NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

Draft date: 2/2/26

Virtual Meeting

LIFE RISK-BASED CAPITAL (E) WORKING GROUP
Tuesday, February 10, 2026
12:00 – 1:00 p.m. ET / 11:00 a.m. – 12:00 p.m. CT / 10:00 – 11:00 a.m. MT / 9:00 – 10:00 a.m. PT

ROLL CALL

Ben Slutsker, Chair	Minnesota	Jennifer Li	New Hampshire
Philip Barlow, Vice Chair	District of Columbia	Seong-min Eom	New Jersey
Sheila Travis	Alabama	William B. Carmello	New York
Thomas Reedy	California	Andy Schallhorn	Oklahoma
Wanchin Chou	Connecticut	Rachel Hemphill	Texas
Hannah Howard	Florida	Tomasz Serbinowski	Utah
Matt Cheung	Illinois		
Mike Yanacheak	Iowa		
William Leung	Missouri		
Michael Muldoon	Nebraska		

NAIC Committee Support: Kazeem Okosun/Maggie Chang

AGENDA

1. Consider Adoption of its Nov 14, 2025, Minutes—*Ben Slutsker (MN)* — Attachment 1

2. Consider Adoption of the Generator of Economic Scenarios (E/A) Subgroup Oct. 29, 2025, Minutes—*Ben Slutsker (MN)* — Attachment 2

3. Receive Comments on 2025-16-L Conceptual Collateral Loans Proposal —*Ben Slutsker (MN)*
   A. American Council of Life Insurers (ACLI) — Attachment 3
   B. Iowa Insurance Division — Attachment 4
   C. Security Benefit — Attachment 5
   D. Alternative Credit Council — Attachment 6

   Consider Exposure of 2025-16-L MOD Collateral Loans Proposal — Attachment 7

4. Consider Exposure of 2026-02-L Proposal on BA Residential Mortgage Loans —*Ben Slutsker (MN)* — Attachment 8

5. Consider Exposure of 2026-01-L Proposal on AVR changes – *Ben Slutsker (MN)* — Attachment 9

6. Hear Updates on the C-3 Field Test Survey—*Ben Slutsker (MN)* — Attachment 10

7. Discuss Any Other Matters Brought Before the Working Group

8. Adjournment

Draft: 11/17/25

Life Risk-Based Capital (E) Working Group
Virtual Meeting
November 14, 2025

The Life Risk-Based Capital (E) Working Group of the Capital Adequacy (E) Task Force met Nov. 14, 2025. The following Working Group members participated: Philip Barlow, Chair (DC); Ben Slutsker, Vice Chair (MN); Sanjeev Chaudhuri (AL); Thomas Reedy (CA); Wanchin Chou (CT); Hannah Howard (FL); Mike Yanacheak and Kevin Clark (IA); Matt Cheung (IL); William Leung (MO); Michael Muldoon (NE); Seong-min Eom (NJ); William B. Carmello (NY); Rachel Hemphill (TX); and Tomasz Serbinowski (UT).

1. Adopted its Sept. 11 Minutes

The Working Group met Sept. 11. During this meeting, it took the following action: 1) adopted its July 21 and June 18 minutes; 2) heard a presentation from the American Academy of Actuaries (Academy) on C-3 alignment; and 3) exposed the covariance slide deck for a 60-day public comment period ending Nov. 10.

Hemphill made a motion, seconded by Slutsker, to adopt the Working Group's Sept. 11 minutes (Attachment XX). The motion passed unanimously.

2. Adopted its Oct. 31 Joint Minutes

The Working Group met Oct. 31 in joint session with the Variable Annuities Capital and Reserve (E/A) Subgroup. During this meeting, the Working Group and Subgroup took the following action: 1) discussed comments received on the proposed changes to C-3 Phase I and C-3 Phase II calculations as well as the life risk-based capital (RBC) instructions and re-exposed the changes for a 60-day public comment period ending Jan. 5, 2026; 2) adopted the proposed changes to the Valuation Manual (VM)-21 supplement blanks and instructions; 3) exposed scope clarification proposals for VM-21 and life RBC for a 28-day public comment period ending Dec. 1; and 4) heard updates on C-3 Phase II analysis.

Reedy made a motion, seconded by Chou, to adopt the Working Group and Subgroup's Oct. 31 joint minutes (Attachment XX). The motion passed unanimously.

3. Discussed Comments Received on the Exposed Covariance Slide Deck

Barlow stated that during the Working Group's Sept. 11 meeting, it exposed the covariance slide deck (Attachment XX) for a 60-day public comments period ending Nov. 10. Four comment letters were received.

Chris Trost (Northwestern Mutual) spoke on behalf of the organizations that submitted the joint comment letter (Attachment XX); Brian Bayerle (American Council of Life Insurers—ACLI) spoke on the ACLI's comment letter (Attachment XX); Erik Sorensen (Genworth) spoke on Genworth's comment letter (Attachment XX); and Rhonda Ahrens (Thrivent) spoke on Thrivent's comment letter (Attachment XX). All commenters noted concerns and/or areas for refinement that the Academy should consider, and urged the Working Group not to implement any changes to covariance until the full impact analysis of implementing the Generator of Economic Scenarios (GOES) has been performed.

Cheung noted that under the current framework, there is an inconsistency when economic scenarios include both equity and interest rate components. For variable annuity (VA) risk, he said companies are required to allocate portions of the risk between equity and interest rate categories, even though the underlying calculation already integrates both factors. Cheung stated that this split allows for applying covariance adjustments, but noted that such an approach did not exist under Phase I procedures. Additionally, in C-3 Phase I, all VA risk was categorized under interest rate risk, without splitting into equity and interest rate components. Cheung emphasized that this structural difference highlights the need for careful consideration when designing the overall framework, as it depends heavily on scenario design.

Bayerle stated that Cheung's comments reflect only one part of a much larger framework that the Working Group must address. He emphasized that moving forward with the proposal will be a significant effort, and without clarity on the major changes planned for 2026, there is concern about continuing work without first assessing their impacts.

Barlow stated that all the concerns raised were valid. He assured the commenters that the Working Group will not implement changes to covariance until the impact of the GOES implementation is quantifiable. However, he stated that he did not want to pause the Academy's work to further refine the covariance proposal.

The Working Group did not object to Barlow's suggestion to continue working on covariance, taking into consideration the issues raised by interested parties.

4. Adopted its 2026 Working Agenda

Barlow stated that some updates were made to the Working Group's draft working agenda. Maggie Chang (NAIC) walked through the following key changes: 1) the item regarding the structured proposal to split Schedule D, Part 1, into two parts is proposed to be removed based on the completion of proposal 2024-24-L MOD; 2) the item regarding the Longevity Risk (E/A) Subgroup has been expanded to include longevity reinsurance; and 3) the item on tax credit investments was added to the working agenda as a result of a referral from the Statutory Accounting Principle (E) Working Group. Staff noted that a milestone is the adoption of structural changes through the adoption of proposal 2024-21-L MOD. Any possible factor changes for investments in tax credit structures will be contemplated if deemed necessary.

Chou made a motion, seconded by Leung, to adopt the Working Group's revised working agenda (Attachment XX). The motion passed unanimously.

5. Exposed the Conceptual Proposal on Collateral Loans

Barlow stated that at the Working Group's June 18 meeting, it received a referral from the Statutory Accounting Principles (E) Working Group regarding collateral loan Schedule BA reporting changes for more granular asset valuation reserve (AVR) reporting of collateral loans by underlying collateral type, effective starting in 2026, based on the adopted blanks proposal 2024-19BWG MOD. The Working Group was also asked to consider RBC and AVR factors that are commensurate with the risks associated with the respective collateral types. He added that the proposal (Attachment XX) was conceptual, with some key areas for the Working Group's consideration as recommended by the Statutory Accounting Principles (E) Working Group.

Chang said that collateral loans are unique to statutory accounting. Unlike collateralized loan obligations (CLOs), collateral loans are not securities, not rated by a nationally recognized statistical rating organization (NRSRO), and not designated by the Securities Valuation Office (SVO). Collateral loans are reported as Schedule BA Other LT Invested Assets. Prior to 2024, all collateral loans, regardless of the type of assets backing the loans, were reported in LR008, subject to a fixed charge of 6.8% (between NAIC 3C/BB- and 4A/B+). In addition, collateral loans were not subject to AVR/not reported on the AVR schedule. Research into historical discussions suggests that this treatment was justifiable, as this asset type was immaterial.

Chang stated that starting in 2024, the Working Group adopted an interim solution to allow collateral loans backed by mortgage loans to be assessed as RBC charges based on the underlying quality of the mortgage loan's "look-through" treatment. The impetus of such a change was documented in the Statutory Accounting Principles (E) Working Group's referral letter (Attachment 9 in this meeting's materials). She said that prior to adoption of the interim provision, the ACLI presented the argument to allow "look-through" for this subset of collateral loans, but acknowledged that it was an interim solution, stating, "Note that this is designed to solve 2024 reporting and capital with no disruption on the transition year. If a more comprehensive set of changes is adopted in 2025, we would expect those changes would supersede this fix. In other words, the focus of this proposal is to maintain current capital treatment this year, even as accounting changes occur".

Today, the conceptual proposal has been drafted to solicit feedback as to whether the "look-through" provision should be more risk-based and look through to collaterals that are afforded higher RBC charges, such as limited partnership (LP)/limited liability corporation (LLC)/joint venture interests, and residual tranches/interests. The feedback should also address the extent of the alignment between direct ownership of the collaterals versus indirect exposure via collateral loans.

The final two points address that: 1) the conceptual proposal was drafted with a preference to bring collateral loans backed by mortgage loans back to LR008, such that all collateral loans are captured in LR008, which should enhance transparency and reduce complexity for filers (for reference, the interim solution currently has those collateral loans in LR009; and 2) balancing operational efficiency and materiality, staff recommend collateral loans backed by assets such as real estate, fixed income, common and preferred stock, etc., be grouped as one bucket and refrain from look through. The drafting note section of the conceptual proposal memorializes additional input needed to finalize the proposal.

Clark stated that Iowa strongly supports implementing the proposed changes effective in 2026 and asked whether RBC procedures permit this. Barlow affirmed that they do.

Carmello asked if the AVR factors update is subject to the same timeline. Robin Marcotte (NAIC) clarified that any updates proposed by the Working Group would need to be adopted by the Blanks (E) Working Group by late May or June 2026.

Barlow solicited volunteers from the Academy to look into the AVR factors. Jason Kehrberg (Academy) said he would coordinate with Stephen Smith (Academy), as he chairs the Life Capital Adequacy Committee.

The Working Group agreed to expose the conceptual proposal on collateral loans for a 60-day public comment period ending Jan. 13, 2026.

6. <u>Discussed Other Matters</u>

Barlow stated that the Working Group will not meet in person at the Fall National Meeting but will schedule meetings as needed. He added that during its Oct. 31 joint meeting with the Variable Annuity Capital and Reserve (E/A) Subgroup, the Working Group and Subgroup re-exposed the GOES effectuation for a 60-day public comment period ending Jan. 5, 2026, and exposed the proposal 2025-17-L scope clarification for VM-21 for a 28-day comment period ending Dec. 1, 2025.

Barlow added that the H2—Underwriting Risk proposal has been exposed for a 75-day public comment period ending Jan. 20, 2026. This proposal will impact the life RBC calculation for health components.

Having no further business, the Life Risk-Based Capital (E) Working Group adjourned.

SharePoint/NAIC Support Staff Hub/Committees /E CMTE/CADTF/2025_3Fall/Life RBC 11-14-25 Minutes TPR’d.docx

Draft: 12/1/25

Generator of Economic Scenarios (GOES) (E/A) Subgroup
Virtual Meeting
October 29, 2025

The GOES (E/A) Subgroup of the Life Risk-Based Capital (E) Working Group and the Life Actuarial (A) Task Force met Oct. 29, 2025. The following Subgroup members participated: Mike Yanacheak, Chair (IA); Peter Weber, Vice Chair (OH); Ted Chang (CA); Wanchin Chou (CT); Matt Cheung (IL); Scott Shover (IN); Ben Slutsker (MN); William Leung (MO); Seong-min Eom (NJ); William B. Carmello (NY); Rachel Hemphill (TX); and Craig Chupp (VA).

1. Adopted Revisions to Corporate Model Calibration

Daniel Finn (Conning) said that two issues with the bond fund scenarios in recent releases of the GOES scenario sets had been identified by interested parties. The first issue is that the linkage from the corporate model is incorrectly linked to unfloored Treasury scenarios rather than the post-flooring values, which affected the Dec. 31, 2024, March 21, 2025, and June 30, 2025, scenario sets. Finn said that the second issue is a misalignment of the bond fund excess returns with the state insurance regulators' adopted acceptance criteria. As a result of the issues, Finn noted that the scenario sets up to June 30, 2025, had been pulled from the website and that a recalibration had been performed on the corporate model.

Finn then walked through the results of the corporate model recalibration that showed how closely the average excess returns in projection years 20 through 30 matched the acceptance criteria under a range of starting conditions.

Iouri Karpov (Prudential) asked why there was still some movement in the model results under the different starting conditions, noting that the American Academy of Actuaries (Academy) had chosen the acceptance criteria target to be based on projection years 20 through 30, as it expected that the model would be stable at that point. Finn noted that some reversion of the spread was still occurring in those years, and it was particularly noticeable in starting spread environments that were far from the long-term targets.

Matt Kauffman (Moody's Analytics) asked what rate basis the average excess returns were based on, and Finn replied that it was based on semi-annual par.

Hal Pedersen (Academy) asked if Conning and the NAIC would re-release all the scenarios that had been shared as part of the trial process. Finn said it intends to re-release all the scenario files that had been impacted by the issues with the bond funds (Dec. 31, 2024, March 21, 2025, June 30, 2025, and Sept. 30, 2025). Pedersen then asked if the multipliers Conning had described would be utilized for all production scenario sets going forward, which Finn confirmed.

Brian Bayerle (American Council of Life Insurers—ACLI) asked whether the Academy would need additional time to review the new corporate calibration. Pedersen said that the Academy had expressed concerns about the corporate model in the past, but it would review the scenarios when released and provide feedback.

Chang made a motion, seconded by Weber, to adopt the proposed revisions to the corporate model for future scenario releases and re-releases of the Dec. 31, 2024, March 21, 2025, June 30, 2025, and Sept. 30, 2025, scenarios. The motion passed unanimously.

2. Re-Exposed Revisions to the GOES Model Governance Framework

Scott O'Neal (NAIC) walked through a presentation (Attachment A) that highlighted recent revisions to the GOES Model Governance Framework.

Weber made a motion, seconded by Cheung, to expose the revised GOES Model Governance Framework for a 21-day public comment period ending Nov. 18. The motion passed unanimously.

3. Exposed NAIC Scenario Review and Validation Procedures

O'Neal said that the NAIC wants to be transparent about the procedures in place for reviewing the monthly GOES scenario releases at the NAIC and is looking for feedback on how it could improve its review. O'Neal discussed the NAIC's scenario review workpapers, including the: 1) review and sign-off template; 2) the consolidated statistics workbook and acceptance criteria dashboard; 3) the stochastic exclusion ratio test (SERT) scenario review template; and 4) the scenario picking data independent recalculation tools.

Cheung made a motion, seconded by Weber, to expose the NAIC's scenario review workpapers for a 21-day public comment period ending Nov. 18. The motion passed unanimously.

Having no further business, the GOES (E/A) Subgroup adjourned.

SharePoint/NAIC Support Staff Hub/Member Meetings/A CMTE/LATF/2025-3-Fall/GOES SG Calls/10 29/Oct 29 Minutes.docx

January 16, 2026

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

Re: Proposal 2025-16-L – Conceptual Collateral Loans

Submitted Electronically

Dear Chair Barlow:

The American Council of Life Insurers (ACLI) welcomes the opportunity to comment on the exposed Conceptual Proposal for Collateral Loans to 1) make changes to Life RBC Blanks to reflect the adopted changes in Schedule BA and Asset Valuation Reserve (AVR) reporting effective 2026 and 2) explore the potential need to revisit RBC and AVR factors based on the risk characteristics of the collateral backing collateral loans.

ACLI believes the collateral loans RBC classification serves an important purpose for the insurance industry and regulators, which is to enable insurers to invest at an appropriately conservative RBC factor in high-quality assets that don't otherwise fit neatly into other existing investment categories. As such, ACLI strongly believes the NAIC should preserve this investment mechanism while utilizing the new disclosures that identify collateral loans by type of collateral to monitor exposure for the purpose of identifying when/if it becomes appropriate to revisit RBC factors for specific types of collateral loans based on materiality of industry-wide and/or individual company exposure.

When doing so, ACLI encourages thorough consideration to ensure alignment and consistency with the NAIC RBC Principles adopted at the 2025 NAIC Fall National Meeting by the NAIC RBC Model Governance (EX) Task Force. Specifically, the Equal Capital for Equal Risk principle states that "RBC requirements should be guided by the principle of equal capital for equal risk, consistent in their statistical safety levels and time horizons, appropriate for the underlying risk, unless there are substantial differences in the nature of the risk in the context of the business model (e.g., life vs property & casualty) to warrant alternative treatments. RBC requirements should reflect measurable risks that can impact solvency, including the mitigating effects of risk management." Furthermore, the RBC Principles highlight the process for updating RBC requirements (Principle 10: Process), noting that "maintaining and updating RBC requirements must adhere to model risk management standards, relying on data-driven methodologies with assessments of model performance and model validation when possible, the need to rely on expert judgment and proxies, significantly so in some cases, and the use of interim solutions."

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ACLI believes the Conceptual Proposal as written does not appear to represent a fulsome consideration of the appropriate RBC factors in accordance with these NAIC RBC Principles. Specifically, the Conceptual Proposal is not based on quantitative or qualitative support for the newly proposed RBC factors, which is inconsistent with the identified principles regarding the process for updating RBC requirements. Additionally, without data-driven, quantitative or qualitative support, it is not possible to ensure adherence to the principle of Equal Capital for Equal Risk. For example, one of the stated objectives of the Conceptual Proposal is to revisit RBC and AVR factors based on the risk characteristics of the collateral backing the collateral loans. While ACLI agrees that the risk characteristics of the underlying collateral is a key consideration when determining the appropriate RBC factors, the structure of the collateral loan is also a key consideration that the Conceptual Proposal does not contemplate.

For these reasons and recognizing the exposure mentions an effective date of 2026 *or later*, ACLI recommends that the NAIC pursue an effective date no earlier than December 31, 2027. This will allow for a process and adopted RBC factors that align with the NAIC RBC Principles and the NAIC's precedent for deliberative decision-making. Furthermore, while the disclosure data shows that this is not a material or emerging issue industry wide, a sudden, material increase (in some instances greater than six times) in RBC factors could have immediate adverse impacts on individual companies that have made investment decisions relying upon the existing and long-standing RBC factors. Given the lack of data suggesting immediate solvency concerns neither industry-wide nor for individual companies related to the holdings of collateral loans, ACLI believes there is no regulatory need for an expedited effective date. Moreover, the fact that individual states do not have authority to grant permitted practices surrounding RBC further supports the need for additional time to allow individual companies to make portfolio adjustments to mitigate adverse impacts that could arise from material increases to the RBC charges applicable to certain types of collateral loans.

Beyond these general comments, ACLI has the following comments on specific aspects of the proposal.

Collateral Loans Backed by Mortgage Loans

The proposed RBC factor for this type of collateral loan is 3%, which is consistent with CM3. Our understanding is that the basis for proposing 3% relies on the assumption that reporting entities do not have access to loan level information for unaffiliated issuers. However, reporting entities do have access to detailed loan level information in nearly all instances, regardless of whether the issuer is affiliated or unaffiliated. This fact was the basis for SAPWG's interim provision allowing these loans to be reported in AVR lines 38-64 based on the underlying mortgage loan details. As reporting entities have been classifying these collateral loans in accordance with the underlying mortgage loan details pursuant to the interim provision, ACLI believes this should be made permanent, with a potential default category that is only applicable in instances where a reporting entity does not possess the underlying mortgage loan details. For those limited instances where loan level information is not available, ACLI believes an RBC factor of 3.0% is appropriate.

Collateral Loans Backed by Investments in JV/LP/LLC

The proposed RBC factor for this type of collateral loan is 30%, which is consistent with the charge for Schedule BA unaffiliated stock. ACLI believes this proposed RBC factor does not fully consider the nature of the underlying collateral, and therefore, does not meet the stated objective of the proposal. Schedule BA includes multiple categories for reporting investments in JV/LP/LLC based on the nature of the underlying investments each JV/LP/LLC holds, and the RBC factors applicable to investments in JV/LP/LLC vary based on the reporting category. For example, JV/LP/LLC that hold real estate investments are reported as "JV/LP/LLC with underlying characteristics of real estate" with an RBC factor that is materially different than the RBC factor applicable to Schedule BA unaffiliated stock. ACLI believes that if RBC factors for collateral loans are to be based on the RBC factors applicable to the underlying collateral, then those RBC factors should reflect the RBC factors that would be applicable if the underlying JV/LP/LLC were to be reported directly on Schedule BA.

