



April 15, 2026

Mr. Philip Barlow  
Chairman  
Risk-Based Capital Investment Risk and Evaluation (E) Working Group  
National Association of Insurance Commissioners (NAIC)

Dear Mr. Barlow:

I write again to share Pinpoint Policy Institute's concerns regarding the working group's ongoing deliberations on risk-based capital charges for collateralized loan obligations. Pinpoint Policy Institute is a nonpartisan, pro-growth 501(c)(4) nonprofit organization dedicated to promoting free markets, limited government, and the rule of law. We [submitted comments](#) to this working group in June 2024 and have continued to follow these deliberations closely. We write today because the current proposal raises the same fundamental concerns we raised then, and in several respects raises new ones that are more troubling still.

The working group is considering a dramatic increase in risk-based capital (RBC) charges on non-investment-grade collateralized loan obligation (CLO) tranches, including middle-market CLOs. The analytical basis offered is a study by the American Academy of Actuaries, a study built exclusively on broadly syndicated loan (BSL) CLO data. The Academy has said so publicly, explicitly stating that it cannot speak to the application of its proposed factors to MM CLOs because it did not analyze them. Applying BSL-derived factors to a different asset, without any supporting data or independent analysis, is not evidence-based regulation. It is an arbitrary exercise of authority dressed up in the language of rigor.

The data points in the opposite direction. [Since 2009](#), no MM CLO in the S&P ratings coverage universe has defaulted. Every single CLO 2.0 default, all 20 of them, has been a BSL CLO. S&P, Moody's, and Fitch have each independently confirmed that MM CLOs outperform BSL CLOs under stress. The Oliver Wyman study, which forms the very foundation of the Academy's work, found that MM CLO residuals consistently perform better than BSL CLOs across all three stress scenarios it modeled. Against this backdrop, the working group is contemplating raising the Baa3 tranche charge from 1.8% to 12.52% and the Ba3 charge from 5.01% to 33.08%. These are not modest recalibrations. They are dramatic increases applied to an asset class with a demonstrated track record of strong performance and no data to justify them.

The consequences are real. Insurers required to hold significantly more capital against CLO investments may raise premiums or reduce investment in these vehicles, with costs ultimately borne by consumers. Middle-market CLOs finance more than [200,000](#) American companies employing approximately 48 million people and accounting for roughly one-third of

private-sector GDP. As we noted in June 2024, the NAIC has never documented a single performance problem associated with losses or defaults in these assets. That remains true today.

We also note serious concerns about how this deliberation has been conducted. The NAIC is a nonprofit membership association, not a government regulator, that does not file a Form 990 yet effectively drives insurance regulatory outcomes across all 50 states through model law adoption. Key deliberations on this proposal have occurred in closed-door, regulator-only sessions. Chair Barlow's determination that MM CLOs are "not material," despite representing 20% of insurer CLO holdings, was made unilaterally by staff and never put to a commissioner vote. The fact is that the NAIC should not be applying higher capital charges to MM CLOs when the Academy's study never modeled MM CLO's. The data is missing. The public should be allowed to formally comment on the study's lack of MM CLO modeling before we can consider these proposed changes.

The NAIC's own RBC Model Governance [principles](#) call for transparency, materiality, and data-driven decision-making. Those principles are not being followed here. We urge commissioners to do their duty and consider carefully the broader economic harm of assigning capital charges that do not align with risk.

Sincerely,

A handwritten signature in cursive script that reads "Eric Ventimiglia".

Eric Ventimiglia  
Executive Director  
Pinpoint Policy Institute