

an asset class while similar asset classes remain the same. Finally, factors to consider may include inputs on asset

Appendix

General Comments/Comments Not in Response to a Specific Recommendation in the Framework

Comments	Comments
Minnesota	The adoption of standards appropriately addressing the risk of complex assets should not pause as a holistic approach to regulation of insurer investments is being contemplated. In recent months, firms benefiting from requirements in this area have argued to delay various workstreams saying more testing, evaluation, or level playing field is needed. The framework should be clarified to remove any suggestion of delay.
Regulator Response:	Agree current work should not be paused. The current workstreams are directionally consistent with the vision of the Framework.
Pacific Life	Pacific Life strongly supports the ECommittee's decision to move forward without pausing existing work in this area and also agree with the points from the ACII.

The due diligence framework should include strengthening insurance investors' own internal credit risk management capabilities in line with the investment management requirements in the NAIC Examines Handbook

We oppose authorizing the SVO to notch a CRB rating that would

		<p>complex securities such as structured products. A strong due diligence process to help the SVO determine instances where CR ratings may not capture the nature or level of risk that CIRBCs meant to address will be a critical element in a revised investment regulatory framework.</p>
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Regulator Response: Comments supported the framework proposal to develop a due diligence framework over the use of CRs.

Moody's

Comments are focused on proposing the NAIC develop a review process in support of SVO discretion that is narrowly focused on potential differences in the meaning of ratings across CRs in particular sectors, asset classes, or between public and private ratings, and this should be data driven. Otherwise, other due diligence would be redundant with regulation by the SEC. Comments also suggest relying to a greater extent on market discipline to drive greater consistency in ratings from different CRs. The comments also suggest expanding the scope, depth, and frequency of the NAIC's oversight of insurers' investment risk management controls/asset underwriting controls perhaps through reporting in the ORSA.

Lease- Backed Securities WG	Individualized credit assessments from the SVO would only need to be used rarely as a backstop under well documented and governed parameters that are transparent to the market. (Specific recommendations that summarize previous industry viewpoints are provided in the comment letter)
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Regulator Review
multiple details

RR

... and liquidity risk We
... to seek assistance from appropriate experts/advisors in
... these risks should be reviewed by the SVO in a future process

... agree that the risk analysis capabilities contemplated in the
... just bonds and credit risk Comment is generally supportive of the
... multiple details are yet to be determined

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**American
Investment
Council**

The NAC's current plans to begin financial modeling QOs in January 2024 is inconsistent with the EC Committee's observations (Historic Framework) and recent presentations by the American Academy of Actuaries. This timeline

#5 Build Out a Broad Policy Advisory Function that can recommend future policy changes. If needed, hire key external consultants to be on retainer. This would be akin to the use of the AAA of similar for RBC and reserving

Comments	Comments
ACI	

#6 Establish a Broad Investment Working Group under EC Committee that acts in an advisory capacity to various investment items (similar to FAWG/VAWG) including 1) review of bond reporting under new principles based bond definition 2) challenges to individual designations provided by CRPs, 3) review of work provided by external consultants

Comments		Comments
NAIC		We especially emphasize the need for confidentiality, structured similar to FAWG and VAWG, but also a need for both regulator only and industry transparency and understanding
Regulator Response Comment is generally supportive of the concept, particularly if group is focused on the "big picture" Regulators recognize multiple details yet to be determined		
Anderson Insight		Notes a working group could be charged with overseeing the performance of the SVO
Regulator Response Comment is generally supportive of the concept, noting working groups have existed in the past to serve various functions. Regulators recognize multiple details yet to be determined		
Alternative Credit Council		Would allow greater integration and communication between groups on accounting valuation and capital
Regulator Response Comment is generally supportive of the concept and regulators recognize multiple details yet to be determined		
Issue-Based Securities WG		Supportive that acts as an advisor to the SVO and that facilitates coordination between NAIC groups
Regulator Response Comment is generally supportive of the concept and regulators recognize multiple details yet to be determined		
MetLife		But clear parameters will be required to avoid introducing new cumbersome bureaucratic processes

Regulator Response Comment is generally supportive of the concept and regulators recognize multiple details yet to be determined

Regulator Response Comment is generally supportive of the concept and regulators will incorporate into the broader review of a centralized investment expertise at the NAIC

**Lease-Baded
Securities WG**

Task Force should have a more active role and the current name does not reflect the SVOs current responsibilities (Suggests also the P&P Manual is disorganized and self contradictory)

<p>MetLife</p>	<p>We agree that the RBC approach should be developed in a way that minimizes the incentives and opportunities for market participants to engage in capital arbitrage. We would argue that for larger sectors of structured securities such as RMBS, CMBS, and CDOs, for which collateral has a reasonable level of homogeneity this goal can more effectively and efficiently be achieved through a security modeling and mapping approach than through a wholesale revision of RBC factors— in fact, such a process has been successfully in place for RMBS and CMBS for over a decade. For less homogenous sectors such as ABS, a simplified approach like the factor multiplier discussed in the proposal would be preferred over the developing new factors from scratch, which will likely be a highly impractical endeavor.</p>
<p>Regulator Response: Regulators note these technical discussions will continue at RBC REVWG and VOSIE, with a focus on coordination.</p> <p>NAMK</p>	