Additionally, the proposed RBC factor does not consider the characteristics of the collateral loan itself, and in doing so implies that collateral loans backed by investments in JV/LP/LLC are economically equivalent to investing directly in the underlying JV/LP/LLC. However, collateral loans are debt investments with structural features that reduce economic risk relative to investing directly in the underlying collateral. Such structural features include, but are not limited to, the following:

- Overcollateralization – This can take multiple forms, including loan-to-values ("LTV") that are less than 100% and excess spread, both of which create a buffer that will absorb losses before insurers incur a loss. In many states, there are even statutory maximum LTV limits (e.g., 80%).
- Diversification – Many collateral loans are backed by a pool of assets, creating diversification benefits similar to those seen in asset-backed securities.
- Cross-collateralization – Some collateral loans are cross-collateralized with other collateral loans issued by the same borrower or sponsor, which can further enhance diversification benefits and provide credit support if one asset underperforms relative to another.
- Covenants – Similar to other forms of private debt, collateral loans often contain lender protective covenants such as issuer/sponsor guarantees, senior rights to borrower cash flows ahead of other obligations of the borrower, or borrower dividend restrictions.

Collectively, these structural features represent significant credit enhancements that are not reflected in a 30% RBC charge. Given the above considerations, ACLI believes that a uniform 30% charge may not fully reflect the risk-reducing characteristics of these collateral loans and could result in charges that do not align with the actual risk profile. As such, ACLI believes an analysis should be performed to ensure the adopted RBC factors reflect both the characteristics of the underlying collateral as well as the characteristics of the collateral loans themselves.

Collateral Loans Backed by Residual Tranches

As with collateral loans backed by investments in JV/LP/LLC, ACLI believes the 45% proposed RBC factor for this type of collateral loan does not consider the characteristics of the collateral loan itself, which are risk reducing. As such, ACLI's comments from the previous section apply equally to this type of collateral loan.

All Other Collateral Loans

ACLI supports the exposed proposal to retain the existing 6.8% RBC factor for all other collateral loans not specifically identified above. The disclosure data shows that collateral loans that would fall within this bucket represent a much smaller proportion of industry-wide exposure to collateral loans, and therefore, does not merit reconsideration of the existing RBC factor. However, as noted previously, ACLI supports continued monitoring of the disclosure data for material changes in industry-wide and/or individual company exposure that could signal a regulatory need to revisit the RBC factor.

In summary, ACLI appreciates the initial analysis conducted to evaluate the collateral loan holdings across the industry and NAIC's recognition that the factors should vary by collateral loan type to appropriately reflect risk. However, the underlying collateral is only one part of a fulsome analysis. The structural features of the collateral loans themselves also need to be incorporated into the analysis to appropriately assess risk. Furthermore, ACLI believes there is an opportunity to further strengthen the Conceptual Proposal by incorporating additional quantitative and qualitative support for the newly proposed RBC factors in alignment with the recently adopted NAIC RBC Principles, which will require additional time to 1) better understand the collateral loan asset class and 2) allow for robust dialogue between industry and regulators on the appropriate charges for this important asset class. ACLI and its member companies look forward to continuing to be a part of that discussion.

Thank you once again for considering our comments.

Sincerely,

Marc Altschull, CFA, FSA, MAAA
Senior Actuary
marcaltschull@acli.com
202-624-2089

Iowa is in favor of moving forward with implementing the changes included in the redline of LR008 and LR009 as included in the exposure materials. We understand that conforming updates to AVR may be necessary in the future, but as has commonly occurred historically, we are comfortable with the AVR updates lagging the RBC updates.

As it is currently structured, the Collateral Loan asset type is the most easily exploited asset class for capital arbitrage. Collateral Loans can be secured by any admissible asset and receive a flat 6.8% RBC charge. Unlike bonds, which require an NAIC Designation from the SVO or a Credit Rating Provider, or commercial mortgages, which have risk-sensitive designation process, collateral loans do not receive any form of risk designation disclosed or used for capital purposes. Many states have Loan-to-Value limits in their investment statutes, which typically limit collateral loans to 80% or 90% of the fair value of the collateral at the time of acquisition, but these limits are insufficient to warrant the significant differential in RBC between the collateral loan and what would otherwise apply to the underlying collateral if held directly.

Because any type of admissible asset can secure collateral loans, those that would otherwise be subject to much higher RBC charges as a standalone investment are the most susceptible to capital arbitrage when structured as a collateral loan. For example, equity investments receive a 30% charge and residual tranches receive a 45% charge. By simply papering the investment as a collateral loan, 80%-90% of the value receives a 75-85% reduction in RBC, approximately a 2/3 reduction in RBC inclusive of the residual value. This is similar to the potential arbitrage that has been of concern with CLOs; however, unlike CLOs, collateral loans lack even the validation of an independent credit rating.

This susceptibility to capital arbitrage is being actively exploited. Based on the 2024 reporting data, 42.7% of all collateral loans are secured by JV, LLC & Partnerships, which receive an equity charge when held directly, and nearly all of which were affiliated. Additionally, collateral loans are highly concentrated in a small number of companies, some holding in excess of 25% of their invested assets in collateral loans.

For these reasons, IA is in favor of the proposal moving forward. We would not oppose a simple adjustment to factor in the benefit of overcollateralization if one can be accommodated operationally. There may also be some instructional changes warranted to ensure certain JV/LLC/Partnerships that receive lower RBC factors when held directly (e.g. Schedule BA mortgages) are appropriately mapped, but there is more time available to address instructional changes later in the year.

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January 27, 2026

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

Re: Proposal 2025-16-L – Conceptual Collateral Loans

Submitted Electronically

Dear Mr. Barlow:

Executive Summary

Security Benefit Life Insurance Company ("Security Benefit") appreciates the opportunity to comment on Conceptual Proposal 2025-16-L (the "Conceptual Proposal") concerning RBC and AVR factors for collateral loans backed by various asset classes. While Security Benefit acknowledges the NAIC's objective to revisit RBC factors based on collateral risk characteristics, we respectfully submit that the Conceptual Proposal, in its current form, does not meet that objective. As the risk for insurers making collateral loans differs significantly from holding collateral assets directly, the Conceptual Proposal should be considered carefully and transparently to ensure the desired outcome of revised RBC factors aligns with the recently adopted RBC Principles, particularly those pertaining to accuracy in data-driven decision making and equal capital for equal risk.

Because sufficient time and resources should be dedicated to quantifying and validating collateral loan risk, refining the Conceptual Proposal, and giving insurers a runway to adjust to any changes without market disruption, implementation of an effective date of year-end 2026 seems unnecessarily hurried. There is no impending industry-wide solvency concern, so regulators have an opportunity to take the necessary time to review, analyze and implement any changes to RBC charges for collateral loans that closely resembles the equal capital for equal risk framework in an analytically robust manner taking into consideration input from many participants across the industry like the NAIC has done across other changes to capital charges. This approach will result in a fair outcome for affected entities and avoid unintended consequences.

Therefore, Security Benefit respectfully requests that any revised RBC framework for collateral loans be implemented no earlier than year-end 2028, to allow for data-driven analysis, stakeholder input, and orderly portfolio transition.

Recommendation: Regulators and interested parties should use the Conceptual Proposal as a starting point for further analysis to ensure that any updated RBC factors:

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- Align with recently adopted RBC Principles, particularly equal capital for equal risk as seen across other structured investments; collateral loans are, at their core, a structured investment and should be analyzed in an analytically consistent manner with other structured products
- Recognize the structural protections inherent in collateral loans that reduce insurers' risk compared to holding collateral directly
- Are supported by empirical data on structured investments (e.g. collateral loans) resiliency through adverse scenarios and recognizing the resiliency is influenced by a multitude of factors including the underlying asset/investment being financed and the amount of subordinated capital relative to the investment whose risk is being assessed
- Allow reasonable implementation timeframes to ensure an outcome consistent with the aforementioned considerations and that avoids immediate impact on insurers that have made investments based upon long-standing RBC charges.

Core Issues:

1. Equal capital for equal risk – The Conceptual Proposal does not align with the fundamental RBC principle that equal risk should carry equal capital requirements. By applying "look-through" treatment that assigns the same RBC charge as if the insurer held the collateral directly, the proposal does not account for important structural protections insurers possess including first-loss capital buffers, and other negotiated provisions that provide credit protection exist in a collateral loan but not in direct holdings.
2. Timing – Any change to regulatory capital charges for any investment should be given due and consistent process. Past experience shows that changes to capital charges for structured investments require extensive deliberation that is not likely to be effectively achieved on the Conceptual Proposal's proposed timeline for 2026 effectiveness. Further, an immediate and significant change to long-standing capital charges causes an inequitable impact on entities that have made investment decisions based upon existing rules.
3. Analytical Robustness – Any change to RBC charges should be conducted with an analytically robust modeling process. As such, the industry can implement new capital charges for this structured asset class for the long-term. Absent validated modeling that reflects the features that differentiate collateral loans from investments held directly on balance sheet, including structural subordination and other credit enhancements, accelerated implementation of the Conceptual Proposal as drafted risks violation of NAIC's core principles of accuracy and equal capital should be held for equal risk.

The Fundamental Distinction Requiring Differential Treatment: Collateral Loans Are Not Equivalent to Direct Holdings

The NAIC Staff Drafting Note within the Conceptual Proposal proposes revised RBC charges ranging from 3% (mortgage loan collateral) to 30% (JV/LP/LLC investments) to 45% (residual tranches). These factors assign the same RBC charge as if the insurer held the collateral directly

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on its balance sheet. Regulators may be tempted to assume this "look-through" treatment constitutes equal capital for equal risk. That assumption would be mistaken.

Collateral Loans Present Superior Credit Risk

Collateral loans issued by insurers are a fundamentally different—and superior—form of credit risk and are not economically equivalent to holding the underlying collateral directly. Under a collateral loan structure, declines in collateral value are first absorbed by borrower equity and/or other subordinated interests, such that insurer losses only occur after a material erosion of value well beyond the levels assumed by a simple look-through to the underlying asset class. Specifically, the statutory and contractual protections described below significantly distinguish collateral loans from underlying collateral held directly on balance sheet:

Statutory LTV Limits Provide Substantial Loss Buffers

Many state legislatures have established safety barriers requiring loan-to-value (LTV) maximums. These LTV maximums are typically 80%, meaning if an insurer loans $80 to a borrower, the borrower must pledge collateral worth *at least* $100. This statutory subordination provides a substantial buffer against loss:

- Borrowers must absorb first 20% decline of any collateral value
- Insurer incurs no loss until the loan becomes impaired and collateral value falls below loan balance

Unlike equity or mezzanine positions in other structured investment asset classes, collateral loans represent senior, secured credit positions. The insurer does not participate *pro rata* in losses with equity holders as if the insurer held the collateral directly. Rather, the insurer suffers no loss until all subordinated capital is exhausted. This additional protection is not insignificant. Interested parties should be afforded an opportunity to provide data to demonstrate the positive effects this LTV protection has against the actual risk of insurer losses and how RBC factors should be assigned based upon that risk. Furthermore, this principle is demonstrated in the NAIC's current modeling and risk assessment of other structured assets such as CMBS and RMBS. It is also incorporated into the analytical work which is being conducted on the CLO asset class by the NAIC and the American Academy of Actuaries. Lastly, this position is fundamental to any structured investment which legally protects and prioritizes the claims of senior creditors relative to junior creditors and residual interest owners (*e.g.*, equity).

Negotiated Structural Protections

As a bespoke structured asset class, collateral loans may vary considerably from insurer to insurer given the bi-lateral nature of many of the industry's investments. Varying structural protections could include, but not be limited to:

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- **Guarantee structures:** Loans may provide additional recourse beyond collateral
- **Cash disbursement priority:** The insurer can impose control over borrower cash flows, creating senior rights to borrower cash flows ahead of other obligations of the borrower, or borrower dividend restrictions
- **Diversification**: Collateral loans may be backed by a pool of assets, creating diversification benefits
- **Covenants:** As added protection for repayment, maintenance requirements and reporting obligations may be built into the loan structure
- **Cross-collateralization:** Other forms of credit enhancement such as cross-collateralization of a series of loans and/or cross default protections and/or maintenance covenants for the benefit of the lender provide diversification and additional downside protection

These negotiated protections are significant risk reduction factors that are absent when insurers hold collateral directly. As regulators are interested in ensuring appropriate capital charges based upon risk, these structural protections and potential variations must be accounted for just as they would be across other NAIC modeled risk structured asset classes. Summary-level alternative approaches are described below, but such alternatives should be evaluated in line with Principle 10 – Process – which sets forth the following:

> Maintaining and updating RBC requirements must adhere to model risk management standards, relying on data-driven methodologies with assessments of model performance and model validation, when possible, the need to rely on expert judgment and proxies, significantly so in some cases, and the use of interim solutions.

The Conceptual Proposal Needs Additional Supporting Data

The Conceptual Proposal and SAPWG referral do not present data on collateral loan performance and associated risks assumed by insurers. This is an important data set that should be considered before imposing capital charges more than 6 times higher than current, long-standing levels. Before imposing such a steep change in the methodology for capital treatment for collateral loans, and absent changes in the underlying risk, the NAIC should demonstrate:

1. **Historical Loss Experience:** What actual losses have insurers experienced on collateral loans?
2. **Comparative Performance:** How have collateral loans performed relative to direct holdings of similar collateral?
3. **Stress Testing:** How did collateral loans perform during the Global Financial Crisis and subsequent stress periods?

The historically conservative 6.8% RBC charge (positioned between NAIC designations 3C/BB- and 4A/B+) may warrant review, but any revision should be data-driven and reflect actual risk experience rather than theoretical worst-case assumptions.

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Before any revised RBC factors for collateral loans are finalized, Security Benefit respectfully recommends a process that includes: (i) an industry-wide review of collateral loans focusing on collateral composition, structural subordination, and historical performance; (ii) comparative analysis of impairment frequency and loss severity relative to direct holdings of similar collateral; and (iii) stress testing under adverse market scenarios.

Implementation Timeline and Alternative Regulatory Approaches

The available data does not indicate an emergent solvency or policyholder protection concern that would justify emergency action or otherwise expedited implementation of a fundamentally revised capital framework. The relatively conservative current 6.8% charge has been in place for many years without evidence of systematic understatement of risk. Because there is no basis for expedited implementation, regulators should provide adequate time for developing a data-driven proposal.

Just as important though, once decided, a reasonable time for company response and implementation should be afforded – at least one calendar year after adoption. Companies have made investment decisions relying upon the existing and long-standing RBC factors, and a substantial and upward RBC factor adjustment in the middle of the investment period of a collateral loan equates to a retroactive or ex post facto rule making.

An expedited 2026 effective date is neither necessary nor appropriate. Security Benefit strongly supports Regulators choosing to make revised RBC factors effective no earlier than December 31, 2028, and for affected entities to have at least a full year after adoption to plan for and implement changes. Additional time is essential for:

1. **Data Collection and Analysis:** Gather industry-wide collateral loan subordination, structure, and performance data to inform appropriate factors
2. **Stakeholder Input:** Allow impacted parties and data experts to provide meaningful commentary
3. **Portfolio Adjustments:** Enable companies to adjust portfolios given immediate and potentially large capital impact despite no change in underlying characteristics of the risk.

Precedent for Deliberative Process

Security Benefit recognizes the NAIC's legitimate interest in ensuring appropriate capital treatment. The NAIC has precedent for thorough, deliberative processes when revising RBC factors. The CLO modeling process, for example, involved transparent analysis affording interested parties and data experts the opportunity to make recommendations on appropriate charges. A similar process should apply here wherein regulators should engage in a transparent and deliberative process that considers a variety of data-driven alternatives that preserve equal capital for equal risk.

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For example, regulators also could assign more refined RBC factors based on subordination level, mirroring structured securities treatment, e.g., the greater the subordination level, the lower the RBC factor. The benefits of this option would be to recognize structural protections proportionally, maintain consistency with CLO and structured securities treatment, allow for enhanced disclosure requirements, and better align with the equal capital for equal risk principle. While this approach is an improvement compared to the Conceptual Proposal, other, more refined options should be considered to ensure the greatest accuracy.

Regulators could also use a straightforward analysis that looks at the implied CTE level of the underlying collateral type, use the corresponding impairment rate to model out the losses that accommodate for the structural characteristics that benefit the senior secured insurer lender, and apply an adjustment to the proposed RBC charge that more accurately reflects the expected losses an insurer would incur. For a given risk asset with required capital amount (Annual Statement Value * RBC Factor), this resultant impairment has a waterfall impact between the senior secured lender and the borrower that reflects expectations. Thus, the given required capital amount from the risk asset should be allocated proportionally, based on the allocated impairments, between the senior lender and the borrower.

Industry Impact and Unintended Consequences

Through provision of credit through collateral loans, insurers play an important part in growing America's economy. Collateral loans provide an important source of financing across multiple industries. If adopted in the current form, the Conceptual Proposal would penalize insurers who actively manage credit risk through negotiated protections while rewarding those who passively purchase rated securities.

Without data showing elevated risk or losses on a company-specific or industry-wide basis, dramatic increases in capital charges lack empirical foundation. ***Regulators should be cautious of attempts to disincentivize the extension of secured lending when no evidence has been presented that the system is flawed.***

The proposed RBC charges based on simple look-through would:

- **Penalize conservative credit practices** – Insurers who negotiated strong protections face the same charges than those holding direct positions. This creates a disincentive for active risk management
- **Reduce credit market competition** – Fewer insurers willing to provide direct lending
- **Discourage active risk management** – Create preference for rating agency opinions over structural analysis
- **Harm policyholders** – Less efficient capital deployment results in higher costs or lower returns

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Security Benefit's Performance and Proactive Regulatory Engagement

Security Benefit's collateral loan portfolio has performed exceptionally well, including through periods of market stress. Security Benefit works closely with our domestic regulator to provide transparency into our collateral loan portfolio. We have provided extensive education on collateral loan characteristics that enable superior financial performance, including:

- Detailed structural analyses of subordination and credit protections
- Regular portfolio performance reporting

This transparency demonstrates that appropriate oversight of an insurer's risk management can be achieved without simplistic and draconian capital charges that ignore actual risk characteristics.

Security Benefit's Institutional-Quality Structures

Security Benefit has structured collateral loans with institutional-quality credit protections comparable to highly-rated CLO tranches. Where collateral loans involve affiliated borrowers, Security Benefit applies the same or more stringent structural protections, valuation discipline, and covenant enforcement mechanisms as would be required in an unaffiliated transaction. Loan-to-value maintenance tests are monitored quarterly, with contractual remedies including additional collateral, cash paydowns, or other credit support, and cross-collateralization and parent guarantees are legally enforceable obligations. Specifically, our collateral loan positions are backed by high quality asset pools and carry:

- 20%+ subordination below our position
- Cross-collateralization across diversified portfolios
- Additional guarantees and covenants
- Conservative LTV ratios within statutory limits

These structures were specifically negotiated to provide multiple layers of protection before any loss could reach our position. Our collateral loan positions carry equal or lower risk than comparably subordinated CLO tranches rated AA or A, yet would receive materially higher capital charges (30-45%) under the Conceptual Proposal compared to rated CLO tranches (0.4-1.3%). Simply put, the Conceptual Proposal of pure look-through doesn't make sense.

Further, the proposed approach would impose capital requirements more than 6 times current levels for positions that have not been shown to have negatively performed. As insurers often hold multiple times required capital, the proposed 30% and 45% charges would force insurers:

1. **Asset sales into potentially illiquid markets** – Disrupting portfolios which could necessitate sales at below market values.

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2. **Reduced new business capacity** – Unnecessarily requiring significantly more capital reduces the ability of insurers to offer products to American consumers preparing for retirement.

3. **Increased reinsurance costs** – Insurers may need to cede business to offshore reinsurers to maintain capital ratios

Conclusion and Recommendations

Again, Security Benefit supports the objective of the Conceptual Proposal to review and update RBC charges. However, the methodology and timing of the revised RBC charges must be reasonable in relation to the impact of the changes. It is particularly important that any revised framework be supported by robust analysis and implemented with sufficient transition time to avoid unintended and disproportionate impacts.

