility weighting to adjust the experience of each mortality segment in the group to reflect the aggregate company experience for the group. The expectation is that concerns about data credibility would be mitigated through the selection and use of one of these approaches.
LATF heard an update from a joint working group of the Society of Actuaries (SOA) and the American Academy of Actuaries (Academy) about a proposal that would allow for further data collection related to a range of underwriting methods (i.e., simplified issue, guaranteed issue or fully underwritten with or without algorithmic assistance) for life products. Based on feedback received, the joint working group will revise its proposal to add new calculated fields (e.g., actual to expected mortality with and without mortality improvement) and send it to LATF for discussion on a future conference call.

LATF adopted a referral to the Life Insurance and Annuities (A) Committee (A Committee) that requests the formation of a new subgroup to develop recommendations on PBR valuation requirements for guaranteed issue life insurance business, including any appropriate mortality tables.

**Yearly renewable term reinsurance field testing**

LATF received an update on the field testing that will be performed to identify a permanent, principle-based solution for the modeling of yearly renewable term (YRT) reinsurance in the valuation of reserves under the requirements of VM-20. Oliver Wyman has been hired as an external actuarial consulting firm to assist the Academy in performing the field-testing work and related analysis of results, with a goal to develop a solution that will be included in the 2021 version of the *Valuation Manual*.

Oliver Wyman will survey industry stakeholders about current reserving practices. The feedback will be used to help Oliver Wyman’s actuaries develop a model that will be subjected to field testing. The field testing and related modeling will focus on the methodologies previously discussed by LATF. Two baseline scenarios must be submitted: one that models YRT treaty rates based on the interim solution (i.e., one-half of the cost of reinsurance for one year) and another that models no change from the current scale. Industry participants in the field testing will also submit their own modeling of YRT treaty rates for comparison to the results indicated by the Oliver Wyman model.

LATF will hold conference calls to further discuss the field-testing process and key concepts to be addressed by Oliver Wyman actuaries in the performance of their work.

**Valuation Manual amendments**

LATF’s *Valuation Manual Maintenance Agenda* contains the complete list of proposed amendments to the sections of the *Valuation Manual* (including VM-20 and VM-31: *PBR Actuarial Report Requirements for Business Subject to a Principle-Based Valuation*) that have been submitted for consideration.

LATF exposed several revisions developed by the Academy to address the applicability of PBR requirements for group life contracts with characteristics (e.g., individual risk selection issued under insurance certificates) similar to individual life contracts. The proposals would apply the modified requirements to relevant group life contracts issued on or after 1 January 2024. Comments are due by 7 February 2020.

LATF exposed various revisions to the *Valuation Manual* that would:

- Clarify reporting requirements for individual or group term life contracts that have additional risk arising from conversion provisions
- Provide flexibility in the application of credibility methodologies for simplified issue products that are subject to VM-20
- Clarify that the restriction on the life PBR exemption applies to material secondary guarantees regardless of whether the guarantees are embedded in the contract or included as separate riders

Comments on the proposed revisions are due by 31 January 2020.

**Variable annuity products**

The Executive Committee and Plenary adopted *Actuarial Guideline LII − Variable Annuity Early Adoption* to allow companies to early adopt the reserve valuation requirements in VM-21: *Requirements for Principle-Based Reserves for Variable Annuities* for 2019 year-end reporting. A company that elects to apply the VM-21 requirements from the 2020 version of the *Valuation Manual* as the reserve valuation requirements on 31 December 2019 may not elect the phase-in provision of VM-21.

A company that elects to early adopt VM-21 would also be required to (1) apply the provisions of *Actuarial Guideline XLIII − CARVM for Variable Annuities*, as amended for 2020, to the year-end 2019 valuation of contracts within the scope of that guideline; (2) apply the Life and Fraternal Risk-Based Capital...
(RBC) instructions for 2020 in the calculation of C-3 risk in LR027 for 2019; (3) follow the documentation and certification requirements of VM-31 from the 2020 version of the Valuation Manual for variable annuity business; and (4) notify the insurance commissioner of the state of domicile of such elections.

LATF received an update on the activities of the Experience Reporting (A) Subgroup, which included its decision to move forward with data collection related to variable annuity contracts.

The Statutory Accounting Principles (E) Working Group (SAPWG) exposed revisions to SSAP No. 3, Accounting Changes and Corrections of Errors, and SSAP No. 51R, Life Contracts, to address the grade-in of the change in valuation basis resulting from the adoption of VM-21 by requiring an allocation from unassigned funds to special surplus for the amount of the increase in reserves that has not yet been recognized (Ref #2019-47). The exposed revisions also would expand the disclosures for a change in valuation basis to include the initial grade-in amount and any adjustments to that amount, the grade-in period applied, the remaining amount to be graded in and the remaining time for the grade-in period. Comments are due by 31 January 2020.

**Capital adequacy**

The Life (E) RBC Working Group identified an issue in the Life and Fraternal RBC formula for entities that held voluntary reserves under the previous framework but no longer hold them under the new variable annuity framework. Under certain circumstances, the voluntary reserves affect the phase-in and smoothing calculations and result in an inappropriately reduced C-3 risk charge.

Early adopters of the new variable annuity framework are prohibited from electing the phase-in provision of VM-21, so their RBC calculation will not be affected. However, the issue may affect their smoothing calculation. The Working Group will develop messaging for early adopters and regulators indicating that 2019 capital requirements may be inadvertently understated if the entity previously held voluntary reserves and that this issue will be corrected prior to 2020 year-end reporting.

The Working Group exposed instructional changes to the calculation of C-3 risk in LR027 for 2020 that are intended to address this issue. Comments are due by 7 February 2020.

**Non-variable annuity products**

LATF heard an update from the VM-22 (A) Subgroup and the Academy's Annuity Reserve Work Group on the development of a model-based reserve methodology for non-variable annuities (e.g., deferred annuities, fixed index annuities, single premium immediate annuities) that will be included in a new section of the Valuation Manual to be designated as VM-23. The framework for this reserve methodology is expected to incorporate concepts similar to those of the variable annuity framework (i.e., VM-21) where appropriate, such as requirements for hedging, exclusion tests, discounting using a net asset earned rate and projection of additional assets. LATF is targeting an effective date for implementation of 1 January 2023.

The VM-22 (A) Subgroup continues to draft language to add assumptions and methodologies to the guidance for single premium immediate annuities in VM-22: Statutory Maximum Valuation Rates for Income Annuities. Consistent with the non-variable annuity framework, the new methodology is intended to be applied to reserve valuations performed on or after 1 January 2023.

The Subgroup also continues to review the methodology in Actuarial Guideline IX-B — Clarification of Methods Under Standard Valuation Law for Individual Single Premium Immediate Annuities, Any Deferred Payments Associated Therewith, Some Deferred Annuities, and Structured Settlement Contracts (AG 9B) and will determine how interest rates used in the methodology described in AG 9B can be incorporated into VM-22 while also being responsive to reinvestment risk.

**Macro-prudential initiative**

Various NAIC groups continued their work on areas of the NAIC's Macro-Prudential Initiative to improve the ability of state insurance regulators to monitor and respond to financial and economic (i.e., macro level) risks affecting the US insurance sector as well as specific insurance firms where risks may be concentrated.

**Liquidity assessment**

The Financial Stability (EX) Task Force and Liquidity Assessment (EX) Subgroup jointly exposed a draft of the 2019 NAIC liquidity stress test framework. The requirement to perform the liquidity stress test stipulated in the framework would apply to life insurance entities (or groups) that exceed certain
thresholds for any of the following six activities based on data reported in their 2019 annual statement filings: fixed and indexed annuities; funding agreements and guaranteed investment contracts; notional (i.e., absolute) value of derivatives; securities lending; repurchase agreements; and borrowed money. Comments are due by 7 February 2020.

The liquidity stress test is based on company-specific cash-flow projections that include liquidity sources and uses over various time periods under a baseline assumption and various stress scenarios. Two stress scenarios have been developed for the 2019 liquidity stress test: a 2008 financial crisis-like scenario and an interest rate shock/downgrade scenario. In addition, insurers have to provide their own internal worst-case scenario. In each of the scenarios, the liquidity stress test requires an insurer to identify expected asset sales by category to cure any cash-flow deficits. The insurer’s own models should also incorporate feedback from its portfolio manager or chief investment officer.

The proposed framework would require 2019 data to be collected in the third quarter of 2020 by lead state insurance regulators through their examination authority to maintain confidentiality. The results would then be analyzed to identify potential vulnerabilities of certain asset classes or markets and determine how a severe liquidity stress scenario affecting the insurance sector would affect the broader financial markets. Key liquidity risks identified from the results of the liquidity stress test will inform regulators on future improvements to the framework.

