November 5, 2026

VIA ELECTRONIC SUBMISSION

National Association of Insurance Commissioners ("NAIC")
Risk-Based Capital Investment Risk and
Evaluation (E) Working Group
1100 Walnut Street, Suite 1500
Kansas City, MO 64106-2197

Re: Exposure of Asset-Backed Securities Reported in 2025 Statutory Filings – Schedule D, Part 1, Section 2 – and Related Questions for Public Comment

Dear Members of the Risk-Based Capital Investment Risk and Evaluation (E) Working Group ("Working Group"):

The American Investment Council ("AIC") appreciates the opportunity to comment on the NAIC staff summary titled *Asset-Backed Securities Reported in 2025 Statutory Filings – Schedule D, Part 1, Section 2 – For all Types of Businesses* ("Summary") and the three related questions (together, the "Exposure"), exposed for public comment through November 5, 2026. AIC members partner with insurers across the asset-backed securities ("ABS") market as originators, sponsors, managers, and investors, and have a direct interest in ensuring that the next phase of the Working Group's ABS workstream rests on sound data and methodology.

AIC commends the Working Group for its decision to begin this phase by publishing industry-wide holdings data and asking where reliable data and modeling inputs exist. That approach is consistent with the *Principles for RBC Requirements* adopted by the Risk-Based Capital Model Governance (EX) Task Force on December 10, 2025 ("RBC Principles"), and with the American Academy of Actuaries' ("Academy") C-1 Modeling Framework Flowchart ("Flowchart") to determine whether an asset class should be subject to detailed modeling work.

I. Framework and Process for Identifying, Sequencing, and Evaluating Future ABS Categories

AIC supports the Working Group's continued evaluation of the RBC treatment of ABS and respectfully offers the following recommendations.

a. Prioritization and Sequencing Framework

- **Publish a workplan and timeline.** AIC reiterates its request that the Working Group expose for public comment a detailed workplan and timeline for modeling other ABS, including the categories selected, the sequencing rationale, the expected role of the Academy or any outside consultant, and exposure milestones.

- **Base priorities on transparent, risk-based criteria, objectively measured.** Consistent with the RBC Principles' direction that "Materiality" be balanced by "Process" and "Accuracy," and with the Academy's Flowchart, prioritization should rest on three criteria, each assessed on a consistent and comparable basis using reliable data:
    - **Materiality.** The size of insurer holdings in the category, measured on a consistently classified basis that permits comparison across categories.
    - **Evidence of unaddressed risk.** Empirical evidence, exposed for public comment, that current factors do not appropriately reflect the category's risk, as distinct from growth in holdings alone.
    - **Data availability as a predicate, not a factor.** Data availability should not weigh for or against prioritizing a category. Where the data needed to assess materiality and risk are lacking, the NAIC should obtain them. The NAIC should not assume without an evidentiary basis that data availability is thin if data is available but not public, and should instead seek to obtain relevant data while providing confidentiality protections to applicable data providers, through an independent third party if necessary.
- **Obtain and confirm the necessary data before sequencing.** Gathering the data needed to assess materiality and unaddressed risk is a first-order step, not an afterthought. The Summary is a helpful starting point, but its Schedule D reporting lines and collateral-type fields were not designed to isolate the three proposed priority groups. Before sequencing any category, the Working Group should:
    - Confirm that each category's holdings are accurately identified and consistently classified;
    - Where data are not readily publicly available, take steps to obtain them; and
    - Defer any sequencing decision until this data predicate is satisfied.
- **Sequence at the appropriate level of granularity.** Each priority group contains sub-types with materially different collateral, structures, and loss histories (e.g., aircraft versus data center leases, or prime auto versus unsecured consumer loans). The framework should permit sub-types to be sequenced separately where the data warrant, and should put such decisions out for public comment.

b. Process and Methodology for Evaluating Each Category

- **Use the Academy's Flowchart as the model.** Each future ABS category should follow the Academy decision-making Flowchart.
    - Applying the Academy's Flowchart and its principles for structured securities RBC to determine whether the category has sufficiently comparable attributes to support standardized factors;
    - Academy-led modeling and sensitivity testing of key assumptions; and
    - Public exposure of the assumptions, sample composition, and resulting factors at each stage.

- **Adhere to the RBC Principles**, including:
    - **Equal capital for equal risk.** Factors should reflect measurable risk and the mitigating effect of structural features, so that comparable risks receive comparable capital treatment regardless of form.
    - **Transparency and adequate time.** Consistent with Principles 9 (Transparency) and 10 (Process), assumptions, sample composition, and sensitivity results should be exposed with time for meaningful review, and any factor changes should include a reasonable implementation runway.
    - **Grounded in Statutory Accounting and reserving**. Ensure any subsequent RBC consideration is derived from values reported in the statutory annual statement and calibrated to align with Statutory Accounting and reserving practices
- **Develop category-specific assumptions.** As AIC has previously noted, assumptions developed for broadly syndicated loan ("BSL") collateralized loan obligations ("CLO") should not be extended to other ABS without separate analysis. Lease-backed, consumer, and fund finance ABS differ materially in collateral, cash flows, structural protections, and loss history, and each warrants its own data, calibration, and validation.

II. Responses to the Exposure Questions

a. Question 1: How would you use the Summary to inform the future work of the Working Group?

The ABS types in the Summary are based on "SSG observations" that are difficult to tie back to independent market or investor categorizations. It is helpful that the ABS types developed by the NAIC Structured Securities Group ("SSG") were put out for public comment, but it is important for industry stakeholders to be able to ask SSG questions about what is in each category and why, ideally in a public virtual Q&A session. This will best inform public comments that can be useful to regulators. It is important this occurs before the future work of the Working Group continues.

b. Question 2: Support or reservations regarding the three priority groups

AIC's principal reservation is scope: each group contains sub-types with materially different collateral, structures, and performance histories. The three priority groups identified are too narrow. For example, consumer loans will perform differently from commercial loans, and commercial loans were not identified as a sub-type. The Summary would suggest commercial financing is a significant part of insurance company ABS holdings.

As an alternative to reacting to the three priority groups proposed based on the Summary, we recommend that regulators create an ad hoc industry group to meet regularly to agree on sub-types to re-propose for public comment. We recommend this group be small and informal but include asset originators and rating agencies. This process would ensure collaboration and alignment across interested parties before proceeding to modeling. This ad hoc group can also suggest sequencing to be exposed for public comment.

c. Question 3: Availability of data and inputs to model the priority ABS asset types

Meaningful data and modeling inputs exist for many asset types in the three groups, including rating agency default and recovery databases, trustee and servicer reports, and industry studies. However, these data are uneven across sub-types and are not always in a form suitable for Academy-led modeling. Consistent with Section I.a, the Working Group should identify and fill these gaps before sequencing. Because the CLO workstream demonstrated that inputs such as recovery, prepayment, and reinvestment assumptions can materially affect factors, those inputs should reflect how each asset type actually performs versus adopting conservative assumptions without analysis.

III. Conclusion

AIC appreciates the opportunity to engage with the Working Group on this critical workstream. AIC and its members would be pleased to serve as a resource to the Working Group, NAIC staff, and the Academy as they assess data availability and develop a workplan for the next phase of the ABS workstream, and we look forward to continued dialogue.

Sincerely,

/s/ Shelby Telle

General Counsel
American Investment Council