Security Benefit urges the NAIC Life Risk Based Capital Working Group to:

1. **Collect Data:** Gather comprehensive industry data on collateral loan structure, performance, and loss experience
2. **Conduct Further Analysis:** Evaluate subordination levels and structural protections across industry collateral loan portfolios
3. **Revise Methodology:** Develop RBC factors that recognize structural subordination and credit protections, aligning with the equal capital for equal risk principle
4. **Consider Alternatives:** Evaluate the subordination-based framework or other alternatives that can be developed through collaboration with industry and stakeholders
5. **Consider a later implementation date:** Revised RBC charges should go into effect no earlier than December 31, 2028
6. **Provide Adequate Timeline:** Allow at least one full year after adoption of revised factors before effective date

The Conceptual Proposal should serve as a starting point for thorough analysis. The recently adopted RBC Principles reinforce the need for greater precision. The "Accuracy" principle requires RBC requirements to be "sufficiently precise to assess solvency risk, while avoiding unnecessary complexity," and the principle of equal capital for equal risk requires RBC factors to "reflect measurable risks and the mitigating effects of risk management." The RBC Principles directly support refining the Conceptual Proposal to better account for statutory loss protections and negotiated structural benefits for insurer-lenders, rather than relying on incomplete data and generalized assumptions.

With appropriate data gathering, stakeholder input, and recognition of structural protections, the NAIC can develop accurate collateral loan RBC factors that truly reflect risk. Security Benefit

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appreciates the Working Group's consideration of these comments and stands ready to provide additional information, data, or analysis as requested.

Respectfully submitted,

Douglas Wolff
Chief Executive Officer

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Washington, DC 20005
info@aima.org

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January 27, 2026

Life Risk-Based Capital (E) Working Group
Capital Adequacy (E) Task Force
National Association of Insurance Commissioners
1100 Walnut Street, Suite 1500
Kansas City, MO 64106-2197

Via Email: kokosun@naic.org

Re: Comments on Proposal 2025-16-L – RBC Factors for Collateral Loans Based on Underlying Collateral Type

Dear Chair Barlow and Members of the Life Risk-Based Capital (E) Working Group

The Alternative Credit Council,[1] the private credit affiliate of the Alternative Investment Management Association Ltd (AIMA), appreciates the opportunity to

[1] The Alternative Credit Council (ACC) is a global body that represents asset management firms in the private credit and direct lending space. It currently represents 250 members that manage over US$2 trillion of private credit assets. The ACC is an affiliate of AIMA and is governed by its own board, which ultimately reports to the AIMA Council. ACC members provide an important source of funding to the economy. They provide finance to mid-market corporates, SMEs, commercial and residential real estate developments, infrastructure, and the trade and receivables business. The ACC's core objectives are to provide guidance on policy and regulatory matters, support wider advocacy and educational efforts and generate industry research to strengthen the sector's sustainability and wider economic and financial benefits. Alternative credit, private debt or direct lending funds have grown substantially in recent years and are becoming a key segment of the asset management industry. The ACC seeks to explain the value of private credit by highlighting the sector's wider economic and financial stability benefits.

provide comments on Proposal 2025-16-L, which was exposed for comment on November 14, 2025. We commend the Working Group for advancing this important initiative to refine the risk-based capital (RBC) treatment of collateral loans by introducing differentiated factors based on the type of underlying collateral. This proposal represents a meaningful step forward in enhancing the look-through approach, better aligning RBC charges with the actual underlying economic characteristics and risks of each asset class. By moving away from the historical 6.8% uniform factor, the proposal promotes a more nuanced, risk-sensitive framework that supports prudent capital management for life insurers.

While we support the proposal's overall direction, we believe there is room for further improvement to fully realize the benefits of a look-through methodology. Specifically, with respect to collateral loans backed by mortgages, we recommend that the RBC treatment be based on the underlying mortgage loan's risk characteristics, consistent with the interim solution adopted in 2024 for "loan on loan" structures. Under that interim approach, reporting entities identify mortgage-backed collateral loans and apply the same tiered RBC factors that apply to directly held mortgage loans. We view this as an appropriate method to address the capital required for insurers' investments in this asset class.

The proposal notes that NAIC staff believe insurers may not always know these details, which would lead to a wide range of potential outcomes. However, in our experience advising insurance company investment managers, insurers generally do have access to this information as part of their due diligence and ongoing monitoring processes. We cannot readily identify scenarios where an insurer would hold a collateral loan backed by mortgages without knowing its risk characteristics.

To address any potential uncertainty, we suggest a tiered approach. When the reporting entity has the underlying mortgage loan information, the reporting entity would apply the look-through approach described above. In cases where the reporting entity lacks underlying mortgage loan information needed to assign a mortgage risk category, the reporting entity would default to 3.0% (CM 3 factor). These refinements, including to the interim solution, would maintain conservatism where warranted while ensuring that the RBC charge accurately reflects the known risk profile, further strengthening the proposal's alignment with economic realities.

We appreciate the Working Group's commitment to completing this project in the first half of 2026 for effectiveness with the December 31, 2026 annual statements.

ALTERNATIVE CREDIT COUNCIL
LENDING FOR GROWTH

We stand ready to provide additional input or data as needed and look forward to the continued dialogue on this matter.

Thank you for considering our comments.

Please contact either of us at Jkrol@aima.org or Joe Engelhard, Head of Private Credit & Asset Management Policy, Americas, at jengelhard@aima.org if you have any questions or would like to discuss these topics in more detail.

Sincerely,

Jiří Król
Global Head of Alternative Credit Council

Joe Engelhard
Head of Private Credit & Asset Management Policy, Americas

Capital Adequacy (E) Task Force

RBC Proposal Form

☐ Capital Adequacy (E) Task Force ☐ Health RBC (E) Working Group ☒ Life RBC (E) Working Group
☐ Catastrophe Risk (E) Subgroup ☐ P/C RBC (E) Working Group ☐ Longevity Risk (A/E) Subgroup
☐ Variable Annuities Capital. & Reserve (E/A) Subgroup ☐ Economic Scenarios (E/A) Subgroup ☐ RBC Investment Risk & Evaluation (E) Working Group

	DATE: **02/04/2026**	**FOR NAIC USE ONLY**
CONTACT PERSON:	**Kazeem Okosun**	Agenda Item # 2025-16-L MOD Year 2026 or later
TELEPHONE:	**816-783-8981**	**DISPOSITION**
EMAIL ADDRESS:	**kokosun@naic.org**	**ADOPTED:** ☐ TASK FORCE (TF) ____ ☐ WORKING GROUP (WG) ____ ☐ SUBGROUP (SG) ____
ON BEHALF OF:	**Life Risk-Based Capital (E) Working Group**	
NAME:	**Ben Slutsker, Chair**	
TITLE:	**Director of Life Actuarial Valuation**	**EXPOSED:** ☐ TASK FORCE (TF) ____ ☒ WORKING GROUP (WG) 11/14/2025 ☐ SUBGROUP (SG) ____
AFFILIATION:	**Minnesota Department of Commerce**	
ADDRESS:	**85 7th Place East, Suite 280**	**REJECTED:** ☐ TF ☐ WG ☐ SG ____
	Saint Paul, MN 55101	**OTHER:** ☐ DEFERRED TO ____ ☐ REFERRED TO OTHER NAIC GROUP ☐ (SPECIFY) ____

IDENTIFICATION OF SOURCE AND FORM(S)/INSTRUCTIONS TO BE CHANGED

☐ Health RBC Blanks ☐ Property/Casualty RBC Blanks ☒ Life and Fraternal RBC Blanks
☐ Health RBC Instructions ☐ Property/Casualty RBC Instructions ☒ Life and Fraternal RBC Instructions
☐ Health RBC Formula ☐ Property/Casualty RBC Formula ☒ Life and Fraternal RBC Formula
☐ OTHER ______________________________

DESCRIPTION/REASON OR JUSTIFICATION OF CHANGE(S)

Life RBC (E) Working Group met June 18, 2025 and received a referral from Statutory Accounting Principles (E) Working Group regarding collateral loan schedule BA reporting changes (Attachment A). As a result of the referral, NAIC staff drafted the proposal with the following objectives:

(1) To make changes to Life RBC Blanks so as to reflect the adopted changes in Schedule BA and Asset Valuation Reserve (AVR) reporting effective 2026.
(2) To explore the potential need to revisit RBC and AVR factors based on the risk characteristics of the collaterals backing the collateral loans

The proposal 2025-16-L was exposed at the Working Group on Nov 14 for a 74-day public comment period ending Jan 27, 2026.Based on comments received, a modified proposal is drafted.

Additional Staff Comments:

2/2/26: NAIC Staff Drafting Note:

Key highlights of the modified proposal:

1) Commenters stated that some states have maximum loan-to-values (LTV) limits for collateral loans. Initial outreach indicated that LTV limits vary by states, ranging from 0% to 90%. The modified proposal, henceforth, factored into a generic haircut of [20%] to the RBC factors originally proposed for i) collateral loans backed by residual tranches/interests and ii) collateral loans backed by investments in JV/LP/LLC. The final haircut % is subject to Working Group's discussions and discretion.
2) Commenters stated that collateral loans have other structural features that should be factored into when contemplating RBC factors based on risk characteristics of the collaterals. However, these structural features are bilaterally agreed upon between issuers and insurance companies (investors) and are not readily available public information. In order to avoid unnecessary complexity, no further consideration deemed necessary on other structure features apart from LTV as discussed above.
3) Given the representations that insurance companies have access to detailed loan level information for collateral loans backed by mortgage loans, the proposal is modified to allow treatment as per Proposal 2024-15-L adopted in 2024. (i.e. interim provision made permanent)
4) The Working Group had discussed AVR factors during Nov 14 meeting and was aware of historical precedence that AVR factors update trail behind RBC factors update. As such, Staff modified the proposal to set AVR Basic Contribution, Reserve Objective and Maximum Reserve to zero (i.e. continue the current practice) until otherwise advised by the American Academy of Actuary.
5) Asset Concentration Factor consideration: current life RBC framework doubles the charge for collateral loan (0.068). Staff modified the LR010 page to continue the current practice of doubling RBC charges, subject to 45% cap.

**** This section must be completed on all forms.** **Revised 2-2023**

Company Name Cocode: 00000

OTHER LONG-TERM ASSETS

		Annual Statement Source	(1) Book / Adjusted Carrying Value	(2) Unrated Items ‡	(3) RBC Subtotal †		(4) Factor		(5) RBC Requirement
	Schedule BA - Fixed Income - Bonds								
(1)	Exempt Obligations	AVR Equity Component Column 1 Line C1	$0	$0	$0	X	0.0000	=	$0
(2)	Asset NAIC 1	AVR Equity Component Column 1 Line C2	$0	$0	$0	X	0.0039	=	$0
(3)	Asset NAIC 2	AVR Equity Component Column 1 Line C3	$0	$0	$0	X	0.0126	=	$0
(4)	Asset NAIC 3	AVR Equity Component Column 1 Line C4	$0	$0	$0	X	0.0446	=	$0
(5)	Asset NAIC 4	AVR Equity Component Column 1 Line C5	$0	$0	$0	X	0.0970	=	$0
(6)	Asset NAIC 5	AVR Equity Component Column 1 Line C6	$0	$0	$0	X	0.2231	=	$0
(7)	Asset NAIC 6	AVR Equity Component Column 1 Line C7	$0	$0	$0	X	0.3000	=	$0
(8)	Total Schedule BA Bonds (pre-MODCO/Funds Withheld)	Sum of Lines (1) through (7)	$0		$0				$0
(9)	Reduction in RBC for MODCO/Funds Withheld Reinsurance Ceded Agreements	Company Records (enter a pre-tax amount)							$0
(10)	Increase in RBC for MODCO/Funds Withheld Reinsurance Assumed Agreements	Company Records (enter a pre-tax amount)							$0
(11)	Total Schedule BA Bonds (including MODCO/Funds Withheld.)	Lines (8) - (9) + (10)	$0						$0
	Schedule BA - Fixed Income - Preferred Stock								
(12)	Asset NAIC 1	AVR Equity Component Column 1 Line D1	$0	$0	$0	X	0.0039	=	$0
(13)	Asset NAIC 2	AVR Equity Component Column 1 Line D2	$0	$0	$0	X	0.0126	=	$0
(14)	Asset NAIC 3	AVR Equity Component Column 1 Line D3	$0	$0	$0	X	0.0446	=	$0
(15)	Asset NAIC 4	AVR Equity Component Column 1 Line D4	$0	$0	$0	X	0.0970	=	$0
(16)	Asset NAIC 5	AVR Equity Component Column 1 Line D5	$0	$0	$0	X	0.2231	=	$0
(17)	Asset NAIC 6	AVR Equity Component Column 1 Line D6	$0	$0	$0	X	0.3000	=	$0
(18)	Total Schedule BA Preferred Stock (pre-MODCO/Funds Withheld)	Sum of Lines (12) through (17)	$0		$0				$0
(19)	Reduction in RBC for MODCO/Funds Withheld Reinsurance Ceded Agreements	Company Records (enter a pre-tax amount)							$0
(20)	Increase in RBC for MODCO/Funds Withheld Reinsurance Assumed Agreements	Company Records (enter a pre-tax amount)							$0
(21)	Total Schedule BA Preferred Stock (including MODCO/Funds Withheld.)	Lines (18) - (19) + (20)	$0						$0
	Rated Surplus Notes Classified by Designation Equivalent								
(22)	Rated NAIC 1 Surplus Notes	Schedule BA Part 1 Column 12 Line 2799999+2899999, in part	$0		$0	X	0.0039	=	$0
(23)	Rated NAIC 2 Surplus Notes	Schedule BA Part 1 Column 12 Line 2799999+2899999, in part	$0		$0	X	0.0126	=	$0

Company Name								Cocode: 00000
OTHER LONG-TERM ASSETS								
			(1)	(2)	(3)	(4)		(5)
		Annual Statement Source	Book / Adjusted Carrying Value	Unrated Items ‡	RBC Subtotal †	Factor		RBC Requirement
(24)	Rated NAIC 3 Surplus Notes	Schedule BA Part 1 Column 12 Line 2799999+2899999, in part	$0		$0 X	0.0446	=	$0
(25)	Rated NAIC 4 Surplus Notes	Schedule BA Part 1 Column 12 Line 2799999+2899999, in part	$0		$0 X	0.0970	=	$0
(26)	Rated NAIC 5 Surplus Notes	Schedule BA Part 1 Column 12 Line 2799999+2899999, in part	$0		$0 X	0.2231	=	$0
(27)	Rated NAIC 6 Surplus Notes	Schedule BA Part 1 Column 12 Line 2799999+2899999, in part	$0		$0 X	0.3000	=	$0
(28)	Total Rated Surplus Notes (pre-MODCO/Funds Withheld)	Sum of Lines (22) through (27)	$0		$0			$0
(29)	Reduction in RBC for MODCO/Funds Withheld Reinsurance Ceded Agreements	Company Records (enter a pre-tax amount)						$0
(30)	Increase in RBC for MODCO/Funds Withheld Reinsurance Assumed Agreements	Company Records (enter a pre-tax amount)						$0
(31)	Total Rated Surplus Notes (including MODCO/Funds Withheld.)	Lines (28) - (29) + (30)	$0					$0
	Rated Capital Notes Classified by Designation Equivalent							
(32)	Rated NAIC 1 Capital Notes	Schedule BA Part 1 Column 12 Line 2999999+3099999, in part	$0		$0 X	0.0039	=	$0
(33)	Rated NAIC 2 Capital Notes	Schedule BA Part 1 Column 12 Line 2999999+3099999, in part	$0		$0 X	0.0126	=	$0
(34)	Rated NAIC 3 Capital Notes	Schedule BA Part 1 Column 12 Line 2999999+3099999, in part	$0		$0 X	0.0446	=	$0
(35)	Rated NAIC 4 Capital Notes	Schedule BA Part 1 Column 12 Line 2999999+3099999, in part	$0		$0 X	0.0970	=	$0
(36)	Rated NAIC 5 Capital Notes	Schedule BA Part 1 Column 12 Line 2999999+3099999, in part	$0		$0 X	0.2231	=	$0
(37)	Rated NAIC 6 Capital Notes	Schedule BA Part 1 Column 12 Line 2999999+3099999, in part	$0		$0 X	0.3000	=	$0
(38)	Total Rated Capital Notes (pre-MODCO/Funds Withheld)	Sum of Lines (32) through (37)	$0		$0			$0
(39)	Reduction in RBC for MODCO/Funds Withheld Reinsurance Ceded Agreements	Company Records (enter a pre-tax amount)						$0
(40)	Increase in RBC for MODCO/Funds Withheld Reinsurance Assumed Agreements	Company Records (enter a pre-tax amount)						$0
(41)	Total Rated Capital Notes (including MODCO/Funds Withheld.)	Lines (38) - (39) + (40)	$0					$0
	Schedule BA - Unaffiliated Common Stock/ Equity Interests and Affiliated Non-Insurance Stock (C1-cs)							
(42)	Schedule BA Unaffiliated Common Stock-Public	AVR Equity Component Column 1 Line **F1**	$0		$0 X	§	=	$0
(43.1)	Schedule BA Unaffiliated Common Stock-Private	AVR Equity Component Column 1 Line **F2**	$0		$0 X	0.3000	=	$0

Company Name								Cocode: 00000
OTHER LONG-TERM ASSETS								
			(1)	(2)	(3)		(4)	(5)
			Book / Adjusted					RBC
		Annual Statement Source	Carrying Value	Unrated Items ‡	RBC Subtotal †		Factor	Requirement
(43.2)	**Schedule BA Collateral Loans backed by Joint Ventures', Limited Partnerships' and Limited Liability Companies' Interests**	**AVR Equity Component Column 1 Line K3 + K4**	**$0**		**$0**	**X**	**0.2400**	**= $0**
(44)	Schedule BA Affiliated Common Stock - All Other	AVR Equity Component Column 1 Line **F5**	$0		$0	X	0.3000	= $0
(45.1)	Total Residual Tranches or Interests	AVR Equity Component Column 1 Line **I13**	$0		$0	X	0.4500	= $0
(45.2)	**Schedule BA Collateral Loans backed by Residual Tranches or Interests**	**AVR Equity Component Column 1 Line K5 + K6**	**$0**		**$0**	**X**	**0.3600**	**= $0**
(46)	Total Schedule BA Unaffiliated Common Stock/ Equity Interests and Affiliated Non-Insurance Stock (C1-cs) (pre-MODCO/Funds Withheld)	Line (42) + **(43.1) + (43.2)**+ (44) + **(45.1) + (45.2)**	$0		$0			$0
(47)	Reduction in RBC for MODCO/Funds Withheld Reinsurance Ceded Agreements	Company Records (enter a pre-tax amount)						$0
(48)	Increase in RBC for MODCO/Funds Withheld Reinsurance Assumed Agreements	Company Records (enter a pre-tax amount)						$0
(49)	Total Schedule BA Unaffiliated Common Stock/ Equity Interests and Affiliated Non-Insurance Stock (C1-cs) (including MODCO/Funds Withheld.)	Lines (46) - (47) + (48)	$0					$0
	Schedule BA - All Other (C-1o)							
(50.1)	BA Affiliated Common Stock - Life with AVR	AVR Equity Component Column 1 Line **F3**	$0					
(50.2)	BA Affiliated Common Stock - Certain Other	AVR Equity Component Column 1 Line **F4**	$0					
(50.3)	Total Schedule BA Affiliated Common Stock - C-1o	Line (50.1) + (50.2)	$0		$0	X	0.3000	= $0
(51)	**All Other Schedule BA Collateral Loans**	**AVR Equity Component Column 1 Line K7 + K8 + K9 + K10 + K11 + K12**	$0		$0	X	0.0680	= $0
(52.1)	NAIC 01 Working Capital Finance Notes	AVR Equity Component Column 1 Line **L1**	$0		$0	X	0.0050	= $0
(52.2)	NAIC 02 Working Capital Finance Notes	AVR Equity Component Column 1 Line **L2**	$0		$0	X	0.0163	= $0
(52.3)	Total Admitted Working Capital Finance Notes	Line (52.1) + (52.2)	$0		$0			$0
(53.1)	Other Schedule BA Assets, including Surplus Notes and Capital Notes	AVR Equity Component Column 1 Line **J7** + **L3**	$0					
(53.2)	Less NAIC 1 thru 6 Rated/Designated Surplus Notes and Capital Notes	Column (1) Lines (22) through (27) + Column (1) Lines (32) through (37)	$0					
(53.3)	Net Other Schedule BA Assets	Line (53.1) less (53.2)	$0	$0	$0	X	0.3000	= $0
(54)	Total Schedule BA Assets C-1o (pre-MODCO/Funds Withheld)	Lines (11) + (21) + (31) + (41) + (50.3) + (51) + (52.3) + (53.3)	$0					$0
(55)	Reduction in RBC for MODCO/Funds Withheld Reinsurance Ceded Agreements	Company Records (enter a pre-tax amount)						$0
(56)	Increase in RBC for MODCO/Funds Withheld Reinsurance Assumed Agreements	Company Records (enter a pre-tax amount)						$0
(57)	Total Schedule BA Assets C-1o (including MODCO/Funds Withheld.)	Lines (54) - (55) + (56)	$0					$0
(58)	Total Schedule BA Assets Excluding Mortgages and Real Estate	Line (49)+ (57)	$0					$0

† Fixed income instruments and surplus notes designated by the NAIC Capital Markets and Investment Analysis Office or considered exempt from filing as specified in the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* should be reported in Column (3).

