



March 6, 2026

VIA ELECTRONIC SUBMISSION

National Association of Insurance Commissioners (“NAIC”)  
*Life Risk-Based Capital (E) Working Group*  
1100 Walnut Street, Suite 1500  
Kansas City, MO 64106-2197

**Re: RBC Proposal 2025-16-L MOD – Collateral Loans**

Dear Members of the Life Risk-Based Capital (E) Working Group (“**Working Group**”):

The American Investment Council (“AIC”) appreciates the opportunity to comment on *RBC Proposal 2025-16-L MOD – Collateral Loans* (“**Proposal**”), which was discussed and exposed for public comment at the Working Group’s February 10, 2026 meeting.<sup>1</sup> We support the NAIC’s comprehensive, methodological, and holistic review of insurer investment regulation and endorse certain core components of that effort, including elements reflected in the NAIC *Investment Framework*<sup>2</sup> and the *Principles for RBC Requirements*<sup>3</sup> (“**RBC Principles**”), which together represent meaningful progress toward a more consistent and analytically sound risk-based capital (“**RBC**”) regime, and provide an important foundation for the Working Group’s consideration of collateral loans.

Consistent with these broader initiatives, we appreciate the Working Group’s acknowledgement that simple “look-through” treatment for purposes of establishing new RBC factors for collateral loans backed by investments in joint ventures, partnerships, or limited liability companies, as well as those backed by residual tranches or interests, is inappropriate. As noted during the February 10 meeting, collateral loans are structurally distinct from the direct holdings of their underlying assets and incorporate certain protections (*e.g.*, borrower equity subordination and first-loss buffers) that materially alter exposure risk and warrant different regulatory treatment.

While we support the directional nature of the refinements that were incorporated into the latest version of the Proposal, we remain concerned that the proposed year-end

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<sup>1</sup> The Proposal is *available at*: <https://content.naic.org/sites/default/files/inline-files/Att%207%202025-16-L%20MOD%20Collateral%20Loans%20combined.pdf>.

<sup>2</sup> The *Framework for Regulation of Insurer Investments – A Holistic Review* is *available at*: <https://content.naic.org/sites/default/files/inline-files/Oct%202024%20Investment%20Framework.pdf>.

<sup>3</sup> The RBC Principles, as adopted, are *available at*: <https://content.naic.org/sites/default/files/inline-files/Dec%202025%20Adopted%20Principles.pdf>.

2026 implementation date is premature and that the RBC charges set out in the Proposal do not accurately reflect collateral loan risk. In particular, the new RBC factors should be calibrated to account for the structural features of collateral loans and should seek to be proportional to the insurer's actual exposure. Companies also should be afforded adequate time to assess and adjust their portfolios to reflect a revised regulatory framework. **Accordingly, we respectfully recommend that the Working Group extend the implementation date to no earlier than year-end 2027 to allow for appropriate analysis and orderly implementation.**

In support of this recommendation, AIC offers the following considerations:

- **The RBC Principles concept of “Materiality” should be balanced by the concepts of “Process” and “Accuracy.”** The materials underpinning the Proposal focus on growth in collateral loan usage and the need for enhanced transparency and reporting alignment, rather than on an emergent, industry-wide solvency concern. Nor do they reflect a regulatory arbitrage issue, as the Working Group has appropriately recognized that collateral loans are not economically equivalent to direct holdings of their underlying assets. Even if certain capital discrepancies were viewed as “Material”, the RBC Principles make clear that materiality should not operate in isolation, but must be balanced by “Process” and “Accuracy” considerations that call for deliberate, transparent, and empirically supported calibration rather than expedited or form-based adjustments.
- **Additional information is required to establish proper RBC charges.** Consistent with the RBC Principles, changes to RBC charges should contemplate the structural features and risk characteristics of collateral loans and should be based on a methodology that incorporates empirical data and otherwise accounts for the specific features and attributes of collateral loans (e.g., anchoring collateral loan factors to existing charges based on a existing data and credit enhancement metrics).
- **Orderly portfolio transition requires a reasonable implementation runway.** A material increase in RBC charges applied to existing collateral loans operates as retroactive rulemaking. Providing at least one full calendar year following adoption is prudent and, in this case, reasonable, and would permit insurers to assess impacts and adjust portfolios in an orderly and non-disruptive manner.

We are hopeful that the collateral loan project will serve as a model for future RBC-related enhancements, demonstrating the value of deliberate policymaking grounded in the RBC Principles. Incorporating the adjustments outlined above would support the development of a more analytically sound framework, result in more precise and risk-sensitive RBC factors, and promote a more stable and orderly pathway for insurers to make any necessary portfolio adjustments as a result of the Proposal. We appreciate the

Working Group's engagement with interested parties and look forward to continuing to work collaboratively on this important initiative.

Sincerely,

/s/ Rebekah Goshorn Jurata  
General Counsel  
American Investment Council