Recovery and resolution

The Executive Committee and Plenary adopted amendments to the Guideline for Stay on Termination of Netting Agreements and Qualified Financial Contracts (#1556) as developed by the Receivership and Insolvency (E) Task Force. The amendments address the issue that federal rules on master netting agreements do not recognize state receivership stays and advise states considering adoption of Guideline #1556 to first determine the applicable requirements of the federal rules.

The Receivership and Insolvency (E) Task Force exposed draft guidance for inclusion in the Receiver’s Handbook for Insurance Company Insolvencies that would provide best practices in handling taxes and federal releases in receivership. Comments are due by 31 January 2020.

The Task Force outlined the next steps regarding its ongoing recovery and resolution research activities. The Task Force charged the Receivership Law (E) Working Group to consider how to encourage states with aging regulations to adopt key areas in receivership law, such as those that exist under the Insurer Receivership Model Act (#555). The Task Force requested feedback on the key provisions that a state should have in its laws to make the receivership process effective and consistent across states. Comments are due by 7 February 2020. The Task Force will also continue to discuss possible remedies that would allow continuity of essential services and functions to an insurer in receivership.

Capital stress testing

The Group Capital Calculation (E) Working Group discussed preliminary observations from the initial field testing of the NAIC’s group capital calculation. The Working Group is analyzing the sensitivity of the base levels and ratios for group capital to the treatment of various items, such as the allowance of senior debt, consideration of XXX/AXXX reserves and scalars to address the existing requirements of foreign jurisdictions in the group capital calculation. The Working Group noted that certain foreign jurisdictions have fixed capital requirements that are not correlated to the level of risk inherent in the foreign insurer’s operations.

Upon completion of field testing, various recommendations are expected to be developed and exposed, with feedback solicited for further discussion in early 2020. The Working Group continues to work toward the objective of an initial filing to state insurance regulators using 2019 annual data, but it acknowledged that it may be on a voluntary basis.

The Executive (EX) Committee approved a request for NAIC model law development to modify the Insurance Holding Company System Regulatory Act (#440) and the Insurance Holding Company System Regulation with Reporting Forms and Instructions (#450). The planned modifications will address the filing of the group capital calculation and incorporate adequate confidentiality protections under state law for the information to be filed. The Working Group exposed a draft referral to the Group Solvency Issues (E) Working Group to request assistance in developing the necessary modifications to Model #440 and Model #450 for this purpose. Comments are due by 7 February 2020.
Long-term care insurance regulation

The Long-Term Care Insurance (EX) Task Force continued its work to develop a consistent national approach for reviewing long-term care (LTC) insurance rates and identifying options for consumers regarding modifications to LTC insurance contract benefits where the underlying policies are no longer affordable due to rate increases. The Task Force met in regulator-only sessions to explore potential responses to issues associated with the following work streams: multistate rate review practices, with a focus on evaluating actuarial review methodologies used by states; restructing techniques, including the effect of potential inequities resulting from variations in states’ rate increase decisions; reduced benefit options and consumer notices; valuation of LTC insurance reserves, with a focus on work performed by the NAIC on the actuarial review of company filings under Actuarial Guideline LI — The Application of Asset Adequacy Testing to Long-Term Care Insurance Reserves (AG 51); non-actuarial variance among states, including the rationale behind factors affecting rate approvals that are not of an actuarial basis; and data call design and oversight.

Various NAIC groups continued their work on initiatives to address issues in LTC insurance regulation. Developments from these groups include the following:

- The Long-Term Care Actuarial (B) Working Group exposed revisions to the existing Long-Term Care Experience Reporting Forms that would expand the requirements for reporting of LTC experience. Among other things, the revisions would require incurred claim and earned premium experience to be split between direct, assumed and ceded individual and group lines.
- The Long-Term Care Actuarial (B) Working Group received an update from the Academy on its activities related to LTC insurance. The Academy exposed a draft actuarial practice note on combination products (i.e., life or annuity contracts that include LTC riders) and is also developing new mortality and lapse tables for use in estimating reserves on a total and active lives basis.
- The Long-Term Care Actuarial (B) Working Group received an update from the SOA on its development of a new LTC experience study, which will include experience from policies issued between 2000 and 2016 and represent more than 80% of all LTC earned premiums. The SOA expects to release this study in 2020.
- The Long-Term Care Valuation (B) Subgroup issued its 2019 AG 51 guidance document for use by regulators in requesting information from companies that file an AG 51 Memorandum to report the results of their LTC insurance asset adequacy analysis testing. Focus areas for 2019 include the model used and level of reliance on external data in developing the morbidity assumption, older-age morbidity projections, benefit utilization (i.e., the gap between the average daily benefit in the policy and the actual benefit) and the underwriting wear-off pattern.
- The Long-Term Care Pricing (B) Subgroup discussed various regulator considerations for group LTC rate increase requests. The Subgroup has focused on identifying differences between individual and group LTC products that could affect pricing. For example, many group policies have lower, non-lifetime benefits without inflation protection, and policies with employer-funded premiums generally experience higher lapse rates.

Statutory accounting and risk-based capital developments

This section summarizes the actions taken by various NAIC groups affecting statutory accounting, annual statement reporting and RBC requirements since the 2019 Summer National Meeting.

Statutory Accounting Principles (E) Working Group

Appendix A in this publication summarizes the actions taken by SAPWG to revise statutory accounting and reporting guidance since the 2019 Summer National Meeting. It also includes the effective dates for adopted items and the deadlines for comments on exposed items.

Statutory accounting principles

SAPWG adopted revisions to the disclosure requirements in SSAP No. 61R, Life, Deposit-Type and Accident and Health Reinsurance, intended to assist regulators in identifying reinsurance contracts with risk-limiting features (Ref #2017-28). The new disclosures are similar to the existing disclosures in SSAP No. 62R, Property and Casualty Reinsurance, and will be effective for year-end 2020 reporting.
SAPWG also adopted revisions to the question-and-answer (Q&A) content in Appendix A-791, *Life and Health Reinsurance Agreements*, to address risk transfer considerations for contracts that have a statutorily required medical loss ratio or similar refund/rebate and group term life YRT contracts (Ref #2017-28). The revised guidance will be effective on 1 January 2021.

SAPWG adopted revisions to Appendix A-785, *Credit for Reinsurance*, to address the changes in reinsurance collateral requirements resulting from the 2019 revisions to Model #785 and Model #786 (Ref #2019-26). The revisions incorporate the provisions of the US-EU Covered Agreement and the covered agreement between the US and the United Kingdom into Appendix A-785.

SAPWG adopted revisions to SSAP No. 68, *Business Combinations and Goodwill*, and SSAP No. 97, *Investments in Subsidiary, Controlled and Affiliated Entities*, that will affect the amount of goodwill subject to the admittance limitation test performed by the insurance reporting entity for year-end 2019 (Ref #2019-12). The revisions clarify that goodwill resulting from the acquisition of a subsidiary, controlled or affiliated (SCA) entity by an insurance reporting entity that is reported in the financial statements of the SCA entity (i.e., pushdown accounting is applied) would be captured in the goodwill admittance limitation test.

SAPWG also adopted revisions to SSAP No. 97 to clarify the requirement to account for an investment in an SCA entity as a nonadmitted asset if its audited financial statements or audit opinion identify an unalleviated substantial doubt about the SCA’s ability to continue as a going concern (Ref #2019-23).

SAPWG adopted revisions to SSAP No. 86, *Derivatives*, to clarify that “other” derivatives not used in hedging, income generation or replication transactions are reported at fair value and do not qualify as admitted assets (Ref #2019-18).

SAPWG adopted revisions to SSAP No. 103R, *Transfers and Servicing of Financial Assets and Extinguishments of Liabilities*, to clarify that the wash sale disclosure requirements only apply to wash sales that cross reporting-period end dates (Ref #2019-22).

SAPWG adopted revisions to Line 13 (10 Largest Equity Interests) of the Supplemental Investment Risk Interrogatories to clarify that a look-through should only occur for non-diversified funds (Ref #2019-19). The NAIC Securities Valuation Office (SVO) identified bond exchange-traded funds and other SVO-identified investments with underlying characteristics of fixed-income investments are excluded from this equity interrogatory.

SAPWG exposed a substantially revised draft of SSAP No. 32, *Preferred Stock*, (and re-exposed a revised draft of the related issue paper) to update the statutory definition of preferred stock, clarify the measurement and impairment guidance for investments in preferred stock, and address the statutory accounting treatment for the recognition of dividends and redemption of preferred stock by the issuer (Ref #2019-04).

SAPWG also exposed a substantially revised draft of SSAP No. 105, *Working Capital Finance Investments*, to incorporate revisions to the working capital investment program requirements that were suggested by industry stakeholders (Ref #2019-25). The requirements that would be affected by these revisions include the determination of functionally equivalent foreign regulators, prohibitions on commingling, investor rights, certification of perfected interest, validation of the finance agent and the alignment of default date provisions with the cure period.

