



March 16, 2026

Commissioner Jon Godfread (ND), Chair  
Commissioner Nathan Houdek (WI), Co-Vice Chair  
Commissioner Doug Ommen (IA), Co-Vice Chair  
Risk-Based Capital Model Governance (EX) Task Force  
National Association of Insurance Commissioners

Re: Request for comments on RBC gap analysis considerations

Dear Commissioners Godfread, Houdek, and Ommen:

On behalf of the American Academy of Actuaries' (Academy)<sup>1</sup> Cross-Practice Risk-Based Capital (RBC) Task Force, we appreciate the opportunity to provide comments to the RBC Model Governance (EX) Task Force (Task Force) on the [RBC gap analysis questions exposed for comment](#) on Feb. 10, 2026 (Exposure). Subject matter experts with unique actuarial perspectives and expertise across health, life, property/casualty, and financial reporting and risk management, have reviewed the questions posed in the request for comments, and we offer the following comments.

Generally, we note that RBC's history of incremental augmentation and parameter updates over the past three decades would necessarily result in gaps and inconsistencies. This is unsurprising, as the frameworks to date were developed and subsequently evolved within practice area or industry, specifically life, health, and property/casualty. This allowed the RBC frameworks to reflect the specific characteristics of the business, as well as understanding the risk exposures of each. While we're now considering a holistic view which is a departure from the process we've followed, it is important to keep where we started in mind as we consider and evaluate future steps. Further effort and time are needed to complete a thorough analysis and identification of material gaps and inconsistencies. We note that there are reasons for some of the differences across the RBC formulas, and those differences don't necessarily rise to the level of inconsistencies.

In reviewing the public exposure and the first question posed by the Task Force related to gaps, we offer the following commentary. The first question asks what material risks are not adequately captured within the RBC framework that are possibly insufficiently captured elsewhere. As we consider evaluating material risks not adequately captured, the Task Force will want to minimize the potential misclassification of a risk (e.g., policy and/or asset class) when applying RBC components. In addition, attempting to comprehensively cover all material risks needs to be balanced with complexity. Creating an overly complex approach may increase model risk if there is inadequate model governance.

With respect to the second question, whether there are any material new or emerging risks that the RBC framework does not capture, the Academy believes that the current framework allows for proper, periodic analysis of emerging risks with appropriate discipline. If too reactive, however, the framework would create

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<sup>1</sup> 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.

volatility within the RBC. For example, GLP-1 drugs were introduced, and in the first few years had an impact on both morbidity and mortality, as well as acting as a premium driver for health products. Within the past few months, newer, less-expensive options have been introduced, so while these alternatives might reduce upward pressure on premiums, the impact on future mortality and morbidity trends remains unknown. By comparison, RCat and CLO factors have unfolded over several years, through thoughtful and intentional modeling and testing.

The Task Force should consider, when thinking about modeling limitations, that there is no universal underlying model office from which to model results and perform field testing to test out any proposed factors. We would also note that the infrastructure needed to house model inventory, oversee model developments, ongoing monitoring, and validation (i.e., model risk management) is a significant undertaking to start up and maintain.

The Academy is currently performing a research project to analyze recent insurer insolvencies and the relationship to the RBC pre-insolvency and the timing of the insolvency. While this research will not name specific gaps in the existing RBC components and formula, it will help in identifying whether RBC is achieving its desired goal of identifying weakly capitalized companies.

We considered questions 3 through 5 in the public exposure related to inconsistencies, regarding where the Life, Property & Casualty, and Health RBC formulas diverge in the treatment of the same or similar risks, resulting in a risk not being treated appropriately in the respective formula after covariance. We support consideration, within each formula, of where the RBC components diverge in the treatment of the same or similar risks, resulting in a risk not being treated appropriately. We also support consideration of which RBC components materially violate the RBC Principles.

Overall, it is difficult to identify all gaps and inconsistencies with certainty until a thorough analysis has been performed. To assist in these efforts, the Academy's Cross-Practice RBC Task Force is creating a library of RBC-related resources issued by Academy committees. This library will house reports, presentations, and other work products published over the past three decades that document the underlying assumptions and methods used in certain of the RBC factors, but we note that this effort will take time.

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, State Public Policy Outreach Director ([dzurec@actuary.org](mailto:dzurec@actuary.org)).

Sincerely,

Dana Hunt, MAAA, FSA, FRM  
Chairperson, Cross-Practice RBC Task Force  
American Academy of Actuaries