



October 23, 2025

Director Judith French (OH), Co-Chair
Commissioner Nathan Houdek (WI), Co-Chair
Risk-Based Capital Model Governance (EX) Task Force
National Association of Insurance Commissioners

Re: Request for comments on proposed revised preliminary Risk-Based Capital principles

Dear Director French and Commissioner Houdek:

On behalf of the American Academy of Actuaries' (Academy)¹ Life Practice Council (LPC), Health Practice Council (HPC), Casualty Practice Council (CPC), and Risk Management and Financial Reporting Council (RMFRC), we appreciate the opportunity to provide comments to the Risk-Based Capital (RBC) Model Governance (EX) Task Force (Task Force) on the revised preliminary principles outlined in the [Request for comments on revised preliminary RBC principles memo issued Sept. 23, 2025](#) (Memo). Subject matter experts with unique actuarial perspectives and expertise across health, life, property/casualty, and financial reporting and risk management, have reviewed the revised preliminary RBC principles and the supporting context and notes, and we offer the following comments.

1. Materiality

We concur with the Memo's focus on changes being made based on a regulator's assessment of solvency risk. That assessment should include all industry risks that may be material to solvency.

We note that this assessment should occur at the segment level. In other words, separately for Life, Health, and Property/Casualty companies. There may be risks that are material to one segment that are not material to another. However, to the extent that similar risks have different factors by segment due to independent groups creating the factors, then a re-evaluation on a risk basis would be appropriate to study.

We would also suggest that the Task Force provide clarification regarding how "an identifiable segment of companies" is defined.

2. Equal capital for equal risk

We are in general agreement with this principle; however, the exception needs further clarification.

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.

3. Objectivity

We recommend the following edits to this principle (with emphasis added) for clarity:

Appropriately consider **only** the factors that impact **solvency** risk, including but not limited to concentration, diversification, and tail risks, thereby avoiding the promotion or inhibition of actions that are unrelated to solvency risk.

4. Accuracy

We note that RBC should provide regulators with a reasonable assessment of the solvency risk of an entity. The overall precision of RBC is limited by both certain necessarily imprecise calculations (such as correlation) and not quickly addressing emerging risks. We believe that the statement in the Appendix better captures the principle and suggest replacing “Precise, allowing assessment of solvency risk, while avoiding unnecessary complexity” with “RBC requirements should be sufficiently precise to assess solvency risk, while avoiding unnecessary complexity.”

5. Grounded in statutory accounting and reserving

We thank the Task Force for reflecting the Academy’s previous comments on this issue and reiterate the Academy’s support for a process grounded in statutory accounting and reserving.

6. Emerging risks

We concur with the Task Force that in order for the RBC to retain relevance, a process to capture emerging risks is needed. As part of this review process, the Academy would be willing to assist the NAIC in developing a process to capture these risks in a timely fashion.

7. Transparency

We agree with this principle being included and reiterate the Academy’s support for a transparent, collaborative process.

8. Process

We generally concur with the current version of the principle and appreciate the consideration of [Actuarial Standard of Practice No. 56, Modeling](#), as noted in the document’s appendix.

9. Prioritization

While we understand that making certain higher priority “quick fixes” may be important, the Academy encourages development of a process to holistically identify risks that are high priority. We recognize that doing so will require time and resources and are willing to support the Task Force in this effort.

We look forward to the continued collaborative dialogue with the Task Force and other stakeholders as you continue your work on this project. If you have any questions or would like to discuss these comments further, please contact Katie Dzurec, Public Policy Outreach (State) Director (dzurec@actuary.org).

Sincerely,

Annette James, MAAA, FSA
Vice President, Health Practice Council
American Academy of Actuaries

Jason Kehrberg, MAAA, FSA
Vice President, Life Practice Council
American Academy of Actuaries

Susan Kent, MAAA, FCAS
Vice President, Casualty Practice Council
American Academy of Actuaries

Steve Malerich, MAAA, FSA
Vice President, Risk Management and Financial Reporting Council
American Academy of Actuaries