SAPWG directed the NAIC staff to work with interested parties to develop an issue paper on proposed revisions to the statutory accounting treatment of investments in the scope of SSAP No. 43R, *Loan-Backed and Structured Securities* (Ref #2019-21). The issue paper will address the following areas: guidance for investments that are considered to be asset-backed securities under the definition in the Code of Federal Regulations and investments that do not meet this definition; the application of guidance for investments in the form of a debt instrument where the amount of principal and interest to be returned to the holder is calculated solely with reference to an external market indicator (public or proprietary); the inclusion of guidance, investment reporting provisions and disclosures to clearly identify and assess insurer sponsored securitizations; and the review of statutory accounting and reporting guidance for equipment trust certificates, credit tenant loans and lease-backed securities. This agenda item is expected to be discussed further at the 2020 Spring National Meeting.
Blanks (E) Working Group
Appendix B summarizes the actions taken by BWG since the 2019 Summer National Meeting.

BWG adopted revised procedures to address proposed amendments to the annual and quarterly statement blanks and related instructions. Under the revised procedures, any proposal that affects a quarterly statement blank must be submitted to NAIC staff no later than 1 July, exposed by BWG no later than 15 July and adopted by 31 August for the amendment to be effective as of the beginning of the subsequent year. Proposals that affect the annual statement blank must be submitted to NAIC staff no later than 1 April, exposed by BWG no later than 15 April and adopted by 1 June to be effective for the current year. However, proposals that are presented by a parent group (defined as a group above BWG in the statutory hierarchy) after these deadlines will be processed as directed the parent group, and BWG will evaluate how the data capture elements included in the proposal will be accommodated for blanks reporting purposes.

BWG also adopted a guidance document to assist reporting entities in completing the detail schedule for the Analysis by Lines of Business for Individual Life and Group Life included in life/fraternal annual statement blank filings for 2019. The instructional changes detailed in the guidance document have been adopted by BWG effective for 2020 annual reporting purposes (Ref #2019-26BWG Modified).

Capital Adequacy (E) Task Force
The Capital Adequacy (E) Task Force (CATF) exposed several referrals from other NAIC groups relating to the RBC treatment of various classes of investments. CATF will hold a conference call to further discuss the referrals requesting an analysis of the following topics:

- Securities and Exchange Commission (SEC) registered funds (e.g., mutual funds, closed-end funds, unit-investment trusts) in the scope of SSAP No. 30R, Unaffiliated Common Stock, that comprise bond or qualifying preferred stock investments
- Mutual funds that are subject to pre-purchase review procedures by the NAIC SVO and are issued by investment companies registered with and regulated by the SEC with a published investment objective to invest solely in bonds or preferred stock
- Structured notes that resemble debt instruments, but the contractual amount of the instrument to be paid at maturity is at risk for other-than-default risk (i.e., the failure of the borrower to pay the contractual amount due)

CATF adopted revisions to the RBC Preamble, which is intended to provide information (i.e., background, purpose, objectives and critical concepts) on the history of the RBC framework. The revised preamble includes a reference to the fact that there are no state-permitted practices to modify the RBC formula, and all insurers are required to abide by the RBC instructions.

Appendix C summarizes the developments affecting RBC requirements for each of the insurance sectors based on actions taken by CATF and the various NAIC groups that report to it since the 2019 Summer National Meeting.

Life RBC (E) Working Group
The Working Group rejected a proposal to decrease the existing 30% risk charge in the Life and Fraternal RBC formula for unaffiliated common stock portfolios that support long-term, fixed contractual obligations, such as payout annuities or structured settlements. The Working Group acknowledged that while long-term returns on equity securities may be more stable, a decrease in the risk charge would be inappropriate given the potential for a rapid decline in the market valuation of equity securities.

The Working Group exposed a proposal developed by the Longevity Risk (A/E) Subgroup and a related recommendation from the Academy to implement a longevity risk charge in the Life and Fraternal RBC formula.

The Subgroup’s proposal assumes that base statutory reserves for the products in scope (i.e., single premium immediate annuities; other payout annuities in pay status; and certain deferred payout annuities, structured settlements and group annuities) are held at the 85th percentile level. The amount of regulatory capital needed to provide for claims in excess of reserves resulting from an increase in policyholder longevity is addressed through the application of a C-2 risk charge to the base statutory reserves that has been calibrated to the 95th percentile level.
The Academy recommends implementing the new longevity risk charge concurrently with the updated mortality factors being developed by the Academy. Further, the Academy believes a covariance adjustment is appropriate to offset the nature of the separate C-2 risk charges for morality risk and longevity risk.

Comments on the Subgroup's proposal and the Academy's recommendation are due by 7 February 2020.

The Working Group also heard an update from the Academy on its project to develop updated mortality factors. The Academy is reviewing the “scenario approach” used to determine the current mortality factors (e.g., modeling for specific epidemics, such as AIDS). The Working Group will hold a conference call to provide feedback to the Academy on its work before any recommended factors are exposed.

The preliminary target date for incorporating the updated mortality factors and longevity risk charge into the Life and Fraternal RBC formula continues to be year-end 2020.

**Longevity Risk (A/E) Subgroup**

The Subgroup excluded longevity reinsurance transactions from the scope of its proposal delivered to the Life RBC (E) Working Group. Longevity reinsurance is an arrangement that involves the transfer of longevity risk associated with group annuities. The Subgroup will continue to evaluate these arrangements and intends to identify an alternative basis for the application of a longevity risk factor, given that statutory reserves are generally zero at inception of the transaction.

**Health RBC (E) Working Group**

The Working Group received comments on the exposed proposal to implement changes to the health statement test that include decreasing the premium ratio (i.e., health insurance premiums as a percentage of total premium income) to 90% from 95%. Under the proposal, insurers exceeding the premium ratio would be considered to predominantly write health insurance and be required to file the health annual statement blank (and be subject to the Health RBC formula). The Working Group will conduct voluntary field testing to identify needed changes to the health statement test and annual statement blanks and the potential effect on the regulatory capital requirement for insurers that would be required to change from filing the life blank to the health blank.

The Working Group also received comments on a proposal to include structural changes to the bond designations and updated bond factors in the Health RBC formula based on the Academy's recommendations. Industry stakeholders commented that investment income should be incorporated in the bond factors (i.e., as an offset to the base risk charge) because initial research suggests investment income is currently not considered elsewhere within the Health RBC formula.

**Executive Committee**

The Executive (EX) Committee approved a request for NAIC Model Law Development to amend the *Unfair Trade Practices Act* (#880) to clarify what is considered a “rebate” or “inducement” in light of technologies being deployed to add value to existing insurance products and services.

The actions taken by various NAIC groups that report to the Executive (EX) Committee since the 2019 Summer National Meeting are summarized below.

**Innovation and Technology (EX) Task Force**

The Task Force continued discussing anti-rebating issues that potentially impede the innovation of new insurance products. The Task Force heard a presentation on North Dakota's draft bulletin addressing an interpretation of its statutory language on anti-rebating issues in the state. The intent of the presentation was to inform the Task Force in its evaluation of potential options for addressing anti-rebating issues more broadly. It was subsequently determined that a drafting group would be formed to develop revisions to anti-rebating provisions that currently exist in Model #880.

The Task Force received an update on the activity of the Privacy Protections (D) Working Group, which was formed in 2019 to review state insurance privacy protections regarding the collection, use and disclosure of information gathered in connection with insurance transactions and recommend changes, as needed, to certain NAIC models, including the *NAIC Insurance Information and Privacy Protection Model Act* (#670) and the *Privacy of Consumer Financial and Health Information Regulation* (#672).
Big Data (EX) Working Group

The Working Group received an update from the Casualty Actuarial and Statistical (C) Task Force (CASTF) regarding the status of its work on a draft white paper detailing best practices for the regulatory review of predictive models and analytics filed by insurers to justify rates, the development of state guidance (e.g., information and data) for rate filings that are based on complex predictive models and the development of training to share expertise through predictive analytics webinars.

The Working Group also received an update from the Accelerated Underwriting (A) Working Group, which has developed a work plan that contemplates three general phases. The first phase will involve information gathering. The second phase will identify risks related to the use of external data and data analytics in accelerated life insurance underwriting and the best ways to address them (e.g., white paper, model bulletin, model law). The third phase will involve developing a work product by the 2020 Fall National Meeting.

Life Insurance and Annuities

The Executive Committee and Plenary adopted the 2020 Generally Recognized Expense Table developed by the SOA.

The A Committee adopted revisions to the Suitability in Annuity Transactions Model Regulation (#275) developed by the Annuity Suitability (A) Working Group. The revised model is intended to establish a best interest framework that is less than “fiduciary” but more than “suitable” for a producer (or insurer) to follow when making recommendations to consumers about purchasing annuities, with requirements that are comparable and consistent with the provisions of the SEC’s best interest regulation that was finalized in June 2019. Recommendations and sales of annuities by financial professionals (as defined in the revised model) that are made in compliance with comparable standards (e.g., the SEC’s best interest regulation) would satisfy the requirements under the NAIC’s model regulation.

