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February 18, 2021

Philip A. Barlow, FSA, MAAA
Chair, Life Risk-Based Capital (E) Working Group
National Association of Insurance Commissioners
1100 Walnut Street, Suite 1500
Kansas City, MO 64106-2197

RE: Exposure of Revised RBC Reporting Guidance

Dear Mr. Barlow and Working Group Members:

The Mortgage Bankers Association¹ and the American Council of Life Insurers² appreciate that the Life Risk-Based Capital Working Group (LRBCWG) has exposed draft *Additional Guidance* on the Financial Condition (E) Committee's *Guidance for Troubled Debt Restructurings* (RBC Guidance) that would align the RBC Guidance modification period with that of *INT 20-03, Restructuring Due to COVID -19*, and *INT 20-07, INT 20-07: Troubled Debt Restructuring of Certain Debt Instruments Due to COVID-19*, as those interpretations were revised by the Statutory Accounting Principles Working Group (SAPWG) on January 25, 2021.

We believe that either of the two exposures would effectively align the E Committee's RBC reporting guidance with the corresponding accounting guidance consistent with our organization's request to this Working Group of January 29, 2021.

As between the two of them, we believe Alternative 1, which provides the guidance in the form of a revision to the October 9, 2020 *Additional Guidance* may be more user-friendly because it provides all

¹ The Mortgage Bankers Association (MBA) is the national association representing the real estate finance industry, an industry that employs more than 280,000 people in virtually every community in the country. Its membership of over 2,300 companies includes all elements of real estate finance: mortgage companies, mortgage brokers, commercial banks, credit unions, thrifts, REITs, Wall Street conduits, 70 life insurance companies engaged in real estate finance, and others in the mortgage lending field. For additional information, visit MBA's website: www.mba.org.

² The American Council of Life Insurers (ACLI) is the leading trade association driving public policy and advocacy on behalf of the life insurance industry. 90 million American families rely on the life insurance industry for financial protection and retirement security. ACLI's member companies are dedicated to protecting consumers' financial wellbeing through life insurance, annuities, retirement plans, long-term care insurance, disability income insurance, reinsurance, and dental, vision and other supplemental benefits. ACLI's 280 member companies represent 95 percent of industry assets in the United States. Learn more at www.acli.com



MORTGAGE BANKERS ASSOCIATION

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four elements of the Additional Guidance in one document.³ Showing both the original and revision dates would help insurers know that they are using the correct version of the guidance. In contrast, Alternative 2 would add a fourth document to the body of E Committee RBC reporting guidance (which currently includes the June 12, 2020 E Committee memo, the June 12, 2020 Q&A document, and the October 8, 2020 Additional Guidance).⁴

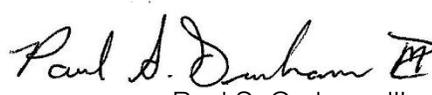
On the other hand, Alternative 2 has the benefit of explicitly linking the period covered by the RBC reporting guidance and INT 20-03 and 20-07, which would remove the need for this Working Group to further revise the Additional Guidance in the future if INT 20-03 and INT 20-07 were amended in the future. To capture this benefit, the Working Group might consider adopting Alternative 1 but with the Alternative 2 revision to Origination Date, Valuation Date, Property Value, and 90 Days Past Due.⁵

We appreciate the time and attention you, the members of the Working Group, and Dave Fleming have devoted to this matter.

Respectfully,



Mike Flood



Paul S. Graham, III

cc: Dave Fleming, NAIC Senior Insurance Reporting Analyst

³ As a technical comment, we would suggest deleting “for December 31, 2020 and Interim” from the “RE” line of the memorandum, because the revised Origination Date, Valuation Date, Property Value, and 90 Days Past Due and the Net Operating Income sections apply to other reporting periods. We note that each paragraph of the guidance independently specifies the period it covers.

⁴ As a technical comment, we would suggest adding “, 2020” after each reference to the October 9 guidance or document. Similarly, we would suggest also adding “, 2020” after “June 12” in the first paragraph of Alternative 1.

⁵ This adaptation might be accomplished as follows: “For purposes of the Description/explanation of item in the Risk-Based Capital Reporting Instructions for Date of Origination (2), Property Value (20), Year of Valuation (21 and by reference Quarter of Valuation - 22), and 90 Days Past Due? (29), no changes to these values are required for any COVID-19 related modifications that [are captured within INT 20-03: Troubled Debt Restructuring Due to COVID-19 or INT 20-07: Troubled Debt Restructuring of Certain Debt Instruments Due to COVID-19.](#)”