Company Name						Cocode: 00000

OTHER LONG-TERM ASSETS

		(1)	(2)	(3)	(4)	(5)
		Book / Adjusted				RBC
	Annual Statement Source	Carrying Value	Unrated Items ‡	RBC Subtotal †	Factor	Requirement

‡ Column (2) is calculated as Column (1) less Column (3) for Lines (1) through (17). Column (2) equals Column (3) - Column (1) for Line (53.3).

§ The factor for Schedule BA publicly traded common stock should equal 30 percent adjusted up or down by the weighted average beta for the Schedule BA publicly traded common stock portfolio subject to a minimum of 22.5 percent and a maximum of 45 percent in the same manner that the similar 15.8 percent factor for Schedule BA publicly traded common stock in the Asset Valuation Reserve (AVR) calculation is adjusted up or down. The rules for calculating the beta adjustment are set forth in the AVR section of the annual statement instructions.

Attachment 7

Company Name | Cocode: 00000

ASSET CONCENTRATION FACTOR

Issuer		Asset Type (1)	(2) Book / Adjusted Carrying Value		(3) Factor			(4) Additional RBC	(5) Adjustment/ Subsidiary RBC	(6) RBC Requirement
#01		Issuer Name:								
#01	(1.1)	Bond NAIC Designation Category 2.A	$0	X	0.01261		=	$0	$0	$0
#01	(1.2)	Bond NAIC Designation Category 2.B	$0	X	0.01523		=	$0	$0	$0
#01	(1.3)	Bond NAIC Designation Category 2.C	$0	X	0.02168		=	$0	$0	$0
#01	(2.1)	Bond NAIC Designation Category 3.A	$0	X	0.03151		=	$0	$0	$0
#01	(2.2)	Bond NAIC Designation Category 3.B	$0	X	0.04537		=	$0	$0	$0
#01	(2.3)	Bond NAIC Designation Category 3.C	$0	X	0.06017		=	$0	$0	$0
#01	(3.1)	Bond NAIC Designation Category 4.A	$0	X	0.07386		=	$0	$0	$0
#01	(3.2)	Bond NAIC Designation Category 4.B	$0	X	0.09535		=	$0	$0	$0
#01	(3.3)	Bond NAIC Designation Category 4.C	$0	X	0.12428		=	$0	$0	$0
#01	(4.1)	Bond NAIC Designation Category 5.A	$0	X	0.16942		=	$0	$0	$0
#01	(4.2)	Bond NAIC Designation Category 5.B	$0	X	0.21202		=	$0	$0	$0
#01	(4.3)	Bond NAIC Designation Category 5.C	$0	X	0.15000		=	$0	$0	$0
#01	(5)	Bond Asset NAIC 6	$0	X	0.15000		=	$0	$0	$0
#01	(6.1)	Bond NAIC Designation Category 1.A †	$0	X	0.00158		=	$0	$0	$0
#01	(6.2)	Bond NAIC Designation Category 1.B †	$0	X	0.00271		=	$0	$0	$0
#01	(6.3)	Bond NAIC Designation Category 1.C †	$0	X	0.00419		=	$0	$0	$0
#01	(6.4)	Bond NAIC Designation Category 1.D †	$0	X	0.00523		=	$0	$0	$0
#01	(6.5)	Bond NAIC Designation Category 1.E †	$0	X	0.00657		=	$0	$0	$0
#01	(6.6)	Bond NAIC Designation Category 1.F †	$0	X	0.00816		=	$0	$0	$0
#01	(6.7)	Bond NAIC Designation Category 1.G †	$0	X	0.01016		=	$0	$0	$0
#01	(7)	Unaffiliated Preferred Stock NAIC 2	$0	X	0.01260		=	$0	$0	$0
#01	(8)	Unaffiliated Preferred Stock NAIC 3	$0	X	0.04460		=	$0	$0	$0
#01	(9)	Unaffiliated Preferred Stock NAIC 4	$0	X	0.09700		=	$0	$0	$0
#01	(10)	Unaffiliated Preferred Stock NAIC 5	$0	X	0.22310		=	$0	$0	$0
#01	(11)	Unaffiliated Preferred Stock NAIC 6	$0	X	0.15000		=	$0	$0	$0
#01	(12)	Unaffiliated Preferred Stock NAIC 1 †	$0	X	0.00390		=	$0	$0	$0
#01	**(13.1)**	**Collateral Loans backed by Joint Ventures', Limited Partnerships' and Limited Liability Companies' Interests**	$0	X	**0.21000**		=	$0	$0	$0
#01	**(13.2)**	**Collateral Loans backed by Residual Tranches or Interests**	$0	X	**0.09000**		=	$0	$0	$0
#01	**(13.3)**	**All Other BA Collateral Loans**	$0	X	0.06800		=	$0	$0	$0
#01	(14)	Receivable for Securities	$0	X	0.01600		=	$0	$0	$0
#01	(15)	Write-ins for Invested Assets	$0	X	0.06800		=	$0	$0	$0
#01	(16)	Premium Notes	$0	X	0.06800		=	$0	$0	$0
#01	(17)	Real Estate - Foreclosed	$0							
#01	(18)	Real Estate - Foreclosed Encumbrances	$0	X	0.00000	‡	=	$0	$0	$0
#01	(19)	Real Estate - Investments	$0							
#01	(20)	Real Estate - Investment Encumbrances	$0	X	0.00000	‡	=	$0	$0	$0
#01	(21)	Real Estate - Schedule BA	$0							
#01	(22)	Real Estate - Schedule BA Encumbrances	$0	X	0.00000	‡	=	$0	$0	$0
#01	(23)	Farm Mortgages - Category CM2	$0	X	0.01750		=	$0	$0	$0
#01	(24)	Farm Mortgages - Category CM3	$0	X	0.03000		=	$0	$0	$0
#01	(25)	Farm Mortgages - Category CM4	$0	X	0.05000		=	$0	$0	$0
#01	(26)	Farm Mortgages - Category CM5	$0	X	0.07500		=	$0	$0	$0
#01	(27)	Commercial Mortgages - Category CM2	$0	X	0.01750		=	$0	$0	$0
#01	(28)	Commercial Mortgages - Category CM3	$0	X	0.03000		=	$0	$0	$0
#01	(29)	Commercial Mortgages - Category CM4	$0	X	0.05000		=	$0	$0	$0
#01	(30)	Commercial Mortgages - Category CM5	$0	X	0.07500		=	$0	$0	$0
#01	(31)	Farm Mortgages - 90 Days Overdue	$0							
#01	(32)	Farm Mortgages - 90 Days Overdue - Cumulative Writedowns	$0	X	0.00000	‡	=	$0	$0	$0
#01	(33)	Residential Mortgages - 90 Days Overdue	$0							
#01	(34)	Residential Mortgages - 90 Days Overdue - Cumulative Writedowns	$0	X	0.00000	‡	=	$0	$0	$0
#01	(35)	Commercial Mortgages - 90 Days Overdue	$0							
#01	(36)	Commercial Mortgages - 90 Days Overdue - Cumulative Writedowns	$0	X	0.00000	‡	=	$0	$0	$0
#01	(37)	Farm Mortgages in Foreclosure	$0							
#01	(38)	Farm Mortgages in Foreclosure - Cumulative Writedowns	$0	X	0.00000	‡	=	$0	$0	$0
#01	(39)	Residential Mortgages in Foreclosure	$0							
#01	(40)	Residential Mortgages in Foreclosure - Cumulative Writedowns	$0	X	0.00000	‡	=	$0	$0	$0
#01	(41)	Commercial Mortgages in Foreclosure	$0							
#01	(42)	Commercial Mortgages in Foreclosure - Cumulative Writedowns	$0	X	0.00000	‡	=	$0	$0	$0
#01	(43)	Unaffiliated Mortgages with Covenants	$0	X	0.00000	‡	=	$0	$0	$0
#01	(44)	Unaffiliated Mortgages - Defeased with Government Securities	$0	X	0.00900		=	$0	$0	$0
#01	(45)	Unaffiliated Mortgages - Primarily Senior	$0	X	0.01750		=	$0	$0	$0

Details Eliminated to Conserve Space

Company Name Cocode: 00000

CALCULATION OF TAX EFFECT FOR LIFE AND FRATERNAL RISK-BASED CAPITAL

Details Eliminated to Conserve Space

		Source	(1) RBC Amount		Tax Factor		(2) RBC Tax Effect	
	Separate Accounts							
(046)	Guaranteed Index	LR006 Separate Accounts Column (3) Line (1)	$0	X	0.1575	=	$0	
(047)	Nonindex-Book Reserve	LR006 Separate Accounts Column (3) Line (2)	$0	X	0.1575	=	$0	
(048)	Separate Accounts Nonindex-Market Reserve	LR006 Separate Accounts Column (3) Line (3)	$0	X	0.1575	=	$0	
(049)	Separate Accounts Reduction-Reinsurance	LR006 Separate Accounts Column (3) Line (5)	$0	X	0.2100	=	$0	†
(050)	Separate Accounts Increase-Reinsurance	LR006 Separate Accounts Column (3) Line (6)	$0	X	0.2100	=	$0	
(051)	Synthetic GICs	LR006 Separate Accounts Column (3) Line (8)	$0	X	0.1575	=	$0	
(052)	Separate Account Surplus	LR006 Separate Accounts Column (3) Line (13)	$0	X	0.1575	=	$0	
	Real Estate							
(053)	Company Occupied Real Estate	LR007 Real Estate Column (3) Line (3)	$0	X	0.2100	=	$0	
(054)	Foreclosed Real Estate	LR007 Real Estate Column (3) Line (6)	$0	X	0.2100	=	$0	
(055)	Investment Real Estate	LR007 Real Estate Column (3) Line (9)	$0	X	0.2100	=	$0	
(056)	Real Estate Reduction - Reinsurance	LR007 Real Estate Column (3) Line (11)	$0	X	0.2100	=	$0	†
(057)	Real Estate Increase - Reinsurance	LR007 Real Estate Column (3) Line (12)	$0	X	0.2100	=	$0	
	Schedule BA							
(058)	Sch BA Real Estate Excluding	LR007 Real Estate Column (3) Line (16)	$0	X	0.2100	=	$0	
	Tax Credit Investments							
(059)	Yield Guaranteed State Tax Credit Investments	LR007 Real Estate Column (3) Line (17)	$0	X	0.0000	=	$0	
(060)	Qualifying and Other Tax Credit Investments	LR007 Real Estate Column (3) Line (18) + Line (19) + Line (20)	$0	X	0.0000	=	$0	
(061)	Sch BA Real Estate Reduction - Reinsurance	LR007 Real Estate Column (3) Line (23)	$0	X	0.2100	=	$0	†
(062)	Sch BA Real Estate Increase - Reinsurance	LR007 Real Estate Column (3) Line (24)	$0	X	0.2100	=	$0	
(063)	Sch BA Bond NAIC 1	LR008 Other Long-Term Assets Column (5) Line (2)	$0	X	0.1575	=	$0	
(064)	Sch BA Bond NAIC 2	LR008 Other Long-Term Assets Column (5) Line (3)	$0	X	0.1575	=	$0	
(065)	Sch BA Bond NAIC 3	LR008 Other Long-Term Assets Column (5) Line (4)	$0	X	0.1575	=	$0	
(066)	Sch BA Bond NAIC 4	LR008 Other Long-Term Assets Column (5) Line (5)	$0	X	0.1575	=	$0	
(067)	Sch BA Bond NAIC 5	LR008 Other Long-Term Assets Column (5) Line (6)	$0	X	0.1575	=	$0	
(068)	Sch BA Bond NAIC 6	LR008 Other Long-Term Assets Column (5) Line (7)	$0	X	0.2100	=	$0	
(069)	BA Bond Reduction - Reinsurance	LR008 Other Long-Term Assets Column (5) Line (9)	$0	X	0.2100	=	$0	†
(070)	BA Bond Increase - Reinsurance	LR008 Other Long-Term Assets Column (5) Line (10)	$0	X	0.2100	=	$0	
(071)	BA Preferred Stock NAIC 1	LR008 Other Long-Term Assets Column (5) Line (12)	$0	X	0.1575	=	$0	
(072)	BA Preferred Stock NAIC 2	LR008 Other Long-Term Assets Column (5) Line (13)	$0	X	0.1575	=	$0	
(073)	BA Preferred Stock NAIC 3	LR008 Other Long-Term Assets Column (5) Line (14)	$0	X	0.1575	=	$0	
(074)	BA Preferred Stock NAIC 4	LR008 Other Long-Term Assets Column (5) Line (15)	$0	X	0.1575	=	$0	
(075)	BA Preferred Stock NAIC 5	LR008 Other Long-Term Assets Column (5) Line (16)	$0	X	0.1575	=	$0	
(076)	BA Preferred Stock NAIC 6	LR008 Other Long-Term Assets Column (5) Line (17)	$0	X	0.2100	=	$0	
(077)	BA Preferred Stock Reduction-Reinsurance	LR008 Other Long-Term Assets Column (5) Line (19)	$0	X	0.2100	=	$0	†
(078)	BA Preferred Stock Increase - Reinsurance	LR008 Other Long-Term Assets Column (5) Line (20)	$0	X	0.2100	=	$0	
(079)	Rated Surplus Notes	LR008 Other Long-Term Assets Column (5) Line (31)	$0	X	0.1575	=	$0	
(080)	Rated Capital Notes	LR008 Other Long-Term Assets Column (5) Line (41)	$0	X	0.1575	=	$0	
(081)	BA Common Stock Affiliated - C-1o	LR008 Other Long-Term Assets Column (5) Line (50.3)	**$0**	X	0.2100	=	$0	
(082)	**All Other Schedule BA Collateral Loans** - C-1o	LR008 Other Long-Term Assets Column (5) Line (51)	$0	X	0.1575	=	$0	
(083)	Other BA Assets	LR008 Other Long-Term Assets Column (5) Line (53.3) + LR018 Off-Balance Sheet Collateral Column (3) Line (17) + Line (18)	$0	X	0.2100	=	$0	
(084)	Other BA Assets Reduction-Reinsurance	LR008 Other Long-Term Assets Column (5) Line (55)	$0	X	0.2100	=	$0	†
(085)	Other BA Assets Increase - Reinsurance	LR008 Other Long-Term Assets Column (5) Line (56)	$0	X	0.2100	=	$0	
(086)	BA Mortgages - In Good Standing	LR009 Schedule BA Mortgages Column (6) Line (12)	$0	X	0.1575	=	$0	
(087)	BA Mortgages - 90 Days Overdue	LR009 Schedule BA Mortgages Column (6) Line (16)	$0	X	0.1575	=	$0	
(088)	BA Mortgages - In Process of Foreclosure	LR009 Schedule BA Mortgages Column (6) Line (20)	$0	X	0.1575	=	$0	
(089)	Reduction - Reinsurance	LR009 Schedule BA Mortgages Column (6) Line (22)	$0	X	0.2100	=	$0	†
(090)	Increase - Reinsurance	LR009 Schedule BA Mortgages Column (6) Line (23)	$0	X	0.2100	=	$0	
	Miscellaneous							
(091)	Asset Concentration Factor	LR010 Asset Concentration Factor Column (6) Line (61) Grand Total Page	$0	X	0.1575	=	$0	
(092)	Miscellaneous Assets	LR012 Miscellaneous Assets Column (2) Line (7)	$0	X	0.1575	=	$0	
(093)	Derivatives - Collateral and Exchange Traded	LR012 Miscellaneous Assets Column (2) Lines (8) + (9) + (10)	$0	X	0.1575	=	$0	
(094)	Derivatives NAIC 1	LR012 Miscellaneous Assets Column (2) Line (11)	$0	X	0.1575	=	$0	
(095)	Derivatives NAIC 2	LR012 Miscellaneous Assets Column (2) Line (12)	$0	X	0.1575	=	$0	
(096)	Derivatives NAIC 3	LR012 Miscellaneous Assets Column (2) Line (13)	$0	X	0.1575	=	$0	
(097)	Derivatives NAIC 4	LR012 Miscellaneous Assets Column (2) Line (14)	$0	X	0.1575	=	$0	
(098)	Derivatives NAIC 5	LR012 Miscellaneous Assets Column (2) Line (15)	$0	X	0.1575	=	$0	
(099)	Derivatives NAIC 6	LR012 Miscellaneous Assets Column (2) Line (16)	$0	X	0.2100	=	$0	
(100)	Miscellaneous Assets Reduction-Reinsurance	LR012 Miscellaneous Assets Column (2) Line (19)	$0	X	0.2100	=	$0	†
(101)	Miscellaneous Assets Increase-Reinsurance	LR012 Miscellaneous Assets Column (2) Line (20)	$0	X	0.2100	=	$0	
(102)	Replications	LR013 Replication (Synthetic Asset) Transactions and Mandatory Convertible Securities Column (7) Line (9999999)	$0	X	0.1575	=	$0	
(103)	Reinsurance	LR016 Reinsurance Column (4) Line (17)	$0	X	0.2100	=	$0	