The A Committee approved separate requests to allow work on revisions to the Annuity Disclosure Model Regulation (#245) and the Life Insurance Disclosure Model Regulation (#580) to continue, with the creation of a policy overview document to be included in Model #580.

The actions taken by various NAIC groups that report to the A Committee since the 2019 Summer National Meeting are summarized below.

Life Actuarial (A) Task Force

LATF adopted the Individual Life Insurance Mortality Improvement Scale recommendation proposed by a joint committee of the Academy and SOA. The scale is used to establish reserves under VM-20 and Actuarial Guideline XXXVIII – The Application of the Valuation of Life Insurance Policies Model Regulation. LATF also heard an update from an Academy working group that is studying the process for recommending changes to the life mortality improvement factors. The Academy working group plans to develop a consistent framework that would remove actuarial judgment that could have a material effect on these factors and produce mortality improvement factors that can be used across life, annuity and pension products.

Annuity Disclosure (A) Working Group

The Working Group continued developing revisions to Model #245 that would modify the eligibility requirements and mandatory disclosures illustrating the hypothetical return for an index within annuity illustrations. Multiple iterations of draft revisions to Model #245 have been discussed, and consensus was reached on most of the outstanding issues. The Working Group will hold a conference call to address the remaining items.

IUL Illustration (A) Subgroup

The Subgroup continued to work on developing modifications to Actuarial Guideline XLIX – The Application of the Life Illustrations Model Regulation to Policies with Index-Based Interest to address the illustrated rate for universal life policies with index multipliers (i.e., multiplier products). The modifications are expected to prohibit the illustration of scenarios for multiplier products that are more or less favorable than non-multiplier products. The Subgroup has not yet determined the effective date of the modified requirements and whether they should only apply to newly issued contracts.
Health Insurance and Managed Care

The actions taken by various NAIC groups that report to the Health Insurance and Managed Care (B) Committee since the 2019 Summer National Meeting are summarized below.

Health Actuarial (B) Task Force

The Health Actuarial (B) Task Force received an update on the activities of the joint Group Life Waiver Valuation Table Work Group of the Academy and SOA. In addition to analyzing company experience (for mortality and recovery) to develop updates to the valuation table, the joint working group will also propose updates to *Actuarial Guideline XLIV – Group Term Life Waiver of Premium Disabled Life Reserves*. This work is targeted for completion in 2021.

Property and Casualty Insurance

The Executive Committee and Plenary adopted the white paper *Regulatory Guide: Understanding the Market for Cannabis Insurance*, which is intended to provide information to state insurance regulators, insurers and the broader public about the cannabis business supply chain, types of insurance needed by the cannabis industry, availability of cannabis business insurance in state insurance markets and the extent of insurance gaps, and best practices that state insurance regulators can adopt to encourage insurers to write insurance for the cannabis industry.

The Executive Committee and Plenary also adopted the *Post-Disaster Claims Guide* for use by state insurance regulators to provide consumers with information on how to navigate the claims process following a natural disaster.

The Property and Casualty Insurance (C) Committee (C Committee) took the following actions:

- It adopted a private flood insurance data call template and related documents intended to provide state insurance regulators, industry stakeholders, consumers and others with an accurate picture of the private flood insurance market, growth in the market and identification of the major carriers. Data from the data call will be made publicly available.
- It adopted a proposal to include private flood insurance data in the P&C annual statement blank and a referral to the BWG to request the creation of a new supplement that will separate residential from commercial private flood insurance and capture standalone/endorsement and first dollar/excess policy information for private flood policies. It also adopted revisions to the Credit Insurance Experience Exhibit that will collect lender-placed flood coverages, including a split between first dollar and excess coverages. The requested revisions to the P&C annual statement blank changes would be effective for 2021 year-end reporting.
- It adopted the *Considerations for State Insurance Regulators in Building the Private Flood Insurance Market*, which is intended to provide state insurance regulators with strategies to encourage the development and growth of the private flood insurance market.
- It approved another extension for NAIC model law development to continue drafting the proposed *Real Property Lender-Placed Insurance Model Act*, which addresses lender-placed insurance related to mortgage loans.

The actions taken by various NAIC groups that report to the C Committee since the 2019 Summer National Meeting are summarized below.

Casualty Actuarial and Statistical (C) Task Force


CASTF adopted a revised implementation plan for the joint proposal by the Casualty Actuarial Society (CAS) and the SOA task force on the Appointed Actuary Continuing Education Verification Project to delay implementation by one year. CASTF also exposed the proposed 2020 Statement of Actuarial Opinion instructions that reference the process for an appointed actuary to demonstrate compliance with the continuing education requirements related to this project.

CASTF re-exposed a draft of the white paper *Best Practices for Regulatory Review of Predictive Analytics* with revisions that incorporate proposed changes to the *Product Filing Review Handbook* and proposed state guidance within its content.
Catastrophe Insurance (C) Working Group
The Working Group exposed a draft of the State Disaster Response Plan, which details how a state insurance department can work with other federal, state or local agencies; the NAIC; and other state insurance departments in responding to a disaster. It also provides states needing NAIC assistance following a disaster with action items that should be done before contacting the NAIC and includes the types of assistance that the NAIC can provide to the states.

Workers’ Compensation (C) Task Force
The Task Force exposed a draft of the white paper Workers’ Compensation Policy and the Changing Workforce, which addresses a changing workforce, the determination of employee status and alternative insurance coverage models.

Financial Condition
The Financial Condition (E) Committee (E Committee) adopted revisions to the qualification definition of the appointed actuary included in the P&C annual statement instructions that are effective for 2019 year-end reporting (Ref #2019-20BWG Modified). The revisions set forth a workable, objective and principles-based definition of a “qualified actuary” that includes actuarial designations from both the SOA and the CAS that meet the minimum basic education standard in that definition.

The revisions also add language regarding qualification documentation to the instructions. All currently appointed actuaries remain qualified under the new definition, with a requirement to maintain documentation explaining how the definition of a qualified actuary is met.

The actions taken by various NAIC groups that report to the E Committee since the 2019 Summer National Meeting are summarized below.

Mortgage Guaranty Insurance (E) Working Group
The Working Group exposed the following items as part of its work to develop a new capital standard for mortgage insurers:

- A proposed capital model for mortgage guaranty insurance that measures a mortgage insurer’s expected capital based on a portfolio of mortgage loans for which it provides guaranty insurance
- A substantially revised version of the Mortgage Guaranty Insurance Model Act (#630)
- A proposed Mortgage Guaranty Insurance Standards Manual that documents standards and related requirements referenced but not detailed within Model #630 due to the potential frequency of changes in the standards
- An annual statement blanks proposal to address the collection of mortgage guaranty insurance data for 2020 year-end reporting

Receivership and Insolvency (E) Task Force
The Task Force adopted the draft guidance developed by the Receivership Large Deductible Workers’ Compensation (E) Working Group that would be included in the Receiver’s Handbook for Insurance Company Insolvencies to provide best practices for administering a large deductible workers’ compensation receivership.

Separately, the Working Group exposed a draft model guideline to provide alternative language in the administration of loss reimbursement policies from the requirements of Section 712 of Model #555. Comments are due by 31 January 2020.

Risk Retention Group (E) Task Force
The Task Force adopted the following items to clarify issues related to the registration and operation of risk retention groups (RRGs) in non-domiciliary states:

- Frequently Asked Questions and Best Practices documents for RRGs, which are intended to assist the states with the registration of RRGs
- A referral to the C Committee to consider revisions to the NAIC Uniform Risk Retention Group – Notice and Registration Form, which were developed by the Task Force to provide clarity on the required information to be submitted to the non-domiciliary states in which the RRG intends to do business and to facilitate compliance with the federal Liability Risk Retention Act
Valuation of Securities (E) Task Force

The Valuation of Securities (E) Task Force (VOSTF) continued its work to amend the Purposes and Procedures Manual of the NAIC Investment Analysis Office (P&P Manual) to clarify the instructions, modify various administrative procedures and improve the compilation function of the NAIC SVO. VOSTF adopted amendments to the P&P Manual that:

- Add instructions for the use of new administrative fields “RTS” and “RT” to report regulatory transactions. A reporting entity would use the code RTS when the domiciliary state has received assistance from the NAIC SVO or the NAIC Structured Securities Group (SSG) in reviewing a regulatory transaction. The regulatory transaction would then be reported at the “analytical value” (a new term defined in the amendment) assigned by the SVO or the SSG. For all other regulatory transactions, the code RT would be used with an NAIC 6 designation. The new administrative fields are optional for 2019 year-end reporting but required effective 1 January 2020.

- Update the interim instructions for mortgage-referenced securities to provide guidance on how to assign an NAIC designation to a newly issued or newly acquired security prior to the publication of the annual surveillance data. These securities include residential mortgage-backed securities (RMBS) and commercial mortgage-backed securities (CMBS) for which the NAIC SVO is involved in the designation process.

