



September 4, 2025

Dan Daveline, Director, Financial Regulatory Services
National Association of Insurance Commissioners (NAIC)
1100 Walnut Street, Ste 1000
Kansas City, MO 64106

Re: Seeking Input for an Update to Risk-Based Capital Research

Dear Dan,

I am writing to follow up on the brief conversation we had in Minneapolis at the NAIC's Summer National Meeting. As you may recall, the Research Committee (Committee) of the American Academy of Actuaries (Academy)¹ is moving forward with a cross-practice research project to update and extend previous analyses of the relationship between risk-based capital (RBC) ratios and insolvency or impairment of insurers. The purpose of this project is to assess whether the risks captured in RBC formulas are major drivers of insolvency, recognizing that many other factors contribute to insolvency. The Academy believes that this research may be of use to the NAIC's RBC Model Governance (EX) Task Force (Task Force), as it continues its efforts on developing preliminary principles for RBC, particularly to the extent the principles reference and support a data-based approach.

Building on previous research, this update would examine impairments (as defined by AM Best) across the property/casualty, life, and health lines of business between Jan. 1, 2000, and Dec. 31, 2023. The [most recent study](#) was published in January 2018 and included RBC as a single factor among multiple risk factors. While valuable in many ways, the study looked at a relatively small number of insolvent companies, assigned risk levels based solely on insolvent companies (rather than on the larger pool of solvent and insolvent companies), and did not use multivariate analysis to assess the relative importance of RBC compared to other factors. Our intent with the updated research is to account for current economic and regulatory environmental factors, along with the evolution of enterprise risk management.

We would welcome suggestions, questions, and input from Task Force members, interested regulators, and other interested parties, particularly if there are other factors we should consider incorporating into our research. In order to help inform our work, please submit any feedback or comments directly to me (dzurec@actuary.org), no later than Friday, Sept. 19, 2025.

¹ The American Academy of Actuaries is a 20,000-member professional association whose mission is to serve the public and the U.S. actuarial profession. For 60 years, the Academy has assisted public policymakers on all levels by providing leadership, objective expertise, and actuarial advice on risk and financial security issues. The Academy also sets qualification, practice, and professionalism standards for actuaries in the United States.
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The Academy is happy to offer an overview and discuss the project with the Task Force at a future meeting. As always, if the Academy can offer any additional assistance, please do not hesitate to let me know.

Yours,

Katie Dzurec
Director, Public Policy (State) Outreach

cc: Steve Jackson, Director, Research