Company Name Cocode: 00000

CALCULATION OF TAX EFFECT FOR LIFE AND FRATERNAL RISK-BASED CAPITAL

		Source	(1) RBC Amount		Tax Factor		(2) RBC Tax Effect	
(104)	Investment Affiliates	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (8)	$0	X	0.2100	=	$0	
(105)	Investment in Upstream Affiliate (Parent)	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (15)	$0	X	0.2100	=	$0	
(106)	Directly Owned Health Insurance Companies or Health Entities Not Subject to RBC	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (16)	$0	X	0.2100	=	$0	
(107)	Directly Owned Property and Casualty Insurance Companies Not Subject to RBC	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (17)	$0	X	0.2100	=	$0	
(108)	Directly Owned Life Insurance Companies Not Subject to RBC	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (18)	$0	X	0.2100	=	$0	
(109)	Publicly Traded Insurance Affiliates	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (22)	$0	X	0.2100	=	$0	
(110)	Subtotal for C-1o Assets	Sum of Lines (001) through (109), Recognizing the Deduction of Lines (013), (014), (015), (036), (044), (049), (056), (061), (069), (077), (084), (089) and (100)	$0				$0	
	C-0 Affiliated Common Stock							
(111)	Off-Balance Sheet and Other Items	LR017 Off-Balance Sheet and Other Items Column (5) Line (27)	$0	X	0.1575	=	$0	
(112)	Off-Balance Sheet Items Reduction - Reinsurance	LR017 Off-Balance Sheet and Other Items Column (5) Line (28)	$0	X	0.2100	=	$0	†
(113)	Off-Balance Sheet Items Increase - Reinsurance	LR017 Off-Balance Sheet and Other Items Column (5) Line (29)	$0	X	0.2100	=	$0	
(114)	Directly Owned Health Insurance Companies or Health Entities	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (1)	$0	X	0.2100	=	$0	
(115)	Directly Owned Property and Casualty Insurance Affiliates	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (2)	$0	X	0.2100	=	$0	
(116)	Directly Owned Life Insurance Affiliates	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (3)	$0	X	0.2100	=	$0	
(117)	Indirectly Owned Health Insurance Companies or Health Entities	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (4)	$0	X	0.2100	=	$0	
(118)	Indirectly Owned Property and Casualty Insurance Affiliates	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (5)	$0	X	0.2100	=	$0	
(119)	Indirectly Owned Life Insurance Affiliates	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (6)	$0	X	0.2100	=	$0	
(120)	Affiliated Alien Insurers - Directly Owned	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Lines (9) + (10) + (11)	$0	X	0.0000	=	$0	
(121)	Affiliated Alien Insurers - Indirectly Owned	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Lines (12) + (13) + (14)	$0	X	0.0000	=	$0	
(122)	Subtotal for C-0 Affiliated Common Stock	Lines (111)-(112)+(113)+(114)+(115)+(116)+(117)+(118)+(119)+(120)+(121)	$0				$0	
	Common Stock							
(123)	Unaffiliated Common Stock	LR005 Unaffiliated Preferred and Common Stock Column (5) Line (17) + LR018 Off-Balance Sheet Collateral Column (3) Line (16)	$0	X	0.2100	=	$0	
(124)	Credit for Hedging - Common Stock	LR015 Hedged Asset Common Stock Schedule Column (10) Line (0299999)	$0	X	0.2100	=	$0	†
(125)	Stock Reduction - Reinsurance	LR005 Unaffiliated Preferred and Common Stock Column (5) Line (19)	$0	X	0.2100	=	$0	†
(126)	Stock Increase - Reinsurance	LR005 Unaffiliated Preferred and Common Stock Column (5) Line (20)	$0	X	0.2100	=	$0	
(127)	Schedule BA Unaffiliated Common Stock/ Equity Interests and Affiliated Non-Insurance Stock (C1-cs), excluding Residual Tranches or Interests/ **Schedule BA Collateral Loans backed by Residiual Tranches or Interests**	LR008 Other Long-Term Assets Column (5) **Line (49) - Line (45.1) - Line (45.2)**	$0	X	0.2100	=	$0	
(128)	Total Residual Tranches or Interests/ **Schedule BA Collateral Loans backed by Residiual Tranches or Interests**	LR008 Other Long-Term Assets Column (5) Line (**45.1**) **+ Line (45.2)**	$0	X	0.2100	=	$0	
(129)	Common Stock Concentration Factor	LR011 Common Stock Concentration Factor Column (6) Line (6)	$0	X	0.2100	=	$0	
(130)	NAIC 01 Working Capital Finance Notes	LR008 Other Long-Term Assets Column (5) Line (52.1)	$0	X	0.1575	=	$0	
(131)	NAIC 02 Working Capital Finance Notes	LR008 Other Long-Term Assets Column (5) Line (52.2)	$0	X	0.1575	=	$0	
(132)	Holding Company in Excess of Indirect Subs	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (7)	$0	X	0.2100	=	$0	
(133)	Affiliated Non-Insurers	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Lines (19) + (20) + (21)	$0	X	0.2100	=	$0	
(134)	Total for C-1cs Assets	Lines (123)-(124)-(125)+(126)+(127)+(128)+(129)+(130)+(131)+(132)+(133)	$0				$0	
	Insurance Risk							
(135)	Disability Income Premium	LR019 Health Premiums Column (2) Lines (21) through (27)	$0	X	0.2100	=	$0	
(136)	Long-Term Care	LR019 Health Premiums Column (2) Line (28) + LR023 Long-Term Care Column (4) Line (7)	$0	X	0.2100	=	$0	
(137)	Individual & Industrial Life Insurance C-2 Risk	LR025 Life Insurance Column (2) Line (5)	$0	X	0.2100	=	$0	
(138)	Group & Credit Life Insurance C-2 Risk	LR025 Life Insurance Column (2) Line (12)	$0	X	0.2100	=	$0	
(138b)	Longevity C-2 Risk	LR025-A Longevity Risk Column (2) Line (5)	$0	X	0.2100	=	$0	
(139)	Disability and Long-Term Care Health Claim Reserves	LR024 Health Claim Reserves Column (4) Line (9) + Line (15)	$0	X	0.2100	=	$0	
(140)	Premium Stabilization Credit	LR026 Premium Stabilization Reserves Column (2) Line (10)	$0	X	0.0000	=	$0	
(141)	Total C-2 Risk	L(135) + L(136) + L(139) + L(140) + Greatest of [Guardrail Factor * (L(137)+L(138)), Guardrail Factor * L(138b), Square Root of [(L(137) + L(138))2 + L(138b)2 + 2 * (Correlation Factor) * (L(137) + L(138)) * L(138b)]]	$0				$0	
(142)	Interest Rate Risk	LR027 Interest Rate Risk Column (3) Line (36)	$0	X	0.2100	=	$0	
(143)	Health Credit Risk	LR028 Health Credit Risk Column (2) Line (7)	$0	X	0.0000	=	$0	
(144)	Market Risk	LR027 Interest Rate Risk Column (3) Line (37)	$0	X	0.2100	=	$0	
(145)	Business Risk	LR029 Business Risk Column (2) Line (40)	$0	X	0.2100	=	$0	
(146)	Health Administrative Expenses	LR029 Business Risk Column (2) Line (57)	$0	X	0.0000	=	$0	
(147)	Total Tax Effect	Lines (110) + (122) + (134) + (141) + (142) + (143) + (144) + (145) + (146)	$0				$0	

† Denotes lines that are deducted from the total rather than added.

Company Name | Cocode: 00000

CALCULATION OF AUTHORIZED CONTROL LEVEL RISK-BASED CAPITAL

		Source	(1) RBC Requirement
	Insurance Affiliates and Misc. Other Amounts (C-0)		
(1)	Directly Owned Health Insurance Companies or Health Entities	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (1)	$0
(2)	Directly Owned Property and Casualty Insurance Affiliates	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (2)	$0
(3)	Directly Owned Life Insurance Affiliates	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (3)	$0
(4)	Indirectly Owned Health Insurance Companies or Health Entities	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (4)	$0
(5)	Indirectly Owned Property and Casualty Insurance Affiliates	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (5)	$0
(6)	Indirectly Owned Life Insurance Affiliates	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (6)	$0
(7)	Affiliated Alien Insurers - Directly Owned	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Lines (9) + (10) + (11)	$0
(8)	Affiliated Alien Insurers - Indirectly Owned	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Lines (12) + (13) + (14)	$0
(9)	Off-Balance Sheet and Other Items	LR017 Off-Balance Sheet and Other Items Column (5) Line (34)	$0
(10)	Total (C-0) - Pre-Tax	Sum of Lines (1) through (9)	$0
(11)	(C-0) Tax Effect	LR030 Calculation of Tax Effect for Life and Fraternal Risk-Based Capital Column (2) Line (122)	$0
(12)	Net (C-0) - Post-Tax	Line (10) - Line (11)	$0
	Asset Risk – Unaffiliated Common Stock and Affiliated Non-Insurance Stock (C-1cs)		
(13)	Schedule D Unaffiliated Common Stock	LR005 Unaffiliated Common Stock Column (5) Line (21) + LR018 Off-Balance Sheet Collateral Column (3) Line (16)	$0
(14)	Schedule BA Unaffiliated Common Stock/ Equity Interests and Affiliated Non-Insurance Stock (C1-cs), excluding Residual Tranches or Interests/ **Schedule BA Collateral Loans backed by Residiual Tranches or Interests**	LR008 Other Long-Term Assets Column (5) **Line (49) - Line (45.1) - Line (45.2)**	$0
(15)	Total Residual Tranches or Interests **/ Schedule BA Collateral Loans backed by Residiual Tranches or Interests**	LR008 Other Long-Term Assets Column (5) line **(45.1) + Line (45.2)**	$0
(16)	Common Stock Concentration Factor	LR011 Common Stock Concentration Factor Column (6) Line (6)	$0
(17)	Holding Company in Excess of Indirect Subs	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (7)	$0
(18)	Affiliated Non-Insurers	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Lines (19) + (20) + (21)	$0
(19)	Total (C-1cs) - Pre-Tax	Sum of Lines (13) through (18)	$0
(20)	(C-1cs) Tax Effect	LR030 Calculation of Tax Effect for Life and Fraternal Risk-Based Capital Column (2) Line (134)	$0
(21)	Net (C-1cs) - Post-Tax	Line (19) - Line (20)	$0
	Asset Risk - All Other (C-1o)		
(22)	Bonds after Size Factor	LR002 Bonds Column (2) Line (27) + LR018 Off-Balance Sheet Collateral Column (3) Line (8)	$0
(23)	Mortgages (including past due and unpaid taxes)	LR004 Mortgages Column (6) Line (31)	$0
(24)	Unaffiliated Preferred Stock	LR005 Unaffiliated Preferred and Common Stock Column (5) Line (10) + LR018 Off-Balance Sheet Collateral Column (3) Line (15)	$0
(25)	Investment Affiliates	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (8)	$0
(26)	Investment in Upstream Affiliate (Parent)	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (15)	$0
(27)	Directly Owned Health Insurance Companies or Health Entities Not Subject to RBC	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (16)	$0
(28)	Directly Owned Property and Casualty Insurance Companies Not Subject to RBC	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (17)	$0
(29)	Directly Owned Life Insurance Companies Not Subject to RBC	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (18)	$0
(30)	Publicly Traded Insurance Affiliates	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (22)	$0
(31)	Separate Accounts with Guarantees	LR006 Separate Accounts Column (3) Line (7)	$0
(32)	Synthetic GIC's (C-1o)	LR006 Separate Accounts Column (3) Line (8)	$0
(33)	Surplus in Non-Guaranteed Separate Accounts	LR006 Separate Accounts Column (3) Line (13)	$0

Details Eliminated to Conserve Space

OTHER LONG-TERM ASSETS
LR008

Basis of Factors

Recognizing the diverse nature of Schedule BA assets, the RBC is calculated by assigning different risk factors according to the different type of assets. Assets with underlying characteristics of bonds and preferred stocks designated by the NAIC Capital Markets and Investment Analysis Office have different factors according to the NAIC assigned classification. Unrated fixed-income securities will be treated the same as Other Schedule BA Assets and assessed a 30% pre-tax charge. Rated surplus and capital notes have the same factors applied as Schedule BA assets with the characteristics of preferred stock. Where it is not possible to determine the RBC classification of an asset, a 30% pre-tax factor is applied.

Specific Instructions for Application of the Formula

Line (44)
Schedule BA affiliated common stock – all others should include all subs with an affiliate code 9 in the current life-based framework and "holding company in excess of indirect subsidiaries" or subsidiaries with affiliate code 3.

Line (51)
Exclude: any collateral loan amounts which have been included elsewhere in the RBC formula, e.g., collateral loans backed by mortgage loans, ~~BA mortgages~~, collateral loans backed by Residual Tranches or Interest and collateral loans backed by Joint Ventures', Limited Partnerships' and Limited Liability Companies' Interests.

Line (58)
Total Schedule BA assets [LR008 Other Long-Term Assets Column (1) Line (58) plus LR007 Real Estate Column (1) Line (14) plus Lines (17) through Line (20) plus LR009 Schedule BA Mortgages Column (1) Line (21)] should equal the total Schedule BA assets reported in the Annual Statement Page 2, Column 3, Line 8.

SCHEDULE BA MORTGAGES

LR009

Basis of Factors

For Affiliated Mortgages**,** Line 2499999, the factors used are the same as for commercial mortgages and are defined in Figure 9. Risk categories and factors are determined using a company generated worksheet (Figure 10).

For Unaffiliated Mortgages, Line 2399999, the factors used are the same as for commercial mortgages and are defined in Figure 9. Risk categories and factors are determined as follows:

1) For Investments that contain covenants whereby factors of maximum LTV and minimum DSC, or equivalent thresholds must be complied with and it can be determined that the Investments are in compliance, these investments would use the process for directly held mortgages using the maximum LTV and minimum DSC using the company generated worksheet and transferred to LR009 line (3) for mortgages with covenants that are in compliance.
2) Investments that are defeased with government securities will be assigned to CM1 and transferred to LR009, line (4).
3) Other investments comprised primarily of senior debt will be assigned to CM2 and transferred to LR009, line (5).
4) All other investments in this category will be assigned CM3 and transferred to LR009, line (6). This would include assets such as a mortgage fund that invests in mezzanine or sub debt, or investments that cannot be determined to be in compliance with the covenants.

Specific Instructions for Application of the Formula

<u>Column (1)</u>

Except for Line (1), (2), (13), and (17), calculations are done on an individual mortgage basis and then the summary amounts are entered in this column for each class of mortgage investment. Refer to the Schedule BA mortgage calculation worksheet (Figure 10) for how the individual mortgage calculations are completed. Line (21) should equal Schedule BA Part 1, Column 12, Lines 2399999 and 2499999, and collateral loans backed by mortgages, as reported in <u>Asset Valuation Reserve Equity and Other Invested Asset Component Column 1, line K1 and K2.</u> ~~Notes to Financials 5S, Column 1 line 7a and 7b.~~

<u>Column (2)</u>

Companies are permitted to reduce the book/adjusted carrying value of mortgage loans reported in Schedule BA by any involuntary reserves. Involuntary reserves are equivalent to valuation allowances specified in the codification of statutory accounting principles. They are non-AVR reserves reported on Annual Statement Page 3, Line 25. These reserves are held as an offset for a particular troubled Schedule BA mortgage loan that would be required to be written down if the impairment was permanent.

<u>Column (3)</u>

Column (3) is calculated as the net of Column (1) less Column (2).

<u>Column (4)</u>

No longer used. Place “XXX” in any blanks for this column.

<u>Column (5)</u>

For Line (1), the pre-tax factor is 0.0014.
For Line (2), the pre-tax factor is 0.0068.
For Line (3), the average factor column is calculated as Column (6) divided by Column (3).
For Line (4), the pre-tax factor is 0.0090.
For Line (5), the pre-tax factor is 0.0175.
For Line (6), the pre-tax factor is 0.0300.

Details Eliminated to Conserve

Details Eliminated to Conserve

ASSET VALUATION RESERVE (Continued)
BASIC CONTRIBUTION, RESERVE OBJECTIVE AND MAXIMUM RESERVE CALCULATIONS
EQUITY AND OTHER INVESTED ASSET COMPONENT

SECTION K		COLLATERAL LOANS										
1		Backed by mortgage loans – collateral loans – unaffiliated	....	XXX	XXX	....	0.0000	....	0.0000~~0.0680~~	....	0.0000~~0.0680~~	....
2		Backed by mortgage loans – collateral loans – affiliated	....	XXX	XXX	....	0.0000	....	0.0000~~0.0680~~	....	0.0000~~0.0680~~	....
3		Backed by joint ventures, partnerships, & limited liability companies – collateral loans – unaffiliated	....	XXX	XXX	....	0.0000	....	0.0000~~0.0680~~	....	0.0000~~0.0680~~	....
4		Backed by joint ventures, partnerships, & limited liability companies – collateral loans – affiliated	....	XXX	XXX	....	0.0000	....	0.0000~~0.0680~~	....	0.0000~~0.0680~~	....
5		Backed by residual tranches or interests – collateral loans – unaffiliated	....	XXX	XXX	....	0.0000	....	0.0000~~0.0680~~	....	0.0000~~0.0680~~	....
6		Backed by residual tranches or interests – collateral loans – affiliated	....	XXX	XXX	....	0.0000	....	0.0000~~0.0680~~	....	0.0000~~0.0680~~	....
7		Backed by debt securities – collateral loans – unaffiliated	....	XXX	XXX	....	0.0000	....	0.0000~~0.0680~~	....	0.0000~~0.0680~~	....
8		Backed by debt securities – collateral loans – affiliated	....	XXX	XXX	....	0.0000	....	0.0000~~0.0680~~	....	0.0000~~0.0680~~	....
9		Backed by real estate – collateral loans – unaffiliated	....	XXX	XXX	....	0.0000	....	0.0000~~0.0680~~	....	0.0000~~0.0680~~	....
10		Backed by real estate – collateral loans – affiliated	....	XXX	XXX	....	0.0000	....	0.0000~~0.0680~~	....	0.0000~~0.0680~~	....
11		Collateral loans – all other – unaffiliated	....	XXX	XXX	....	0.0000	....	0.0000~~0.0680~~	....	0.0000~~0.0680~~	....
12		Collateral loans – all other – affiliated	....	XXX	XXX	....	0.0000	....	0.0000~~0.0680~~	....	0.0000~~0.0680~~	....
13		Total collateral loans (Sum of Lines K1 through K12)		XXX	XXX		XXX		XXX		XXX	
SECTION L		ALL OTHER INVESTMENTS										
1~~100~~		NAIC 1 working capital finance investments	....	XXX	....	....	0.0000	....	0.0042	....	0.0042	....
2~~101~~		NAIC 2 working capital finance investments	....	XXX	....	....	0.0000	....	0.0137	....	0.0137	....
3~~102~~		Other invested assets - Schedule BA	....	XXX	....	....	0.0000	....	0.1580	....	0.1580	....
4~~103~~		Other short-term invested assets - Schedule DA		XXX			0.0000		0.1580		0.1580	
5~~104~~		Total all other (Sum of Lines L1~~00~~ through L4~~103~~)		XXX			XXX		XXX		XXX	
6~~105~~		Total other invested assets - Schedules BA & DA (Sum of Lines ~~29, 37, 64, 70, 74, 79, 92, 99 and 104~~C8, D8, E27, F6, G4, H5, I13, J7, and K13)					XXX		XXX		XXX	

(a) Times the company's weighted average portfolio beta (Minimum .1215, Maximum .2431).
(b) Determined using same factors and breakdowns used for directly owned real estate.
(c) This will be the factor associated with the risk category determined in the company generated worksheet.

Details Eliminated to Conserve

Capital Adequacy (E) Task Force

RBC Proposal Form

☐ Capital Adequacy (E) Task Force ☐ Health RBC (E) Working Group ☒ Life RBC (E) Working Group
☐ Catastrophe Risk (E) Subgroup ☐ P/C RBC (E) Working Group ☐ Longevity Risk (A/E) Subgroup
☐ Variable Annuities Capital. & Reserve (E/A) Subgroup ☐ Economic Scenarios (E/A) Subgroup ☐ RBC Investment Risk & Evaluation (E) Working Group

	DATE:	**1/12/2026**
CONTACT PERSON:	**Kazeem Okosun**	
TELEPHONE:	**816-783-8981**	
EMAIL ADDRESS:	**kokosun@naic.org**	
ON BEHALF OF:	**Life Risk-Based Capital (E) Working Group**	
NAME:	**Ben Slutsker, Chair**	
TITLE:	**Director of Life Actuarial Valuation**	
AFFILIATION:	**Minnesota Dept of Commerce**	
ADDRESS:	**85 7th Place East, Suite 280**	
	Saint Paul, MN 55101	

FOR NAIC USE ONLY

Agenda Item # 2026-02-L
Year 2026

DISPOSITION

ADOPTED:
☐ TASK FORCE (TF) ____________
☐ WORKING GROUP (WG) ____________
☐ SUBGROUP (SG) ____________

EXPOSED:
☐ TASK FORCE (TF) ____________
☐ WORKING GROUP (WG) ____________
☐ SUBGROUP (SG) ____________

REJECTED:
☐ TF ☐ WG ☐ SG ____________

OTHER:
☐ DEFERRED TO ____________
☐ REFERRED TO OTHER NAIC GROUP
☐ (SPECIFY) ____________

IDENTIFICATION OF SOURCE AND FORM(S)/INSTRUCTIONS TO BE CHANGED

☐ Health RBC Blanks ☐ Property/Casualty RBC Blanks ☒ Life and Fraternal RBC Blanks
☐ Health RBC Instructions ☐ Property/Casualty RBC Instructions ☐ Life and Fraternal RBC Instructions
☐ Health RBC Formula ☐ Property/Casualty RBC Formula ☐ Life and Fraternal RBC Formula
☐ OTHER ____________

DESCRIPTION/REASON OR JUSTIFICATION OF CHANGE(S)

During first half of 2024, Life Risk-Based Capital (E) Working Group and Capital Adequacy (E) Task Force adopted Proposal 2024-05-L and 2024-17-L, which ultimately afforded "Affiliated BA Mortgage – Residential – All Other – In Good Standing" a risk charge of 0.0068. This charge mirrors what is incurred with direct ownership of "Residential Mortgage – All Other – In Good Standing" as though the reporting entity owns the mortgages directly and reports on LR004. The affiliated BA residential mortgage provision is considered a "look-through" treatment, on the premise that if the BA structure is affiliated, then the reporting entity has the ability to obtain and assess the underlying residential mortgage loans to determine appropriate RBC treatment.

In Feb 2025, while deliberating Proposal 2024-24-L Principle Based Bond Definition Project, both ACLI and Pacific Life included in their comment letters a request to revisit "Unaffiliated BA Mortgage – Residential – All Other – In Good Standing", which is currently not separated out in AVR and therefore in RBC. This proposal is drafted to address that comment. A concurrent exposure of Proposal 2025-27BWG MOD was made at Blanks (E) Working Group to facilitate this proposal.