- Add instructions for the reporting of ground lease financing (GLF) transactions as a new asset class, with implementation of a multi-faceted approach to analyzing these transactions in recognition of the variances that exist in how GLF transactions are structured. GLF transactions reported as a credit tenant loan on Schedule D that were acquired before 1 January 2020 and assigned an NAIC designation generated from the filing exemption process can continue to be reported on that basis until the investment is sold or otherwise disposed.

VOSTF exposed an amendment to rename the US Direct Obligations/Full Faith and Credit Exempt Money Market Funds list as the NAIC US Government Money Market Fund list. The amendment also would discontinue the use of the NAIC Bond Fund list and allow the funds currently included on the list to migrate to the NAIC Fixed Income-Like SEC Registered Funds list in 2020.

VOSTF also exposed an amendment that would limit the NAIC designation that can be assigned to a foreign security to the sovereign rating of the issuer's country of origin as indicated on the NAIC’s Foreign Sovereign Designation Equivalent list published by the NAIC SVO.

VOSTF exposed an amendment to remove references to SEC exemptive orders from the descriptions of exchange-traded funds (ETFs) and clarify that Regulatory Treatment Analysis Service application filers only need to provide SEC exemptive orders to the NAIC SVO if applicable. The proposed amendment was drafted in response to the SEC’s adoption of a new Rule 6c-11 under the Investment Company Act of 1940, which will permit ETFs that satisfy certain conditions to operate without first obtaining an exemptive order from the SEC.

VOSTF also exposed an amendment to remove the financial modeling instructions for RMBS/CMBS investments and direct NAIC Investment Analysis Office staff to instead produce NAIC designations and NAIC designation categories for these securities. Comments are due by 7 February 2020.

VOSTF received a report from NAIC SVO staff on its work to develop an updated definition of principal protected notes. SVO staff has been working iteratively with industry stakeholders on a general framework to describe repackaged securities that may possess other nonpayment risks that must be addressed in the NAIC designation process by filing the security with the SVO. However, additional time is needed to finalize the definition for the types of securities that would be subject to the SVO filing criteria.

Financial Regulation Standards and Accreditation

The Executive Committee and Plenary adopted revisions to Part D of the accreditation standards to address redomestications. These revisions update the scope of the accreditation guidelines to include primary applications for redomestications and add a new standard for the scope and performance of procedures that includes elements for a quality review of redomestication transactions, as well as communication requirements with other regulators, effective 1 January 2020. In addition, the process for state review of primary licensing, redomestications and change in control (i.e., Form A) filings will be included in the recommendation on a state's accreditation status, effective 1 January 2022.

The F Committee also adopted revisions to the review team guidelines included in Part B.3 of the accreditation standards to address procedures for troubled companies, effective 1 January 2020. These revisions align the accreditation guidelines to recently adopted revisions to the Troubled Insurance Company Handbook, which is a publication for regulators. These revisions also provide guidance on the timely and effective communication between the domiciliary and non-domiciliary states of information on troubled or potentially troubled insurance companies that may affect other jurisdictions.

International Insurance Relations

The International Insurance Relations (G) Committee (G Committee) approved the comments submitted by the NAIC to the International Association of Insurance Supervisors (IAIS) on the IAIS draft Issues Paper on the Use of Big Data Analytics in Insurance. This draft focuses on issues related to the use of personal and other data by insurers as a result of digitalization and considers the manner in which insurers are able to collect, process and use data across various stages of the insurance product life cycle.

The G Committee also approved the comments that were submitted by the NAIC on the IAIS revised supervisory material and material related to the Holistic Framework for Systemic Risk in the insurance sector. The holistic framework developed by the IAIS represents a move away from the IAIS’s entities-based approach to identify firms to which specific policy measures would be applied. The new enhanced set of IAIS supervisory policy measures is one element of its broader approach to addressing potential systemic risk.

Any new documents released by the IAIS for public consultation will be reviewed by the NAIC staff and discussed by the G Committee on conference calls to be scheduled before the respective deadlines for submission.

The G Committee also received an update on the following actions that were taken by the IAIS at its November 2019 meeting:

• Adoption of its Holistic Framework for Systemic Risk in the insurance sector
• Adoption of a revised set of Insurance Core Principles (ICPs) and requirements for the Common Framework for the Supervision of Internationally Active Insurance Groups (ComFrame), with implementation to begin in 2020
• Adoption of its global Insurance Capital Standard (ICS), with a five-year monitoring period beginning on 1 January 2020

The G Committee indicated that the compatibility of the ICPs and ComFrame requirements with the framework of the US system of state-based insurance regulation will be validated by various NAIC groups as they begin to be implemented globally. The G Committee also indicated that the NAIC group capital calculation, which is based on an aggregation method, will be evaluated for acceptance as an equivalent outcome to the ICS during the monitoring period.

Stay tuned

The NAIC’s 2020 Spring National Meeting is currently scheduled for 21-24 March in Phoenix. A list of conference calls and other meetings that will be held before then can be found at http://naic.org/meetings_calendar.htm.
### Appendix A – Statutory Accounting Principles Working Group

This chart summarizes actions taken by SAPWG since the 2019 Summer National Meeting. Comments on exposed items are due by 31 January 2020, unless otherwise noted. More information is available at [http://www.naic.org/cmte_e_app_sapwg.htm](http://www.naic.org/cmte_e_app_sapwg.htm).

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<thead>
<tr>
<th>Topic/issue</th>
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<tbody>
<tr>
<td><strong>Substantive listing</strong>&lt;sup&gt;1&lt;/sup&gt;</td>
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<tr>
<td>ASU 2016-13 – Credit Losses (Ref #2016-20)</td>
<td>Deferred*</td>
<td>Deferred consideration of how the US GAAP concepts in ASU 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments, should be incorporated into statutory accounting.</td>
<td>TBD</td>
</tr>
<tr>
<td>SSAP No. 41R – Amortization and Accretion Surplus Notes (Ref #2017-12)</td>
<td>Deferred*</td>
<td>Deferred consideration of proposed revisions to SSAP No. 41R, Surplus Notes, that would incorporate the fundamental principle that the effect (i.e., increase in surplus) from a surplus note issued at a discount or zero coupon should never be greater than the amount of cash and liquid admitted assets received. The revisions would also provide specific statutory accounting guidance for certain transactions (including exchanges or amendments of terms) consistent with the overall principle and disclosures to capture information for discounted or zero-coupon surplus notes in the statutory-basis financial statements.</td>
<td>TBD</td>
</tr>
<tr>
<td>ASU 2017-12 – Derivatives and Hedging (Ref #2017-33)</td>
<td>Deferred*</td>
<td>Deferred consideration of an issue paper detailing an initial assessment of the effect of ASU 2017-12, Derivatives and Hedging (Topic 815): Targeted Improvements to Accounting for Hedging Activities, on the statutory accounting and reporting of derivatives. Feedback has been provided on the revisions needed to incorporate suggested modifications into statutory accounting, along with the differences between the US GAAP and statutory accounting for derivatives that should be retained.</td>
<td>TBD</td>
</tr>
<tr>
<td>SSAP No. 32 and Issue Paper – Preferred Stock (Ref #2019-04)</td>
<td>Exposed</td>
<td>Exposed a revised draft of SSAP No. 32 (and re-exposed a revised draft of the related issue paper) to revise the definitions, measurement guidance and impairment guidance for preferred stock pursuant to the overall objectives of the NAIC’s investment classification project.</td>
<td>TBD</td>
</tr>
<tr>
<td>SSAP No. 43R – Equity Instruments (Ref #2019-21)</td>
<td>Further analysis necessary</td>
<td>Directed the NAIC staff to work with interested parties to develop an issue paper detailing proposed revisions to the statutory accounting treatment of investments in the scope of SSAP No. 43R.</td>
<td>TBD</td>
</tr>
<tr>
<td>SSAP No. 105 – Working Capital Finance Investments (Ref #2019-25)</td>
<td>Exposed</td>
<td>Exposed a revised draft of SSAP No. 105 to incorporate industry revisions to specific requirements of the working capital finance investment program.</td>
<td>TBD</td>
</tr>
<tr>
<td><strong>Nonsubstantive listing</strong>&lt;sup&gt;2&lt;/sup&gt;</td>
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</tr>
<tr>
<td>SSAP No. 26R and SSAP No. 43R – Measurement Method for NAIC 5 Designations (Ref #2015-17)</td>
<td>Deferred*</td>
<td>Deferred revisions to statutory accounting guidance that would require investments with an NAIC 5 designation held by an asset valuation reserve filer to be reported at the lower of amortized cost or fair value.</td>
<td>TBD</td>
</tr>
<tr>
<td>Aging and Revenue Recognition of Multi-Peril Crop Policies (Ref #2015-33)</td>
<td>Further analysis necessary&lt;sup&gt;*&lt;/sup&gt;</td>
<td>Directed the NAIC staff to work with state insurance regulators and key stakeholders to develop recommendations to update SSAP No. 7B, Multi-Peril Crop Insurance, for (1) using the billing date for application of the 90-day rule, (2) defining the processing date or updating the term, (3) providing more specificity on the period of risk for purposes of earning revenue and (4) developing a glossary of terms.</td>
<td>TBD</td>
</tr>
<tr>
<td>Appendix C Introduction (Ref #2016-42)</td>
<td>Deferred*</td>
<td>Deferred revisions to the introduction page of Appendix C of the Accounting Practices and Procedures Manual that would promote the consistent application of the Actuarial Guidelines for statutory accounting. The revisions add language noting that various SSAPs incorporate the Actuarial Guidelines by reference into the statutory accounting requirements and provide information regarding their applicability after the operative date of the Valuation Manual (i.e., 1 January 2017).</td>
<td>TBD</td>
</tr>
<tr>
<td>SSAP No. 61R – Reinsurance Credit (Ref #2017-28)</td>
<td>Adopted</td>
<td>Adopted revisions to the disclosure requirements in SSAP No. 61R intended to assist regulators in identifying reinsurance contracts with risk-limiting features. The new disclosures are similar to the existing disclosures in SSAP No. 62R. Adopted revisions to the Q&amp;A content in Appendix A-791 to address risk transfer considerations for contracts that have a statutorily required medical loss ratio or similar refund/rebate and group term life YRT contracts.</td>
<td>31 December 2020</td>
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</tbody>
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<sup>1</sup> Substantive revisions are those that modify the statutory intent of an SSAP or create new statutory accounting principles.

<sup>2</sup> Nonsubstantive revisions are those that do not modify the statutory intent of an SSAP.
<table>
<thead>
<tr>
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<tbody>
<tr>
<td>SSAP No. 61R – Reinsurance Credit (Ref #2017-28)</td>
<td>Further analysis necessary</td>
<td>Referred the proposed revisions to the Q&amp;A content in Appendix A-791 that address the scope of nonproportional contracts subject to the requirements of Appendix A-791 back to the informal life and health reinsurance drafting group to address informal application questions.</td>
<td>TBD</td>
</tr>
<tr>
<td>SSAP No. 41R – Surplus Note Accounting (Ref #2018-07)</td>
<td>Further analysis necessary</td>
<td>Exposed revisions to SSAP No. 41R to clarify that surplus notes linked to a reported asset or other agreement are not subordinate and do not qualify for reporting as statutory equity by the issuer of the surplus note, with additional language to clarify the principal intent of a surplus note. Reported that the NAIC staff is in the process of gathering information from a data call on the use of linked surplus notes, with discussion on this topic to resume once all of the requested information has been collected.</td>
<td>TBD</td>
</tr>
<tr>
<td>SSAP No. 5R and SSAP No. 97 – SCA Loss-Tracking Accounting Guidance (Ref #2018-26)</td>
<td>Re-exposed</td>
<td>Re-exposed revisions to SSAP No. 5R and SSAP No. 97 to update the accounting requirements for when an insurance reporting entity (i.e., parent) has an investment in an SCA entity with losses that exceed the carrying value of the investment by removing the stipulations that would result in the parent recognizing both a liability for any financial commitment or guarantee of the SCA’s obligations and a negative value for its investment under the equity method of accounting.</td>
<td>TBD</td>
</tr>
<tr>
<td>SSAP No. 55 – Prepayments to Service and Claims Adjusting Providers (Ref #2018-38)</td>
<td>Re-exposed</td>
<td>Re-exposed revisions to SSAP No. 55, Unpaid Claims, Losses and Loss Adjustment Expenses, to clarify that loss and loss adjustment expense liabilities are established regardless of payments to third parties (except for capitaled health claim payments). The liabilities would not be recognized as paid until the losses are paid to claimants or claims are adjusted. The revisions would also clarify that prepayments to third-party administrators, which are not for claims or loss adjustment expense, should be recognized as miscellaneous underwriting expenses.</td>
<td>TBD</td>
</tr>
<tr>
<td>SSAP No. 51 and SSAP No. 52 – Reporting Deposit-Type Contracts (Ref #2019-08)</td>
<td>Re-exposed</td>
<td>Re-exposed this agenda item to address situations where guaranteed investment contracts or other deposit-type contracts are reported in Exhibit 5 – Life Contracts or Exhibit 6 – Accident and Health Contracts, instead of Exhibit 7 – Deposit-Type Contracts of the life/flows partial statement blank. Additional feedback has been requested on the inclusion of a footnote excerpt for Exhibit 5 to disclose cases when a mortality risk is no longer present or a significant factor (i.e., due to a policyholder electing a payout benefit), whether a similar disclosure would be appropriate for Exhibit 6 for circumstances where a morbidity risk is no longer present or a significant factor, and for industry input for instruction clarifications regarding the classifications of deposit-type contracts captured in Exhibit 7.</td>
<td>TBD</td>
</tr>
<tr>
<td>SSAP No. 68 and SSAP No. 97 – ASU 2014-17, Business Combinations – Pushdown Accounting (Ref #2019-12)</td>
<td>Adopted</td>
<td>Adopted revisions to SSAP No. 68 and SSAP No. 97 to clarify that goodwill resulting from the acquisition of an SCA entity by an insurance reporting entity that is reported in the financial statements of the SCA entity (i.e., pushdown accounting is applied) would be captured in the goodwill admittance limitation test performed by the insurance reporting entity.</td>
<td>Immediately</td>
</tr>
<tr>
<td>SSAP No. 68 and SSAP No. 97 – ASU 2014-17, Business Combinations – Pushdown Accounting (Ref #2019-12)</td>
<td>Re-exposed</td>
<td>Re-exposed revisions to SSAP No. 68 and SSAP No. 97 to assess the US GAAP requirements of ASU 2014-17 for statutory accounting with feedback requested on whether pushdown accounting should be rejected, permitted for noninsurance entities or permitted only for entities that are SEC registrants.</td>
<td>TBD</td>
</tr>
<tr>
<td>SSAP No. 68 and SSAP No. 97 – Attribution of Goodwill (Ref #2019-14)</td>
<td>Re-exposed</td>
<td>Re-exposed revisions to SSAP No. 68 and SSAP No. 97 to explicitly state that the acquisition of a holding company requires the purchase price and goodwill amount to be attributed (i.e., assigned) to the downstream entities that are directly owned by the holding company for disclosure in the statutory-basis financial statements.</td>
<td>TBD</td>
</tr>
<tr>
<td>SSAP No. 86 – Other Derivatives (Ref #2019-18)</td>
<td>Adopted</td>
<td>Adopted revisions to SSAP No. 86 to clarify that “other” derivatives not used in hedging, income generation or replication transactions are reported at fair value and do not qualify as admitted assets.</td>
<td>Immediately</td>
</tr>
<tr>
<td>Supplemental Investment Risk Interrogatory – Equity Interests (Ref #2019-19)</td>
<td>Adopted</td>
<td>Adopted revisions to Line 13 (10 Largest Equity Interests) of the Supplemental Investment Risk Interrogatories to clarify that a look-through should only occur for non-diversified funds. Directed the NAIC staff to draft a proposal for referral to BWG to incorporate the adopted guidance for 2020 year-end reporting in the annual statement blanks.</td>
<td>31 December 2020</td>
</tr>
<tr>
<td>SSAP No. 2R and SSAP No. 103R – Rolling Short-Term Investments (Ref #2019-20)</td>
<td>Re-exposed</td>
<td>Re-exposed revisions to SSAP No. 2R, Cash, Cash Equivalents, Drafts and Short-Term Investments, and SSAP No. 103R to incorporate additional concepts for classifying investments as cash equivalents or short-term investments to prevent the “rolling” of certain investments after initial acquisition. Qualifying cash pools in the scope of SSAP No. 2R would be excluded from the short-term rolling provisions.</td>
<td>TBD</td>
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<tr>
<td>Topic/issue</td>
<td>Status</td>
<td>Discussion</td>
<td>Effective date</td>
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<tr>
<td>SSAP No. 103R – Wash Sale Disclosure (Ref #2019-22)</td>
<td>Adopted</td>
<td>Adopted revisions to SSAP No. 103R to clarify that the wash sale disclosure requirements only apply to wash sales that cross reporting-period end dates.</td>
<td>Immediately</td>
</tr>
<tr>
<td>SSAP No. 97 – Going Concern (Ref #2019-23)</td>
<td>Adopted</td>
<td>Adopted revisions to SSAP No. 97 to clarify the requirement to account for an investment in an SCA entity as a nonadmitted asset if its audited financial statements or audit opinion identify an unalleviated substantial doubt about the SCA’s ability to continue as a going concern.</td>
<td>Immediately</td>
</tr>
<tr>
<td>SSAP No. 71 – Commissions (Ref #2019-24)</td>
<td>Re-exposed</td>
<td>Re-exposed revisions to SSAP No. 71, Policy Acquisition Costs and Commissions, to clarify the recognition of a liability related to levelized commission arrangements that are linked to traditional or nontraditional elements and the related recognition (i.e., accrual) of commission expense when the commission is based on annual policy persistency or similar components. Directed the NAIC staff to draft a referral to LATF for input on how this agenda item would affect the application of a PBR methodology, which takes commissions into account when projecting future cash flows in the reserving process.</td>
<td>TBD</td>
</tr>
<tr>
<td>Appendix A – Excerpts of NAIC Model Laws (Ref #2019-26)</td>
<td>Adopted</td>
<td>Adopted revisions to incorporate changes to Appendix A-785 resulting from the 2019 revisions to Model #785 and Model #786 that address the provisions of the US-EU Covered Agreement and the covered agreement between the US and the United Kingdom.</td>
<td>Immediately</td>
</tr>
<tr>
<td>SSAP No. 97 – Look-Through with Multiple Holding Companies (Ref #2019-32)</td>
<td>Exposed</td>
<td>Exposed revisions to SSAP No. 97 to clarify that a look-through of a more-than-one holding company structure is permitted if each of the holding companies within the structure complies with the applicable requirements in SSAP No. 97.</td>
<td>TBD</td>
</tr>
<tr>
<td>SSAP No. 25 – Disclosures (Ref #2019-33)</td>
<td>Exposed</td>
<td>Exposed revisions to SSAP No. 25 to data-capture existing disclosures in the annual statement blanks that are currently completed in a narrative format.</td>
<td>TBD</td>
</tr>
<tr>
<td>SSAP No. 25 – Related Parties, Disclaimers of Affiliation and Variable Interest Entities (Ref #2019-34)</td>
<td>Exposed</td>
<td>Exposed revisions to SSAP No. 25 to clarify the identification of related parties and affiliates such that any related party identified under US GAAP or SEC reporting requirements or any non-controlling ownership interest greater than 10% would be considered a related party that is subject to the related-party disclosures and the guidance for disclaimers of affiliation and control under statutory accounting. The exposed revisions also reject several US GAAP standards addressing variable interest entities for statutory accounting and incorporate new disclosures for complicated business structures.</td>
<td>TBD</td>
</tr>
<tr>
<td>SSAP No. 51R, SSAP No. 52 and SSAP No. 61R – Update Withdrawal Disclosures (Ref #2019-35)</td>
<td>Exposed</td>
<td>Exposed revisions to SSAP No. 51R; SSAP No. 52, Deposit-Type Contracts; and SSAP No. 61R to clarify the liquidity disclosures regarding withdrawal characteristics for life and deposit-type contracts to match reporting clarifications for consistency with annual statement reporting.</td>
<td>TBD</td>
</tr>
<tr>
<td>SSAP No. 51R, SSAP No. 53, SSAP No. 54R and SSAP No. 59 – Expand MGA and TPA Disclosures (Ref #2019-36)</td>
<td>Exposed</td>
<td>Exposed revisions to SSAP No. 51R; SSAP No. 53, Property Casualty Contracts – Premiums; SSAP No. 54R, Individual and Group Accident and Health Contracts; and SSAP No. 59, Credit Life and Accident and Health Insurance Contracts, to enhance the existing disclosures for managing general agents and third-party administrators with information that will enable a full understanding of the level and extent of core services provided to the insurer and the binding authority granted by the insurer.</td>
<td>TBD</td>
</tr>
<tr>
<td>SSAP No. 41R – Enhanced Disclosures for Surplus Notes (Ref #2019-37)</td>
<td>Exposed</td>
<td>Exposed revisions to the disclosure requirements of SSAP No. 41R to identify when the anticipated or typical cash flows of an issued surplus note have been partially or fully offset by a held asset.</td>
<td>TBD</td>
</tr>
<tr>
<td>SSAP No. 86 – Financing Derivatives (Ref #2019-38)</td>
<td>Exposed</td>
<td>Exposed revisions to SSAP No. 86 to clarify the reporting of derivatives with financing premiums, including revisions that would allow the present value of the derivative premium receivable (and payable) for financed derivatives to be factored into the counterparty risk assessment in the Life and Fraternal RBC formula. Feedback was also requested as to whether guidance allowing offset should be considered for derivatives and related financing provisions that would not otherwise meet the right of offset criteria in SSAP No. 64, Offsetting and Netting of Assets and Liabilities.</td>
<td>TBD</td>
</tr>
<tr>
<td>Topic/issue</td>
<td>Status</td>
<td>Discussion</td>
<td>Effective date</td>
</tr>
<tr>
<td>------------</td>
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</tr>
<tr>
<td>SSAP No. 86 – Acceptable Collateral for Derivatives (Ref #2019-39)</td>
<td>Exposed</td>
<td>Exposed revisions to SSAP No. 86 to clarify that the fair value of collateral received or held for derivative disclosure purposes should be reported net of collateral paid/pledged if a counterparty has the legal right of offset.</td>
<td>TBD</td>
</tr>
<tr>
<td>SSAP No. 53 – Reporting of Installment Fees and Expenses (Ref #2019-40)</td>
<td>Exposed</td>
<td>Exposed revisions to SSAP No. 53 to clarify that the scope of the installment fee guidance should be narrowly applied and not analogized to exclude other fees from written premium. Feedback was also requested on how installment fee expenses should be reported, whether guidance to separately identify and reclassify installment fee expenses to other expenses should be provided, and whether diversity in practice should be permitted in reporting installment fee expenses.</td>
<td>TBD</td>
</tr>
<tr>
<td>SSAP No. 43R – Financial Modeling (Ref #2019-41)</td>
<td>Exposed</td>
<td>Exposed revisions to SSAP No. 43R to eliminate the multi-step financial modeling designation guidance in determining final NAIC designations for RMBS and CMBS investments.</td>
<td>TBD</td>
</tr>
<tr>
<td>SSAP No. 2R – Cash &amp; Liquidity Pools (Ref #2019-42)</td>
<td>Exposed</td>
<td>Exposed revisions to SSAP No. 2R to specify that cash pooling structures meeting certain criteria would qualify for reporting as cash equivalents.</td>
<td>TBD</td>
</tr>
<tr>
<td>Various SSAPs – Editorial Update (Ref #2019-44EP)</td>
<td>Adopted</td>
<td>Adopted editorial revisions to SSAP No. 62R and various other SSAPs.</td>
<td>Immediately</td>
</tr>
<tr>
<td>SSAP No. 3 and SSAP No. 51R – VM-21 Grading (Ref #2019-47)</td>
<td>Exposed</td>
<td>Exposed revisions to SSAP No. 3 and SSAP No. 51R to address the grade-in of the change in valuation basis resulting from the adoption of VM-21 by requiring an allocation from unassigned funds to special surplus for the amount of the increase in reserves that has not yet been recognized. The exposed revisions also would expand the disclosures for a change in valuation basis to include the initial grade-in amount and any adjustments to that amount, the grade-in period applied, the remaining amount to be graded in and the remaining time for the grade-in period.</td>
<td>TBD</td>
</tr>
<tr>
<td>SSAP No. 62R – Disclosure Update for Reciprocal Jurisdiction Reinsurers (Ref #2019-48)</td>
<td>Exposed</td>
<td>Exposed revisions to SSAP No. 62R to incorporate disclosure updates for reinsurers from reciprocal jurisdictions.</td>
<td>TBD</td>
</tr>
<tr>
<td>SSAP No. 62R – Retroactive Reinsurance Exception (Ref #2019-49)</td>
<td>Exposed</td>
<td>Exposed a request for comments to clarify the accounting and reporting of retroactive reinsurance contracts accounted for prospectively in accordance with SSAP No. 62R due to the diversity in practice that currently exists among reporting entities.</td>
<td>TBD</td>
</tr>
</tbody>
</table>