Additional Staff Comments:

** **This section must be completed on all forms.** **Revised 2-2023**

SCHEDULE BA MORTGAGES

		Annual Statement Source	(1) Book / Adjusted Carrying Value	(2) Involuntary Reserve Adjustment †	(3) RBC Subtotal	(4) Cumulative Writedowns ‡		(5) Average Factor		(6) RBC Requirement
	In Good Standing									
(1)	Insured or Guaranteed	AVR Equity Component Column 1 Line **E6** + Line **E8**	$0	$0	$0	XXX	X	0.0014	=	$0
(2)	Affiliated / **Unaffiliated** Mortgages - Residential - All Other	AVR Equity Component Column 1 Line **E7 + Line E24**	$0	$0	$0	XXX	X	0.0068	=	$0
(3)	Unaffiliated Mortgages with Covenants	AVR Equity Component Column 1 Line **E20**	$0	$0	$0	XXX	X	0.000 *	=	$0
(4)	Unaffiliated Mortgages - Defeased with Government Securities	AVR Equity Component Column 1 Line **E21**	$0	$0	$0	XXX	X	0.0090	=	$0
(5)	Unaffiliated Mortgages - Primarily Senior	AVR Equity Component Column 1 Line **E22**	$0	$0	$0	XXX	X	0.0175	=	$0
(6)	Unaffiliated Mortgages - All Other	AVR Equity Component Column 1 Line **E23**	$0	$0	$0	XXX	X	0.0300	=	$0
(7)	Affiliated Mortgages - Category CM1	AVR Equity Component Column 1 Line **E1**	$0	$0	$0	XXX	X	0.0090	=	$0
(8)	Affiliated Mortgages - Category CM2	AVR Equity Component Column 1 Line **E2**	$0	$0	$0	XXX	X	0.0175	=	$0
(9)	Affiliated Mortgages - Category CM3	AVR Equity Component Column 1 Line **E3**	$0	$0	$0	XXX	X	0.0300	=	$0
(10)	Affiliated Mortgages - Category CM4	AVR Equity Component Column 1 Line **E4**	$0	$0	$0	XXX	X	0.0500	=	$0
(11)	Affiliated Mortgages - Category CM5	AVR Equity Component Column 1 Line **E5**	$0	$0	$0	XXX	X	0.0750	=	$0
(12)	Total In Good Standing	Sum of Lines (1) through (11)	$0	$0	$0					$0
	90 Days Overdue, Not in Process of Foreclosure									
(13)	Insured or Guaranteed 90 Days Overdue	AVR Equity Component Column 1 Line **E10** + Line **E12**	$0	$0	$0	XXX	X	0.0027	=	$0
(14)	All Other 90 Days Overdue - Unaffiliated	AVR Equity Component Column 1 Line **E25**	$0	$0	$0	XXX	X	0.1100	=	$0
(15)	All Other 90 Days Overdue - Affiliated	AVR Equity Component Column 1 Line **E9** + Line **E11 +** Line **E13**	$0	$0	$0	XXX	X	0.1100	=	$0
(16)	Total 90 Days Overdue, Not in Process of Foreclosure	Lines (13) + (14) + (15)	$0	$0	$0	~~$0~~				$0
	In Process of Foreclosure									
(17)	Insured or Guaranteed in Process of Foreclosure	AVR Equity Component Column 1 Line **E15** + Line **E17**	$0	$0	$0	XXX	X	0.0054	=	$0
(18)	All Other in Process of Foreclosure - Unaffiliated	AVR Equity Component Column 1 Line **E26**	$0	$0	$0	XXX	X	0.1300	=	$0
(19)	All Other in Process of Foreclosure - Affiliated	AVR Equity Component Column 1 Line **E14** + Line **E16+** Line **E18**	$0	$0	$0	XXX	X	0.1300	=	$0
(20)	Total In Process of Foreclosure	Lines (17) + (18) + (19)	$0	$0	$0					$0
(21)	Total Schedule BA Mortgages (pre-MODCO/Funds Withheld)	Lines (12) + (16) + (20)	$0	$0	$0					$0
(22)	Reduction in RBC for MODCO/Funds Withheld Reinsurance Ceded Agreements	Company Records (enter a pre-tax amount)								$0
(23)	Increase in RBC for MODCO/Funds Withheld Reinsurance Assumed Agreements	Company Records (enter a pre-tax amount)								$0
(24)	Total Schedule BA Mortgages (including MODCO/Funds Withheld.)	Lines (21) - (22) + (23)								$0

† Involuntary reserves are reserves that are held as an offset to a particular asset that is clearly a troubled asset and are included on Page 3 Line 25 of the Annual Statement.
‡ Cumulative writedowns include the total amount of writedowns, non-admissions, and involuntary reserves that have been taken or established with respect to a particular mortgage.
* This will be calculated as Column (6) divided by Column (3).

ASSET VALUATION RESERVE (Continued)
BASIC CONTRIBUTION, RESERVE OBJECTIVE AND MAXIMUM RESERVE CALCULATIONS
EQUITY AND OTHER INVESTED ASSET COMPONENT

			1	2	3	4	Basic Contribution		Reserve Objective		Maximum Reserve	
Line Number	NAIC Desig-nation	Description	Book/ Adjusted Carrying Value	Reclassify Related Party Encumbrances	Add Third Party Encumbrances	Balance for AVR Reserve Calculations (Cols. 1+2+3)	5 Factor	6 Amount (Cols.4x5)	7 Factor	8 Amount (Cols. 4x7)	9 Factor	10 Amount (Cols.4x9)
SECTION D		INVESTMENTS WITH THE UNDERLYING CHARACTERISTICS OF PREFERRED STOCKS										
~~30~~1	1	Highest quality	....	XXX	XXX	....	0.0005	....	0.0016	....	0.0033	....
~~31~~2	2	High quality	....	XXX	XXX	....	0.0021	....	0.0064	....	0.0106	....
~~32~~3	3	Medium quality	....	XXX	XXX	....	0.0099	....	0.0263	....	0.0376	....
~~33~~4	4	Low quality	....	XXX	XXX	....	0.0245	....	0.0572	....	0.0817	....
~~34~~5	5	Lower quality	....	XXX	XXX	....	0.0630	....	0.1128	....	0.1880	....
~~35~~6	6	In or near default	....	XXX	XXX	....	0.0000	....	0.2370	....	0.2370	....
~~36~~7		Affiliated life with AVR		XXX	XXX		0.0000		0.0000		0.0000	
~~37~~8		Total with preferred stock characteristics (Sum of Lines ~~30~~D1 through ~~36~~D7)		XXX	XXX		XXX		XXX		XXX	
SECTION E		INVESTMENTS WITH THE UNDERLYING CHARACTERISTICS OF MORTGAGE LOANS										
		In Good Standing Affiliated:										
~~38~~1		Mortgages – CM1 – highest quality	....	....	XXX	....	0.0011	....	0.0057	....	0.0074	....
~~39~~2		Mortgages – CM2 – high quality	....	....	XXX	....	0.0040	....	0.0114	....	0.0149	....
~~40~~3		Mortgages – CM3 – medium quality	....	....	XXX	....	0.0069	....	0.0200	....	0.0257	....
~~41~~4		Mortgages – CM4 – low medium quality	....	....	XXX	....	0.0120	....	0.0343	....	0.0428	....
~~42~~5		Mortgages – CM5 – low quality	....	....	XXX	....	0.0183	....	0.0486	....	0.0628	....
~~43~~6		Residential mortgages – insured or guaranteed	....	....	XXX	....	0.0003	....	0.0007	....	0.0011	....
~~44~~7		Residential mortgages – all other	....	XXX	XXX	....	0.0015	....	0.0034	....	0.0046	....
~~45~~8		Commercial mortgages – insured or guaranteed	....	....	XXX	....	0.0003	....	0.0007	....	0.0011	....
		Overdue, Not in Process Affiliated:										
~~46~~9		Farm mortgages	....	....	XXX	....	0.0480	....	0.0868	....	0.1371	....
~~47~~10		Residential mortgages – insured or guaranteed	....	....	XXX	....	0.0006	....	0.0014	....	0.0023	....
~~48~~11		Residential mortgages – all other	....	....	XXX	....	0.0029	....	0.0066	....	0.0103	....
~~49~~12		Commercial mortgages – insured or guaranteed	....	....	XXX	....	0.0006	....	0.0014	....	0.0023	....
~~50~~13		Commercial mortgages – all other	....	....	XXX	....	0.0480	....	0.0868	....	0.1371	....
		In Process of Foreclosure Affiliated:										
~~51~~14		Farm mortgages	....	....	XXX	....	0.0000	....	0.1942	....	0.1942	....
~~52~~15		Residential mortgages – insured or guaranteed	....	....	XXX	....	0.0000	....	0.0046	....	0.0046	....
~~53~~16		Residential mortgages – all other	....	....	XXX	....	0.0000	....	0.0149	....	0.0149	....
~~54~~17		Commercial mortgages – insured or guaranteed	....	....	XXX	....	0.0000	....	0.0046	....	0.0046	....
~~55~~18		Commercial mortgages – all other			XXX		0.0000		0.1942		0.1942	
~~56~~19		Total affiliated (Sum of Lines ~~38~~ DE1 through ~~55~~DE18)			XXX		XXX		XXX		XXX	
~~57~~20		Unaffiliated – in good standing with covenants	....	....	XXX	....	(c)	....	(c)	....	(c)	....
~~58~~21		Unaffiliated – in good standing defeased with government securities	....	....	XXX	....	0.0011	....	0.0057	....	0.0074	....
~~59~~22		Unaffiliated – in good standing primarily senior	....	....	XXX	....	0.0040	....	0.0114	....	0.0149	....
~~60~~23		Unaffiliated – in good standing all other	....	....	XXX	....	0.0069	....	0.0200	....	0.0257	....
24		Unaffiliated – in good standing – residential mortgages - all other	....	XXX	XXX	....	0.0015	....	0.0034	....	0.0046	....
~~61~~2~~4~~5		Unaffiliated – overdue, not in process	....	....	XXX	....	0.0480	....	0.0868	....	0.1371	....
~~62~~2~~5~~6		Unaffiliated – in process of foreclosure			XXX		0.0000		0.1942		0.1942	
~~63~~2~~6~~7		Total unaffiliated (Sum of Lines ~~57~~ DE20 through ~~62~~DE2~~5~~6)			XXX		XXX		XXX		XXX	

Capital Adequacy (E) Task Force

RBC Proposal Form

☐ Capital Adequacy (E) Task Force	☐ Health RBC (E) Working Group	☒ Life RBC (E) Working Group
☐ Catastrophe Risk (E) Subgroup	☐ P/C RBC (E) Working Group	☐ Longevity Risk (A/E) Subgroup
☐ Variable Annuities Capital. & Reserve (E/A) Subgroup	☐ Economic Scenarios (E/A) Subgroup	☐ RBC Investment Risk & Evaluation (E) Working Group

DATE:	**02-04-2026**
CONTACT PERSON:	**Kazeem Okosun**
TELEPHONE:	**816-783-8981**
EMAIL ADDRESS:	**kokosun@naic.org**
ON BEHALF OF:	**Life Risk-Based Capital (E) Working Group**
NAME:	**Ben Slutsker, Chair**
TITLE:	**Director of Life Actuarial Valuation**
AFFILIATION:	**Minnesota Department of Commerce**
ADDRESS:	**85 7th Place East, Suite 280**
	Saint Paul, MN 55101

FOR NAIC USE ONLY

Agenda Item # 2026-01-L
Year 2026

DISPOSITION

ADOPTED:
☐ TASK FORCE (TF) ______
☐ WORKING GROUP (WG) ______
☐ SUBGROUP (SG) ______

EXPOSED:
☐ TASK FORCE (TF) ______
☐ WORKING GROUP (WG) ______
☐ SUBGROUP (SG) ______

REJECTED:
☐ TF ☐ WG ☐ SG ______

OTHER:
☐ DEFERRED TO ______
☐ REFERRED TO OTHER NAIC GROUP
☐ (SPECIFY) ______

IDENTIFICATION OF SOURCE AND FORM(S)/INSTRUCTIONS TO BE CHANGED

☐ Health RBC Blanks	☐ Property/Casualty RBC Blanks	☒ Life and Fraternal RBC Blanks
☐ Health RBC Instructions	☐ Property/Casualty RBC Instructions	☒ Life and Fraternal RBC Instructions
☐ Health RBC Formula	☐ Property/Casualty RBC Formula	☐ Life and Fraternal RBC Formula

☐ OTHER ______

DESCRIPTION/REASON OR JUSTIFICATION OF CHANGE(S)

This proposal incorporates the proposed changes to the instructions and blanks of the AVR – Default Component & Equity and Other Invested Asset Component tables NAIC Blanks (E) Working Group as per 2025-27BWG MOD.

Implementation of these changes are contingent on the adoption of 2025-27 BWG MOD.

Additional Staff Comments:

** **This section must be completed on all forms.** **Revised 2-2023**

Company Name Cocode: 00000

MORTGAGES

		Annual Statement Source	(1) Book / Adjusted Carrying Value	(2) Involuntary Reserve Adjustment†	(3) RBC Subtotal	(4) Cumulative Writedowns‡		(5) Average Factor		(6) RBC Requirement
	In Good Standing									
(1)	Residential Mortgages-Insured or Guaranteed	AVR Default Component Column 1 Line E6	$0	$0	$0	XXX	X	0.0014	=	$0
(2)	Residential Mortgages-All Other	AVR Default Component Column 1 Line E7	$0	$0	$0	XXX	X	0.0068	=	$0
(3)	Commercial Mortgages-Insured or Guaranteed	AVR Default Component Column 1 Line E8	$0	$0	$0	XXX	X	0.0014	=	$0
(4)	Commercial Mortgages - All Other - Category CM1	AVR Default Component Column 1 Line E9	$0	$0	$0	XXX	X	0.0090	=	$0
(5)	Commercial Mortgages - All Other - Category CM2	AVR Default Component Column 1 Line E10	$0	$0	$0	XXX	X	0.0175	=	$0
(6)	Commercial Mortgages - All Other - Category CM3	AVR Default Component Column 1 Line E11	$0	$0	$0	XXX	X	0.0300	=	$0
(7)	Commercial Mortgages - All Other - Category CM4	AVR Default Component Column 1 Line E12	$0	$0	$0	XXX	X	0.0500	=	$0
(8)	Commercial Mortgages - All Other - Category CM5	AVR Default Component Column 1 Line E13	$0	$0	$0	XXX	X	0.0750	=	$0
(9)	Total Commercial Mortgages-All Other	Lines (4) + (5) + (6) + (7) + (8)	$0	$0	$0					$0
(10)	Farm Mortgages - Category CM1	AVR Default Component Column 1 Line E1	$0	$0	$0	XXX	X	0.0090	=	$0
(11)	Farm Mortgages - Category CM2	AVR Default Component Column 1 Line E2	$0	$0	$0	XXX	X	0.0175	=	$0
(12)	Farm Mortgages - Category CM3	AVR Default Component Column 1 Line E3	$0	$0	$0	XXX	X	0.0300	=	$0
(13)	Farm Mortgages - Category CM4	AVR Default Component Column 1 Line E4	$0	$0	$0	XXX	X	0.0500	=	$0
(14)	Farm Mortgages - Category CM5	AVR Default Component Column 1 Line E5	$0	$0	$0	XXX	X	0.0750	=	$0
(15)	Total Farm Mortgages	Lines (10) + (11) + (12) + (13) + (14)	$0	$0	$0					$0
	90 Days Overdue, Not in Process of Foreclosure									
(16)	Farm Mortgages - Category CM6	AVR Default Component Column 1 Line E14	$0	$0	$0	XXX	X	0.1100	=	$0
(17)	Residential Mortgages-Insured or Guaranteed	AVR Default Component Column 1 Line E15	$0	$0	$0	XXX	X	0.0027	=	$0
(18)	Residential Mortgages-All Other	AVR Default Component Column 1 Line E16	$0	$0	$0	XXX	X	0.0140	=	$0
(19)	Commercial Mortgages-Insured or Guaranteed	AVR Default Component Column 1 Line E17	$0	$0	$0	XXX	X	0.0027	=	$0
(20)	Commercial Mortgages-All Other - Category CM6	AVR Default Component Column 1 Line E18	$0	$0	$0	XXX	X	0.1100	=	$0
	In Process of Foreclosure									
(21)	Farm Mortgages - Category CM7	AVR Default Component Column 1 Line E19	$0	$0	$0	XXX	X	0.1300	=	$0
(22)	Residential Mortgages-Insured or Guaranteed	AVR Default Component Column 1 Line E20	$0	$0	$0	XXX	X	0.0054	=	$0
(23)	Residential Mortgages-All Other	AVR Default Component Column 1 Line E21	$0	$0	$0	XXX	X	0.0270	=	$0
(24)	Commercial Mortgages-Insured or Guaranteed	AVR Default Component Column 1 Line E22	$0	$0	$0	XXX	X	0.0054	=	$0
(25)	Commercial Mortgages-All Other - Category CM7	AVR Default Component Column 1 Line E23	$0	$0	$0	XXX	X	0.1300	=	$0
	Due and Unpaid Taxes									
(26)	Due and Unpaid Taxes on Mortgages Overdue, Not in Process of Foreclosure	Schedule B Part 1 Footnote #3 1st amount	$0				X	1.000	=	$0
(27)	Due and Unpaid Taxes on Foreclosed Mortgages	Schedule B Part 1 Footnote #4 1st amount	$0				X	1.000	=	$0
(28)	Total Mortgages (including due and unpaid taxes) (Column (1) should equal Page 2 Column 3 Lines 3.1 + 3.2 + Schedule B Part 1 Footnote #3 1st amount + Schedule B Part 1 Footnote #4 1st amount).	Lines (1) + (2) + (3) + (9) + (15) plus the Sum of Lines (16) through (27)	$0	$0	$0					$0
(29)	Reduction in RBC for MODCO/Funds Withheld Reinsurance Ceded Agreements	Company Records (enter a pre-tax amount)								$0
(30)	Increase in RBC for MODCO/Funds Withheld Reinsurance Assumed Agreements	Company Records (enter a pre-tax amount)								$0
(31)	Total Mortgages (including MODCO/Funds Withheld.)	Lines (28) - (29) + (30)								$0

† Involuntary reserves are reserves that are held as an offset to a particular asset that is clearly a troubled asset and are included on Page 3 Line 25 of the Annual Statement.

‡ Cumulative writedowns include the total amount of writedowns, non-admissions, and involuntary reserves that have been taken or established with respect to a particular mortgage.

UNAFFILIATED PREFERRED AND COMMON STOCK

		Annual Statement Source	(1) Book / Adjusted Carrying Value	(2) Less Affiliated Preferred Stock Without AVR	(3) RBC Subtotal		(4) Factor		(5) RBC Requirement
	Unaffiliated Preferred Stock								
(1)	Preferred Stock Asset NAIC 1	AVR Default Component Column 1 Line B1	$0	$0	$0	X	0.0039	=	$0
(2)	Preferred Stock Asset NAIC 2	AVR Default Component Column 1 Line B2	$0	$0	$0	X	0.0126	=	$0
(3)	Preferred Stock Asset NAIC 3	AVR Default Component Column 1 Line B3	$0	$0	$0	X	0.0446	=	$0
(4)	Preferred Stock Asset NAIC 4	AVR Default Component Column 1 Line B4	$0	$0	$0	X	0.0970	=	$0
(5)	Preferred Stock Asset NAIC 5	AVR Default Component Column 1 Line B5	$0	$0	$0	X	0.2231	=	$0
(6)	Preferred Stock Asset NAIC 6	AVR Default Component Column 1 Line B6	$0	$0	$0	X	0.300	=	$0
(7)	Total Unaffiliated Preferred Stock (pre-MODCO/Funds Withheld)	Sum of Lines (1) through (6)	$0	$0	$0				$0

(Column (1) should equal Page 2 Column 3 Line 2.1 less Asset Valuation Reserve Default Component Column 1 Line B7.)
(Column (2) should equal Schedule D Summary by Country Column 1 Line 22 less Asset Valuation Reserve Default Component Column 1 Line B7.)

		Annual Statement Source	(1) Book / Adjusted Carrying Value	(3) RBC Subtotal		(4) Factor			(5) RBC Requirement
(8)	Reduction in RBC for MODCO/Funds Withheld Reinsurance Ceded Agreements	Company Records (enter a pre-tax amount)							$0
(9)	Increase in RBC for MODCO/Funds Withheld Reinsurance Assumed Agreements	Company Records (enter a pre-tax amount)							$0
(10)	Total Unaffiliated Preferred Stock (including MODCO/Funds Withheld.)	Lines (7) - (8) + (9)							$0
	Unaffiliated Common Stock								
(11)	Total Common Stock	Schedule D Summary Column 1 Line 29	$0						
(12)	Less Affiliated Common Stock	Schedule D Summary Column 1 Line 28	$0						
(13)	Less Non-Admitted Unaffiliated Common Stock included in Line (11)	Company Records	$0						
(14)	Less Federal Home Loan Bank Common Stock	AVR Equity Component Column 1 Line A3	$0	$0	X	0.011		=	$0
(15)	Less Unaffiliated Private Common Stock	AVR Equity Component Column 1 Line A2	$0	$0	X	0.300		=	$0
(16)	Net Other Unaffiliated Public Common Stock	Lines (11) - (12) - (13) - (14) - (15)	$0	$0	X	0.450	†	=	$0
(17)	Total Admitted Unaffiliated Common Stock (pre-MODCO/Funds Withheld)	Lines (14) + (15) + (16)	$0	$0					$0

(Column (1) should equal Schedule D Summary by Country Column 1 Line 29 less Line 28 less Line (13))

		Annual Statement Source	(5) RBC Requirement
(18)	Credit for Hedging	LR015 Hedged Asset Common Stock Schedule Column (10) Line (0299999)	$0
(19)	Reduction in RBC for MODCO/Funds Withheld Reinsurance Ceded Agreements	Company Records (enter a pre-tax amount)	$0
(20)	Increase in RBC for MODCO/Funds Withheld Reinsurance Assumed Agreements	Company Records (enter a pre-tax amount)	$0
(21)	Total Admitted Unaffiliated Common Stock (including MODCO/Funds Withheld and Credit for Hedging.)	Lines (17) - (18) - (19) + (20)	$0

† The factor for publicly traded common stock should equal 30 percent adjusted up or down by the weighted average beta for the publicly traded common stock portfolio subject to a minimum of 22.5 percent and a maximum of 45 percent in the same manner that the similar 13 percent factor for publicly traded common stock in the Asset Valuation Reserve (AVR) calculation is adjusted up or down. The rules for calculating the beta adjustment are set forth in the AVR section of the annual statement instructions.