*No additional action was taken on this topic/issue since the 2019 Summer National Meeting.*

**US GAAP guidance rejected or exposed for rejection/disposal**

**Rejected as not applicable to statutory accounting:**

- ASU 2019-06, *Intangibles – Goodwill and Other (Topic 350), Business Combinations (Topic 805), and Not-for-Profit Entities (Topic 958): Extending the Private Company Accounting Alternatives on Goodwill and Certain Identifiable Intangible Assets to Not-for-Profit Entities* (Ref #2019-29)
- ASU 2019-03, *Not-for-Profit Entities (Topic 958): Updating the Definition of Collections* (Ref #2019-30)
- ASU 2018-08, *Not-for-Profit Entities (Topic 958): Clarifying the Scope and the Accounting Guidance for Contributions Received and Contributions Made* (Ref #2019-31)

**Exposed to reject as not applicable to statutory accounting:**

- ASU 2017-11, *Earnings Per Share (Topic 260); Distinguishing Liabilities from Equity (Topic 480); Derivatives and Hedging (Topic 815): (Part I) Accounting for Certain Financial Instruments with Down Round Features, (Part II) Replacement of the Indefinite Deferral for Mandatorily Redeemable Financial Instruments of Certain Nonpublic Entities and Certain Mandatorily Redeemable Noncontrolling Interests with a Scope Exception* (Ref #2019-43)
- ASU 2013-11, *Income Taxes (Topic 740): Presentation of an Unrecognized Tax Benefit When a Net Operating Loss Carryforward, a Similar Tax Loss, or a Tax Credit Carryforward Exists* (Ref #2019-45)
- ASU 2016-14, *Not-for-Profit Entities (Topic 958): Presentation of Financial Statements of Not-for-Profit Entities* (Ref #2019-46)
## Appendix B – Blanks Working Group

This chart summarizes actions taken by BWG since the 2019 Summer National Meeting. Comments on exposed items are due by 21 February 2020. Details of current proposals can be found at [http://www.naic.org/cmte_e_app_blanks.htm](http://www.naic.org/cmte_e_app_blanks.htm).

### Adopted items

<table>
<thead>
<tr>
<th>Frequency</th>
<th>Effective date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual and quarterly</td>
<td>Annual 2020 and First Quarter 2021</td>
</tr>
</tbody>
</table>

**2019-18BWG** Modified: Adds a designation modifier to the NAIC Designation column for Schedule D, Schedule DL and Schedule BA to accommodate the more granular NAIC Designation Category framework previously adopted by VOSTF.

**2019-20BWG** Modified: Adds language regarding “Qualification Documentation” and a definition of a “Qualified Actuary” to the Actuarial Opinion for P&C Annual Statement Instructions to require the appointed actuary to maintain workpapers explaining how the actuary meets the definition of a qualified actuary.

**2019-21BWG**: Modifies the illustrations for Note 33 of the life/fraternal blank to individually disclose separate accounts with guarantees and separate accounts without guarantees.

**2019-22BWG**: Adds a question to the Supplemental Exhibits and Schedules Interrogatories of the life/fraternal blank to individually disclose separate accounts with guarantees and separate accounts without guarantees.

**2019-23BWG** Modified: Modifies the instructions and illustration for Note 8 — Derivatives for disclosures adopted by SAPWG in SSAP No. 108, Derivatives Hedging Variable Annuity Guarantees, and adds new instructions and a blanks page for Schedule DB, Part E.

**2019-24BWG**: Adds a life experience data contact to the electronic Jurat page for the life/fraternal blank to facilitate communication with NAIC staff and state insurance regulators on data studies (e.g., mortality experience data) and the related submission of data at the legal entity level to the NAIC as the data collection agent.

**2019-26BWG** Modified: Adds a new instruction and a cross-check to the life/fraternal blank for Line 34 on the Analysis of Operations by Lines of Business — Summary; a new instruction for Column 5 — Indexed Life on the Analysis of Operations by Lines of Business — Individual Life; and a clarifying instruction to the Analysis of Operations by Lines of Business for Individual Life and Group Life to enable reporting of policy information consistent with the policy-type language in the contract and reporting of policies issued with secondary guarantees that have expired.

**2019-27BWG**: Removes the alphabetic index from inclusion at the back of the hard copy of the annual statement blank because the bookmarked electronic version is now predominantly used.

### Exposed items

<table>
<thead>
<tr>
<th>Frequency</th>
<th>Effective date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual</td>
<td>Annual 2020</td>
</tr>
</tbody>
</table>

**2019-25BWG** Modified: Modifies the instructions for Column 10 and adds a new instruction for Column 12 of Schedule F, Part 3 – Property and Schedule F, Part 2 – Life/Fraterna Workers’ Compensation Carve-out Supplement to clarify the proper reporting of adjusting and other reserves and defense and cost containment reserves as a component of known (i.e., case) and incurred but not reported adjustment expense reserves within these schedules, with cross-checks to the related amounts reported on Schedule P, Part 1.

**2019-28BWG**: Modifies the instructions for Lines 13.02 through 13.11 of the Supplemental Investment Risk Interrogatories to clarify when to identify and aggregate the actual equity interests within a fund for determination of the 10 largest equity interests.

**2019-29BWG**: Modifies the instructions and related blanks schedule for the Supplemental Investment Risk Interrogatories to clarify that Questions 14.06 through 14.15 must be completed regardless of the answer to Question 14.01.

**2019-30BWG**: Adds instructions, categories and lists for Reciprocal Jurisdiction Companies in various schedules of the life/fraternal, health, P&C and title blanks.

### Withdrawn items

<table>
<thead>
<tr>
<th>Frequency</th>
<th>Effective date</th>
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<tbody>
<tr>
<td>N/A</td>
<td>N/A</td>
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</tbody>
</table>

**2019-19BWG** Provides instructions and new categories for unaffiliated certificates of deposit that do not usually have a CUSIP by adding a new line to Schedule D, Schedule DA, Schedule DL and Schedule E; adding a line to the Summary Investment Schedule; and modifying the list of bonds for Lines 8 through 11 of the Summary by Country to include unaffiliated certificates of deposit.
Appendix C – Risk-based capital developments

This chart summarizes developments that affect RBC requirements for each of the insurance sectors based on actions taken by CATF and the various NAIC groups that report to it since the 2019 Summer National Meeting.

<table>
<thead>
<tr>
<th>Topic/issue</th>
<th>NAIC Group</th>
<th>Status</th>
<th>Discussion</th>
<th>Effective date</th>
</tr>
</thead>
<tbody>
<tr>
<td>All RBC</td>
<td></td>
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<tr>
<td>Revised Bond Structure</td>
<td>Capital Adequacy Task Force</td>
<td>Comments due by 14 February 2020</td>
<td>Exposed a proposal from the Investment (E) RBC Working Group that would incorporate the revised bond structure of 20 designations into the RBC formulas for 2020 year-end reporting. The factors used for the current bond structure of six designations will remain in place until an impact analysis can be performed to confirm the factors that will be used for the 20 designations.</td>
<td>2020</td>
</tr>
<tr>
<td>Life and Fraternal RBC</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Longevity Risk</td>
<td>Life RBC Working Group</td>
<td>Comments due by 7 February 2020</td>
<td>Exposed a proposal from the Longevity Risk (A/E) Subgroup that would create a new schedule and the related instructions to incorporate a charge for longevity risk in the Life and Fraternal RBC formula.</td>
<td>2020</td>
</tr>
<tr>
<td>Health RBC</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Health Care Receivables</td>
<td>Health RBC Working Group</td>
<td>Rejected</td>
<td>Rejected the proposed application of an additional charge to the amount of health care receivables accrued in a prior year and not recovered in the current year, which would have required informational-only reporting in 2020 and 2021 and incorporation into the Health RBC formula in 2022.</td>
<td>N/A</td>
</tr>
<tr>
<td>Health Care Receivables Guidance</td>
<td>Health RBC Working Group</td>
<td>Exposed</td>
<td>Exposed informational guidance for the 2019 year-end reporting of health care receivables, which is intended to replace the previously rejected proposal (Ref #2019-04-H). The information collected will be used in the future review and development of updated health care receivable factors.</td>
<td>2020</td>
</tr>
<tr>
<td>P&amp;C RBC</td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>2019 List of Catastrophe Events</td>
<td>Capital Adequacy Task Force</td>
<td>Adopted</td>
<td>Adopted the 2019 US and Non-US List of Catastrophe Events for use in reporting catastrophe data. New events that occur between 1 November and 31 December will be separately identified and exposed for inclusion in an updated list for 2019 year-end reporting.</td>
<td>2019</td>
</tr>
<tr>
<td>Lloyd’s of London Reinsurance Recoverables</td>
<td>Capital Adequacy Task Force</td>
<td>Adopted</td>
<td>Adopted revisions to the instructions for PR012 to clarify that reinsurance recoverables from individual syndicates of Lloyd's of London covered under the Lloyd's Central Fund may utilize the lowest financial strength group rating received from an approved rating agency.</td>
<td>2020</td>
</tr>
<tr>
<td>Reinsurance Penalty for Affiliates</td>
<td>Capital Adequity Task Force</td>
<td>Adopted</td>
<td>Adopted revisions to PR038 to eliminate the adjustment for reinsurance penalties for affiliates, since the computation of the RBC charge for reinsurance recoverables has been moved to Schedule F, Part 3 of the P&amp;C annual statement blank.</td>
<td>2020</td>
</tr>
<tr>
<td>Uncollateralized Reinsurance Recoverable Factor</td>
<td>P&amp;C RBC Working Group</td>
<td>Exposed</td>
<td>Exposed revisions to PR012 to provide a unified factor for uncollateralized reinsurance recoverable from unrated reinsurers, which would apply regardless of whether the recoverable is related to an authorized, unauthorized, certified or reciprocal reinsurer.</td>
<td>2020</td>
</tr>
</tbody>
</table>