Company Name Cocode: 00000

REAL ESTATE

		Annual Statement Source	(1) Book / Adjusted Carrying Value		(2) Average Factor		(3) RBC Requirement ‡
	Real Estate						
(1)	Company Occupied Real Estate	AVR Equity Component Column 1 Line **B1**	$0				
(2)	Company Occupied Encumbrances	AVR Equity Component Column 3 Line **B1**	$0				
(3)	Total Company Occupied Real Estate	Line (1) + (2)	$0	X	0.0000 †	=	$0
(4)	Foreclosed Real Estate	AVR Equity Component Column 1 Line **B3**	$0				
(5)	Foreclosed Encumbrances	AVR Equity Component Column 3 Line **B3**	$0				
(6)	Total Foreclosed Real Estate	Line (4) + (5)	$0	X	0.0000 †	=	$0
(7)	Investment Real Estate	AVR Equity Component Column 1 Line **B2**	$0				
(8)	Investment Encumbrances	AVR Equity Component Column 3 Line **B2**	$0				
(9)	Total Investment Real Estate	Line (7) + (8)	$0	X	0.0000 †	=	$0
(10)	Total Real Estate (pre-MODCO/Funds Withheld)	Lines (3) + (6) + (9)	$0				$0
(11)	Reduction in RBC for MODCO/Funds Withheld Reinsurance Ceded Agreements	Company Records (enter a pre-tax amount)					$0
(12)	Increase in RBC for MODCO/Funds Withheld Reinsurance Assumed Agreements	Company Records (enter a pre-tax amount)					$0
(13)	Total Real Estate (including MODCO/Funds Withheld.)	Lines (10) - (11) + (12)					$0
	Schedule BA Real Estate						
(14)	Schedule BA Real Estate	Schedule BA Part 1 Column 12 Line 2199999 + Line 2299999, in part	$0				
(15)	Schedule BA Real Estate Encumbrances	Schedule BA Part 1 Column 12 Line 2199999 + Line 2299999, in part	$0				
(16)	Total Schedule BA Real Estate Excluding Tax Credit Investments Included Below	Line (14) + (15)	$0	X	0.0000 †	=	$0
(17)	Yield Guaranteed State Tax Credit Investments	AVR Equity Component Column 1 Line **H1**	$0	X	0.0014	=	$0
(18)	Qualifying Federal Tax Credit Investments	AVR Equity Component Column 1 Line **H2**	$0	X	0.0260	=	$0
(19)	Qualifying State Tax Credit Investments	AVR Equity Component Column 1 Line **H3**	$0	X	0.0260	=	$0
(20)	Other Tax Credit Investments	AVR Equity Component Column 1 Line **H4**	$0	X	0.1500	=	$0
(21)	Total Tax Credit Investments	Lines (17) + (18) + (19) + (20)	$0				$0
(22)	Total Schedule BA Real Estate (pre-MODCO/Funds Withheld)	Lines (16) + (21)	$0				$0
(23)	Reduction in RBC for MODCO/Funds Withheld Reinsurance Ceded Agreements	Company Records (enter a pre-tax amount)					$0
(24)	Increase in RBC for MODCO/Funds Withheld Reinsurance Assumed Agreements	Company Records (enter a pre-tax amount)					$0
(25)	Total Schedule BA Real Estate (including MODCO/Funds Withheld)	Lines (22) - (23) + (24)					$0

† Column (2) is calculated as Column (3) divided by Column (1).

‡ The RBC requirement is calculated for each individual property and then summarized on this page. Refer to the worksheet included in the Real Estate portion of the instructions.

Company Name Cocode: 00000

MISCELLANEOUS ASSETS

		Annual Statement Source	(1) Book / Adjusted Carrying Value		Factor		(2) RBC Requirement
	Miscellaneous						
(1)	Cash	Page 2 Line 5, inside amount 1	$0	X	0.0039	=	$0
(2.1)	Cash Equivalents	Page 2 Line 5, inside amount 2	$0				
(2.2)	Less Cash Equivalent Bonds Already Included with Page LR002 Bonds	Schedule E Part 2 Column 7 Line 0509999999	$0				
(2.3)	Less Exempt Money Market Mutual Funds	Sch E, Part 2, Column 7, L8209999999	$0				
(2.4)	Net Cash Equivalents	Line (2.1) - Line (2.2) - Line (2.3)	$0	X	0.0039	=	$0
(3.1)	Short-Term Investments	Page 2 Line 5, inside amount 3	$0				
(3.2)	Less Short-Term Bonds	Schedule DA Part 1 Column 6 Line 0509999999	$0				
(3.3)	Net Short-Term Investments	Lines (3.1) - (3.2)	$0	X	0.0039	=	$0
(4)	Premium Notes	Page 2 Line 6 first inside amount	$0	X	0.068	=	$0
(5)	Receivable for Securities	Page 2 Column 3 Line 9	$0	X	0.016	=	$0
(6.1)	Aggregate Write-ins for Invested Assets	Page 2 Column 3 Line 11	$0				
(6.2)	Less Derivative Collateral Receivable	Page 2 Column 3 Line 11, Derivatives Collateral Receivable reported as part of total	$0				
(6.3)	Net Write-ins for Invested Assets	Line (6.1) - Line (6.2)	$0	X	0.068	=	$0
(7)	Total Miscellaneous Excluding Derivative Instruments	Lines (1) + (2.4) + (3.3) + (4) + (5) + (6.3)	$0				$0
	Derivative Instruments						
(8)	Collateral – Off Balance Sheet	Schedule DB Part D Section 1 Column 4 Line 0999999999, in part	$0	X	0.0039	=	$0
(9)	Collateral – On Balance Sheet	Schedule DB Part D Section 1 Column 4 Line 0999999999, in part	$0	X	0.000	=	$0
(10)	Exchange Traded and Centrally Cleared	AVR Default Component Column 1 Line **D8**, in part	$0	X	0.0039	=	$0
(11)	Over the Counter NAIC 1	AVR Default Component Column 1 Line **D8**, in part	$0	X	0.0039	=	$0
(12)	Over the Counter NAIC 2	AVR Default Component Column 1 Line **D8**, in part	$0	X	0.0126	=	$0
(13)	Over the Counter NAIC 3	AVR Default Component Column 1 Line **D8**, in part	$0	X	0.0446	=	$0
(14)	Over the Counter NAIC 4	AVR Default Component Column 1 Line **D8**, in part	$0	X	0.0970	=	$0
(15)	Over the Counter NAIC 5	AVR Default Component Column 1 Line **D8**, in part	$0	X	0.2231	=	$0
(16)	Over the Counter NAIC 6	AVR Default Component Column 1 Line **D8**, in part	$0	X	0.300	=	$0
(17)	Total Derivative Instruments	Sum of Lines (8) through (16)	$0				$0
(18)	Total Miscellaneous Assets (pre-MODCO/Funds Withheld)	Lines (7) + (17)	$0				$0
(19)	Reduction in RBC for MODCO/Funds Withheld Reinsurance Ceded Agreements	Company Records (enter a pre-tax amount)					$0
(20)	Increase in RBC for MODCO/Funds Withheld Reinsurance Assumed Agreements	Company Records (enter a pre-tax amount)					$0
(21)	Total Miscellaneous Assets (including MODCO/Funds Withheld.)	Lines (18) - (19) + (20)	$0				$0

Company Name Cocode: 00000

ADDITIONAL INFORMATION REQUIRED

		Source	(1) Statement Value
(1.2)	Other Affiliates: Subsidiaries	Subsidiaries' Life and Fraternal Risk-Based Capital LR042 Summary for Affiliated Investments Column (1) Lines (19), (20) and (21); Property and Casualty Risk-Based Capital PR005 Summary For Subsidiary, Controlled and Affiliated Investments for Cross-Checking Statement Values Column (1) Line (8) and Line (17)	$0
(2.2)	Noncontrolled Assets: Subsidiaries	Subsidiaries' Life and Fraternal Risk-Based Capital LR017 Off-Balance Sheet and Other Items Column (1) Line (15); Property and Casualty PR014 Miscellaneous Off-Balance Sheet Items Column (1) Line (15)	$0
(3.2)	Guarantees for Affiliates: Subsidiaries	Subsidiaries' Life Notes to Financial Statements #14A3c1; Property and Casualty Notes to Financial Statements #14A3c1	$0
(4.2)	Contingent Liabilities: Subsidiaries	Subsidiaries' Life Notes to Financial Statements #14A1; Property and Casualty Notes to Financial Statements #14A1	$0
(5.2)	Long Term Leases: Subsidiaries	Subsidiaries' Life Notes to Financial Statements #15A2a1; Property and Casualty Notes to Financial Statements #15A2a1	$0
(7.11)	Total Affiliated Investments: Company	Company's Annual Statement Five-Year Historical Data Column 1 Line 50	$0
(7.12)	Less Affiliated Common Stock: Company	Company's Annual Statement Five-Year Historical Data Column 1 Line 46	$0
(7.13)	Less Affiliated Preferred Stock: Company	Company's Annual Statement Five-Year Historical Data Column 1 Line 45	$0
(7.14)	Net Affiliated Investments: Company	Lines (7.11) - (7.12) - (7.13)	$0
(7.2)	Affiliated Investments: Subsidiaries	Subsidiaries' Life Annual Statement Five-Year Historical Data Column 1 Line 50 Less Lines 45 and 46; Property and Casualty Annual Statement Five-Year Historical Data Column 1 Line 48 Less Lines 43 and 44	$0
(9.1)	Surplus Notes: Company	Company's Annual Statement Page 3 Column 1 Line 32	$0
(9.2)	Surplus Notes: Subsidiaries	Subsidiaries' Life Annual Statement Page 3 Column 1 Line 32; Property and Casualty Annual Statement Page 3 Column 1 Line 33	$0
(10.11)	Capital Paid In: Company	Company's Annual Statement Page 4 Column 1 Line 50.1	$0
(10.12)	Surplus Paid In: Company	Company's Annual Statement Page 4 Column 1 Line 51.1	$0
(10.13)	Total Current Year's Capital Contributions: Company	Line (10.11) + Line (10.12)	$0
(10.2)	Current Year's Capital Contributions: Subsidiaries	Subsidiaries' Life Annual Statement Page 4 Column 1 Lines 50.1 + 51.1; Property and Casualty Annual Statement Page 4 Column 1 Lines 32.1 + 33.1	$0
(11.1)	Total Residual Tranches or Interests	Company's Annual Statement AVR, Equity and Other Invested Asset Component, Column 1, Line **I13**	$0

UNAFFILIATED PREFERRED AND COMMON STOCK

LR005

Basis of Factors

Unaffiliated Preferred Stock
Starting with year-end 2004 RBC, the preferred stock factors were changed to be the same as for bonds.

Unaffiliated Common Stock
Federal Home Loan Bank Stock has characteristics more like a fixed-income instrument rather than common stock. A 1.1% pre-tax factor was chosen. The factor for other unaffiliated common stock is based on studies conducted at two large life insurance companies. Both of these studies focused on well-diversified portfolios with characteristics similar to the Standard and Poor's 500 and indicate that a 30% pre-tax factor is needed to provide capital to cover approximately 95% of the greatest losses in common stock value over a two-year future period. This factor assumes capital losses are unrealized and not subject to favorable tax treatment at the time loss in fair value occurs.

Two adjustments are made to the 30% pre-tax factor to account for differences between the insurer's portfolio and the Standard and Poor's 500: first, the factor for publicly traded unaffiliated common stock is adjusted up or down by the weighted average beta of the insurer's portfolio subject to a maximum of 45% and a minimum of 22.5%; and second, a common stock concentration component is calculated, adding an additional requirement equal to 50% of the beta adjusted basic requirement for the five largest holdings of common stock in the insurer's portfolio.

Specific Instructions for Application of the Formula

Lines (1) through (6)
Column (1) amounts are from the Asset Valuation Reserve Default Component~~, Page 30, Column 1~~, Lines ~~10~~ B1 through ~~15~~ B6 of the annual statement. Since affiliated amounts are included for affiliated companies without an AVR in the Asset Valuation Reserve Default Component, Lines ~~10~~ B1 through ~~15~~B6, these affiliated amounts should be deducted in Column (2). Affiliated companies with an AVR are reported on the Asset Valuation Reserve Default Component, Line ~~16~~ B7 and should not be included in Column (2).

Line (7)
Column (1) should equal Annual Statement Assets, Page 2, Column 3, Line 2.1 less Asset Valuation Reserve Default Component, Column 1, Line ~~16~~B7. Column (2) should equal Schedule D Summary by Country, Column 1, Line 22 less Asset Valuation Reserve Default Component, Column 1, Line ~~16~~B7.

Line (13)
Amount should reflect any non-admitted unaffiliated common stock that was included in Line (11) of this page.

Line (14)
Federal Home Loan Bank common stock reported on Schedule D, Part 2, Section 2 of the annual statement should be reflected on this line.

Line (16)
The pre-tax factor for other unaffiliated common stock should be equal to 30% adjusted in the case of publicly traded stock by the weighted average beta for the insurer's portfolio of common stock, subject to a minimum factor of 22.5% and a maximum factor of 45%. The calculation of the beta adjustment should follow the procedures laid out for the similar adjustment in the asset valuation reserve calculation. Insurers that choose not to calculate a beta for their portfolio should use the maximum factor of 45%.

Line (17)
Column (1) should equal Annual Statement Schedule D Summary by Country, Column 1, Line 29 less Schedule D Summary by Country, Column 1, Line 28 less line (13).

Lines (19) and (20)
To the extent that a modco or funds withheld transaction is backed by common stock included in Line (17) of the ceding company's RBC calculation, the ceding company's credit and assuming reinsurer's charge should include a beta adjustment that is calculated in a manner consistent with the Line (17) calculation of the ceding insurer.

REAL ESTATE
LR007

Basis of Factors

The base factor for equity real estate of 11% was developed by adding a margin for conservatism to the results of an analysis of real estate performance over the period of 1978 – 2020. The analysis was conducted by a group of life insurance company real estate investment professionals coordinated by the ACLI. The data used was a national database of real property owned by investment fiduciaries and supplemented by data on real estate backing mortgage securities. The analysis is documented in a report to the NAIC dated March 29, 2021. In addition to modifying the factor for company owned and investment real estate, this updated factor will also be used for real estate acquired in satisfaction of debt (Foreclosed real estate). Foreclosed real estate is recognized in the statutory statements as having acquisition cost equal to market value at time of foreclosure. For assets with the characteristics of real held estate (partnership or other structure) reported on Schedule BA, a higher factor of 13% is used to account for the lower transparency involved with these structures. Schedule BA real estate was originally given a higher factor under a presumption that it was more highly levered. Analysis has shown these assets to have experience very similar to directly held and will therefore use a modestly higher factor.

While the experience analysis was done based on analysis of fair value impacts, Real Estate is reported at depreciated cost in the Statutory statements. The difference in values impacts the risk to statutory surplus. Therefore, an adjustment is made to the factor based on the difference between fair value and statutory carrying value on a property-by-property basis. The adjustment is defined as

Adj Factor = *RE Factor*(1 – [factor] * (MV-BVg)/BVg)}*

factor is 0 This zero factor for the fair value adjustment is effective beginning yearend 2021 for RBC filings.

The resulting adjusted RBC factor is subject to a minimum of zero. In the RBC calculation, see Figure 7, fair value is taken from Schedule A Column 10 plus encumbrances, or from Schedule BA column 11 plus encumbrances, respectively, while BVg is the net Book Adjusted Carrying Value plus the encumbrance.

Encumbrances have been included in the real estate base since the value of the property is held net of the encumbrance, but the entire value is subject to loss. Encumbrances receive the base real estate factor of 11% reduced by the average factor for commercial mortgages of 1.75% pre-tax. In the past, this was computed as a base factor applied to the net real estate value plus a separate factor applied to the amount of the encumbrance. Beginning in 2021, the equivalent result will be obtained by applying a base factor to the gross statutory value of the property, and a credit provided for the amount of the encumbrance.

The final RBC amount is subject to a minimum of the Baa bond factor 1.30% applied to the BACV, and a maximum of 45% of the BACV.

Specific Instructions for Application of the Formula

Column (1)
Calculations are done on an individual property or joint venture basis in the worksheets and then the summary amounts are entered in this column for each class of real estate investment. Refer to the real estate calculation worksheet (Figure 7) for how the individual property or joint venture calculations are completed.

Line (1) should equal Page 2, Column 3, Line 4.1.
Line (2) should equal Page 2, inside amount, Line 4.1.
Line (4) should equal AVR Equity Component Column 1 Line ~~20~~B3.
Line (5) should equal AVR Equity Component Column 3 Line ~~20~~B3.
Line (7) should equal AVR Equity Component Column 1 Line ~~19~~B2.
Line (8) should equal AVR Equity Component Column 3 Line ~~19~~B2.
Line (14) should equal Schedule BA, Part 1, Column 12, Line 2199999 plus Line 2299999, in part.
Line (15) should equal Schedule BA, Part 1, Column 12, Line 2199999 plus Line 2299999, in part.

Line (17) should equal AVR Equity Component Column 1 Line ~~75~~H1.
Line (18) should equal AVR Equity Component Column 1 Line ~~76~~H2.
Line (19) should equal AVR Equity Component Column 1 Line ~~77~~H3.
Line (20) should equal AVR Equity Component Column 1 Line ~~78~~H4.
Line (21) should equal AVR Equity Component Column 1 Line ~~79~~H5.

All investments in tax credit structures within the scope of *SSAP No. 93—Investments in Tax Credit Structures* are to be reported in Column (1).

Column (2)
The average factor column is calculated as Column (3) divided by Column (1).

Column (3)
Summary amounts are entered for Column (3) based on calculations done on an individual property or joint venture basis. Refer to Column (10) of the real estate calculation worksheet (Figure 7).

Line (17)
Yield Guaranteed State Tax Credit Investments are to be included in Line (17). There must be an all-inclusive guarantee from a CRP-rated entity that guarantees the yield on the investment. This reporting line is only allowed for tax credit investments which issue state tax credits.

Line (18)
Qualifying Federal Tax Credit Investments are to be included in line (18). Refer to the Annual Statement Schedule BA Instructions for risk mitigating factors these investments must possess in order to be qualified for this classification.

Line (19)
Qualifying State Tax Credit Investments are to be included in Line (19). Refer to the Annual Statement Schedule BA Instructions for risk mitigating factors these investments must possess in order to be qualified for this classification.

Line (20)
Other Tax Credit Investments are to be included in line (20). Any tax credit investment which cannot be reported as either yield guaranteed State Tax Credit Investments or qualifying Federal or State Tax Credit Investments are included here.

Federal tax credit investments with all-inclusive yield guarantees which would have previously been reported under the Guaranteed Federal Tax Credit Investment reporting line and are still within the scope of SSAP No. 93 shall be reported in Other Tax Credit Investments. This Federal Guaranteed reporting line was removed as these types of tax credit investment structure were substantially eliminated by the Historic Boardwalk Hall, LLC v. Commissioner of Internal Revenue court decision in 2012.

(Figure 7)

Real Estate Worksheet

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	Description	Book/Adjusted Carrying Value	Encumbrances	Fair Value	Base Factor	Encumbrance Credit Factor	Adjusted RBC Factor&	Gross RBC Requirement‡	Encumbrances Credit	RBC Requirement*
	Company Occupied Real Estate									
(1)	All Properties Without Encumbrances†		XXX		0.110	XXX			XXX	

(2)						
	All Properties With Encumbrances:					
(3)			0.110	0.0175		
(4)			0.110	0.0175		
(199)	Total Company Occupied Real Estate					
	Foreclosed Real Estate					
	All Properties Without Encumbrances†	XXX	0.110	XXX	XXX	
(1)						
(2)						
	All Properties With Encumbrances:					
(3)			0.110	0.0175		
(4)			0.110	0.0175		
(299)	Total Foreclosed Real Estate					
	Investment Real Estate					
	All Properties Without Encumbrances†	XXX	0.110	XXX	XXX	
(1)						
(2)						
	All Properties With Encumbrances:					
(3)			0.110	0.0175		
(4)			0.110	0.0175		
(399)	Total Investment Real Estate					
(499)	Total Real Estate (Line (199) + Line (299) + Line (399))					
	Schedule BA Assets with characteristics of Real Estate					
	All Assets Without Encumbrances†	XXX	0.130	XXX	XXX	
(1)						
(2)						

	All Assets With Encumbrances:			
(3)		0.130	0.0175	
(4)		0.130	0.0175	
(899)	Total Schedule BA Real Estate			

Note that column (2) is the book/adjusted carrying value net of any encumbrances, while column (4) is the fair value of the property not reduced for any encumbrances.

† For each category, each property should be listed individually, including those for which there is no encumbrance.

& Column (7) is Column (5) times (1-(*factor*) * (Column (4) – (Column (2) + Column (3))) / (Column (2) + Column (3))), but not less than zero.

‡ Column (8) is calculated as (Column (2) plus Column (3)) multiplied by Column (7).

§ Column (9) is calculated as Column (3) multiplied by Column (6).

* Column (10) is calculated as Column (8) minus Column (9), but not less than 1.3% nor more than 45% of Column (2), and not less than zero.

Asset Concentration Factor
LR010

Basis of Factors

The purpose of the concentration factor is to reflect the additional risk of high concentrations in single exposures (represented by an individual issuer of a security or a holder of a mortgage, etc.) The concentration factor doubles the risk-based capital pre-tax factor (with a maximum of 45% pre-tax) of the 10 largest asset exposures excluding various low-risk categories or categories that already have a maximum factor. Since the risk-based capital of the assets included in the concentration factor has already been counted once in the basic formula, the asset concentration factor only serves to add in the additional risk-based capital required. The calculation is completed on a consolidated basis; however, the concentration factor is reduced by amounts already included in the concentration factors of subsidiaries to avoid double-counting.

Specific Instructions for Application of the Formula

The 10 largest asset exposures should be developed by consolidating the assets of the parent with the assets of the company's insurance and investment subsidiaries. The concentration factor component on any asset already reflected in the subsidiary's RBC for the concentration factor should be deducted from Column (4). This consolidation process affects higher tiered companies only. Companies on the lowest tier of the organizational chart will prepare the asset concentration on a "stand alone" basis.

The 10 largest exposures should exclude the following: affiliated and non-affiliated common stock, affiliated preferred stock, home office properties, policy loans, bonds for which AVR and RBC are zero, NAIC 1 bonds, NAIC 1 unaffiliated preferred stock, CM 1 Commercial and Farm Mortgages and any other asset categories with RBC factors less than 0.8% post-tax (this includes residential mortgages in good standing, insured or guaranteed mortgages, cash, certain cash equivalents and short-term investments).

In determining the assets subject to the concentration factor for both C-1o and C-1cs, the ceding company should exclude any asset whose performance inures primarily (>50%) to one reinsurer under modified coinsurance or funds withheld arrangements. The reinsurer should include 100% of such assets. Any asset where no one reinsurer receives more than 50% of its performance should remain with the ceding company.

Assets should be aggregated by issuer before determining the 10 largest exposures. Aggregations should be done separately for bonds including applicable Other Invested Assets with Underlying Characteristics of Bonds that are reported in Line **C1** through **C7** of Asset Valuation Reserve (AVR) Equity and Other Invested Asset Component table, and preferred stock (the first six digits of the CUSIP number can be used as a starting point) (please note that the same issuer may have more than one unique series of the first six digits of the CUSIP), mortgages and real estate. Securities held within Schedule BA joint ventures partnerships limited liability and other fund structures should be aggregated by issuer as if the securities are held directly. Likewise, where joint venture real estate is mortgaged by the insurer, both the mortgage and the joint venture real estate should be considered as part of a single exposure. Tenant exposure is not included. For bonds and unaffiliated preferred stock, aggregations should be done first for classes 2 through 6. After the 10 largest issuer exposures are chosen, any NAIC 1 bonds or NAIC 1 unaffiliated preferred stock, from any of these issuers should be included before doubling the risk-based capital. For some companies, following the above steps may generate less than 10 "issuer" exposures. These companies should list all available exposures.

Replicated assets other than synthetically created indices should be included in the asset concentration calculation in the same manner as other assets.

The book/adjusted carrying value of each asset is listed in Column (2).

The RBC factor will correspond to the risk-based capital category of the asset reported previously in the formula before application of the size factor for bonds. Consistent with the aggregation noted above, applicable Other Invested Assets with Underlying Characteristics of Bonds receive the same RBC factor as bonds. To get the proper Asset Type for investments within the 'Other Invested Assets with Underlying Characteristics of Bonds' AVR category, use the

NAIC Designation and NAIC Designation Modifier from the 'NAIC Designation, NAIC Designation Modifier and SVO Administrative Symbol' column as reported on Schedule BA – Part 1. The RBC filing software automatically allows for an overall 45% RBC cap.

<u>Lines (17) through (22)</u>
The Asset Concentration RBC Requirement for a particular property plus the Real Estate RBC Requirement for a particular property cannot exceed the book/adjusted carrying value of the property. Any properties exceeding the book/adjusted carrying value must be adjusted down to the book/adjusted carrying value in Column (6) of the Asset Concentration.

Line (18), Column (4) is calculated as Line (17), Column (2) multiplied by 0.1100 plus Line (18), Column (2) multiplied by 0.0925, but not greater than Line (17), Column (2).

Line (20), Column (4) is calculated as Line (19), Column (2) multiplied by 0.1100 plus Line (20), Column (2) multiplied by 0.0925, but not greater than Line (19), Column (2).

Line (22), Column (4) is calculated as Line (21), Column (2) multiplied by 0.1300 plus Line (22), Column (2) multiplied by 0.1125, but not greater than Line (21), Column (2).

<u>Lines (23) through (54)</u>
The Asset Concentration RBC Requirement for a particular mortgage plus the LR004 Mortgages RBC Requirement or LR009 Schedule BA Mortgages RBC Requirement for a particular mortgage cannot exceed 45% of the book/adjusted carrying value of the mortgage. Any mortgages exceeding 45% of the book/adjusted carrying value must be adjusted down in Column (6) of the Asset Concentration.

Line (32), Column (4) is calculated as the greater of 0.1800 multiplied by [(Line (31) plus Line (32)] less Line (32) or Line (31) multiplied by the appropriate factor for the CM class to which the loan is assigned.

Line (34), Column (4) is calculated as the greater of 0.0140 multiplied by [(Line (33) plus Line (34)] less Line (34) or Line (33) multiplied by 0.0068.

Line (36), Column (4) is calculated as the greater of 0.1800 multiplied by [(Line (35) plus Line (36)] less Line (36) or Line (35) multiplied by the appropriate factor for the CM class to which the loan is assigned.

Line (38), Column (4) is calculated as the greater of 0.2200 multiplied by [(Line (37) plus Line (38)] less Line (38) or Line (37) multiplied by the appropriate factor for the CM class to which the loan is assigned.

Line (40), Column (4) is calculated as the greater of 0.0270 multiplied by [(Line (39) plus Line (40)] less Line (40) or Line (39) multiplied by 0.0068.

Line (42), Column (4) is calculated as the greater of 0.2200 multiplied by [(Line (41) plus Line (42)] less Line (42) or Line (41) multiplied by the appropriate factor for the CM class to which the loan is assigned.

Line (43), Column (4) is calculated as Line (43) multiplied by the appropriate factor for the CM class to which the loan is assigned.

Line (52), Column (4) is calculated as the greater of 0.1800 multiplied by [(Line (51) plus Line (52)] less Line (52) or Line (51) multiplied by the appropriate factor for the CM class to which the loan is assigned.

Line (54), Column (4) is calculated as the greater of 0.2200 multiplied by [(Line (53) plus Line (54)] less Line (54) or Line (53) multiplied by the appropriate factor for the CM class to which the loan is assigned.

NAIC BLANKS (E) WORKING GROUP

Blanks Agenda Item Submission Form

DATE: 12/10/2025	**FOR NAIC USE ONLY**
CONTACT PERSON:	Agenda Item # 2025-27BWG MOD
TELEPHONE:	Year 2026
EMAIL ADDRESS:	Changes to Existing Reporting [X] New Reporting Requirement [ ]
ON BEHALF OF:	**REVIEWED FOR ACCOUNTING PRACTICES AND PROCEDURES IMPACT** No Impact [X] Modifies Required Disclosure [ ]
NAME: **Philip Barlow**	Is there data being requested in this proposal which is available elsewhere in the Annual/Quarterly Statement? [No] ***If Yes, complete question below***
TITLE: **Associate Commissioner of Insurance**	**DISPOSITION**
AFFILIATION: **District of Columbia**	[ ] Rejected For Public Comment [ ] Referred To Another NAIC Group [X] Received For Public Comment [ ] Adopted Date ______ [ ] Rejected Date ______ [ ] Deferred Date ______ [ ] Other (Specify) ______
ADDRESS:	

BLANK(S) TO WHICH PROPOSAL APPLIES

[X] **ANNUAL STATEMENT**	[X] **INSTRUCTIONS**	[X] **CROSSCHECKS**
[ ] **QUARTERLY STATEMENT**	[X] **BLANK**	
[X] Life, Accident & Health/Fraternal	[X] Separate Accounts	[X] Title
[X] Property/Casualty	[X] Protected Cell	[ ] Other ______
[X] Health	[ ] Health (Life Supplement)	[ ] Life (Health Supplement)

Anticipated Effective Date: Annual 2026

IDENTIFICATION OF ITEM(S) TO CHANGE

Add a section to Life/Fraternal Asset Valuation Reserve (AVR) to report Collateralized Loan Obligations (CLOs), Collateralized Bond Obligations (CBOs), and Collateralized Debt Obligations (CDOs). Also, add a footnote to Schedule D, Part 1, Section 2 to report the book adjusted carrying value by NAIC designation for CLOs/CBOs/CDOs.

REASON, JUSTIFICATION FOR AND/OR BENEFIT OF CHANGE**

This proposal was prepared to incorporate a more granular reporting of long-term bonds in Asset Valuation Reserve (AVR) – Default Component by bifurcating long-term bonds into i) Long-Term Bonds, excluding ~~collateralized loan obligations (CLOs)~~CLOs/CBOs/CDOs and ii) CLOs/CBOs/CDOs. The expanded presentation of bonds helps to facilitate the work of Risk-Based Capital Investment Risk and Evaluation (E) Working Group under Working Agenda IR#5: Evaluate the appropriate RBC treatment of Asset-Backed Securities (ABS), including Collateralized Loan Obligations (CLO), collateralized fund obligations (CFOs), or other similar securities carrying similar types of tail risk (Complex Assets).

In addition, the AVR – Default Component & Equity and Other Invested Asset Component tables are re-designed to section-by-section format in order to support future changes in asset categorization.

Finally, the proposed change to Schedule D, Part 1, Section 2 facilities P/C and Health RBC formulas should they consider expanding bond pages (PR006 and XR007) to bifurcate long-term bond into CLOs/CBOs/CDOs and other than CLOs/CBOs/CDOs.

*****IF THE DATA IS AVAILABLE ELSEWHERE IN THE ANNUAL/QUARTERLY STATEMENT, PLEASE NOTE WHY IT IS REQUIRED FOR THIS PROPOSAL*****

NAIC STAFF COMMENTS

Comment on Effective Reporting Date:

Other Comments:

** **This section must be completed on all forms.** **Revised 11/17/2022**

ANNUAL STATEMENT INSTRUCTIONS – LIFE/FRATERNAL

ASSET VALUATION RESERVE

Detail Eliminated To Conserve Space

Line 7 – Basic Contribution (includes separate accounts assets, if applicable)

Report the basic contribution amount for each asset category as calculated on Pages 30 through ~~36~~ 38 (General Account) and Pages 15 through ~~21~~ 23 (Separate Accounts).

Column 1: Report the total bonds (including collateralized loan obligations), preferred stock, short–term investments, and derivative instruments from Pages 31 and 32, Lines ~~34~~A16, B8, C8, and D9, Column 6 (General Account) and Pages 16 and 17, Lines ~~34~~A16, B8, C8, and D9, Col. 6 (Separate Accounts), if applicable; and the total for replication (synthetic asset) transactions contained on Page ~~36~~38, Line 0199999, Column 7 (General Account) and
Page ~~21~~23, Line 0199999, Column 7 (Separate Accounts).

Column 2: Report the total mortgage loans from Page ~~32~~33, Line ~~58~~E24, Column 6 (General Account) and Page ~~17~~18, Line ~~58~~E24, Col. 6 (Separate Accounts), if applicable; and the total for replication (synthetic asset) transactions contained on Page ~~36~~38, Line 0299999, Column 7 (General Account) and Page ~~21~~23, Line 0299999, Column 7 (Separate Accounts).

Column 4: Report the total common stock from Page ~~33~~34, Line A17, Column 6 (General Account) and Page ~~18~~19, Line ~~18~~A17, Col. 6 (Separate Accounts), if applicable; and the total for replication (synthetic asset) transactions contained on Page ~~36~~38, Line 0399999, Column 7 (General Account) and Page ~~21~~23, Line 0399999, Column 7 (Separate Accounts).

Column 5: Report the total real estate from Page ~~33~~34, Line ~~21~~B4, Column 6 (General Account) and from Page ~~18~~19, Line ~~21~~B4, Column 6 (Separate Accounts), if applicable, plus the total other invested assets from Page ~~35~~37, Line ~~105~~L6, Column 6 (General Account) and from Page ~~20~~22, Line ~~105~~L6, Column 6 (Separate Accounts), if applicable; and the total for replication (synthetic asset) transactions contained on Page ~~36~~38, Line 0499999, Column 7 (General Account) and Page ~~21~~23, Line 0499999, Column 7 (Separate Accounts).

Line 9 – Maximum Reserve (includes separate accounts assets, if applicable)

Report the maximum reserve for each asset category as calculated on Pages 30 through ~~36~~ 38 (General Account) and Pages 15 through ~~21~~ 23 (Separate Accounts).

Column 1: Report the total bonds (including collateralized loan obligations), preferred stock, short–term investments, and derivative instruments from Pages 31 and 32, Lines ~~34~~A16, B8, C8, and D9, Column 10 (General Account) and Pages 16 and 17, Lines ~~34~~A16, B8, C8, and D9, Col. 10 (Separate Accounts), if applicable and the total for replication (synthetic asset) transactions contained on Page ~~36~~38, Line 0199999, Column 9 (General Account) and
Page ~~21~~23, Line 0199999, Column 9 (Separate Accounts).

Column 2: Report the total mortgage loans from Page ~~32~~33, Line ~~58~~E24, Column 10 (General Account) and Page ~~17~~18, Line ~~58~~E24, Col. 10 (Separate Accounts), if applicable and the total for replication (synthetic asset) transactions contained on Page ~~36~~38, Line 0299999, Column 9 (General Account) and Page ~~21~~23, Line 0299999, Column 9 (Separate Accounts).

Column 4: Report the total common stock from Page ~~33~~34, Line ~~17~~B4, Column 10 (General Account) and Page ~~18~~19, Line ~~17~~B4, Col. 10 (Separate Accounts), if applicable and the total for replication (synthetic asset) transactions contained on Page ~~36~~38, Line 0399999, Column 9 (General Account) and Page ~~21~~23, Line 0399999, Column 9 (Separate Accounts).

Column 5: Report the total real estate from Page ~~33~~34, Line ~~21~~B4, Column 10 (General Account) and from Page ~~18~~19, Line ~~21~~B4, Column 10 (Separate Accounts), if applicable, plus the total other invested assets from Page ~~35~~37, Line ~~105~~L6, Column 10 (General Account) and from Page ~~20~~22, Line ~~105~~L6, Column 10 (Separate Accounts), if applicable; and the total for replication (synthetic asset) transactions contained on Page ~~36~~38, Line 0499999, Column 9 (General Account) and Page ~~21~~23, Line 0499999, Column 9 (Separate Accounts).

Line 10 – Reserve Objective (includes separate accounts assets, if applicable)

Report the reserve objective amount for each asset category as calculated on Pages 30 through ~~36~~ 38 (General Account) and Pages 15 through ~~21~~ 23 (Separate Accounts).

Column 1: Report the total bonds (including ~~collateralized loan obligations~~CLOs/CBOs/CDOs), preferred stock, short–term investments, and derivative instruments from Pages 31 and 32, Lines ~~34~~A16, B8, C8, and D9, Column 8 (General Account) and Pages 16 and 17, Lines ~~34~~A16, B8, C8, and D9, Column 8 (Separate Accounts), if applicable and the total for replication (synthetic asset) transactions contained on Page ~~36~~38, Line 0199999, Column 8 (General Account) and
Page ~~21~~23, Line 0199999, Column 8 (Separate Accounts).

Column 2: Report the total mortgage loans from Page ~~32~~33, Line ~~58~~E24, Column 8 (General Account) and Page ~~17~~18, Line ~~58~~E24, Col. 8 (Separate Accounts), if applicable and the total for replication (synthetic asset) transactions contained on Page ~~36~~38, Line 0299999, Column 8 (General Account) and Page ~~21~~23, Line 0299999, Column 8 (Separate Accounts).

Column 4: Report the total common stock from Page ~~33~~34, Line ~~17~~B4, Column 8 (General Account) and Page ~~18~~19, Line ~~17~~B4, Col. 8 (Separate Accounts), if applicable and the total for replication (synthetic asset) transactions contained on Page ~~36~~38, Line 0399999, Column 8 (General Account) and Page ~~21~~23, Line 0399999, Column 8 (Separate Accounts).

Column 5: Report the total real estate from Page ~~33~~34, Line ~~21~~B4, Column 8 (General Account) and from Page ~~18~~19, Line ~~21~~B4, Column 8 (Separate Accounts), if applicable; plus the total other invested assets from Page ~~35~~37, Line ~~105~~L6, Column 8 (General Account) and from Page ~~20~~22, Line ~~105~~L6, Column 8 (Separate Accounts), if applicable and the total for replication (synthetic asset) transactions contained on Page ~~36~~38, Line 0499999, Column 8 (General Account) and Page ~~21~~23, Line 0499999, Column 8 (Separate Accounts).

DEFAULT COMPONENT –
BASIC CONTRIBUTION, RESERVE OBJECTIVE, AND MAXIMUM RESERVE CALCULATIONS

Detail Eliminated To Conserve Space

Section A:

Lines 1
through 7 – Long-Term Bonds, excluding ~~collateralized loan obligations~~CLOs/CBOs/CDOs

Report the book/adjusted carrying value of all bonds and other fixed income instruments owned, excluding unaffiliated and affiliated non-agency CLOs/CBOs/CDOs reported on Schedule D, Part 1, Section 2, Lines 1099999999 and 1109999999 and Schedule DL, Part 1, Lines 1099999999 and 1109999999 in Columns 1 and 4. Categorize the bonds and other fixed income instruments into NAIC designations 1 through 6 as directed by the *Purposes and Procedures Manual of the NAIC Investment Analysis Office*, except that, exempt obligations should be reported separately. Multiply the amount in Column 4 for each designation by the reserve factors provided in Columns 5, 7, and 9, and report the products by designation in Columns 6, 8, and 10, respectively.

~~Line 8 – Intentionally Left Blank~~

Line ~~9~~8 – Total Long-Term Bonds

Column 1 should agree with Page 2, Line 1, Column 3 plus Schedule DL Part 1, Column 6, Line 2009999999 minus Schedule D, Part 1, Section 2, Column 8, Lines 1099999999 and 1109999999 minus Schedule DL, Part 1, Column 6, Lines 1099999999 and 1109999999.

Lines 9
through 14 – Collateralized Loan Obligations (CLOs)/Collateralized Bond Obligations (CBOs)/Collateralized Debt Obligations (CDOs)

Report the book/adjusted carrying value of all collateralized loan obligations, collateralized bond obligations, collateralized debt obligations owned, reported as unaffiliated and affiliated non-agency CLOs/CBOs/CDOs on Schedule D, Part 1, Section 2, Lines 1099999999 and 1109999999 and Schedule DL, Part 1, Lines 1099999999 and 1109999999 in Columns 1 and 4. Categorize the ~~collateralized loan obligations~~ CLOs/CBOs/CDOs into NAIC designations 1 through 6 as directed by the *Purposes and Procedures Manual of the NAIC Investment Analysis Office*. Multiply the amount in Column 4 for each designation by the reserve factors provided in Columns 5, 7, and 9, and report the products by designation in Columns 6, 8, and 10, respectively.

Line 15 – Total ~~Collateralized Loan Obligations~~CLOs/CBOs/CDOs

Column 1 should agree with Schedule D, Part 1, Section 2, Column 8, Lines 1099999999 and 1109999999 plus Schedule DL, Part 1, Lines 1099999999 and 1109999999.

Section B:

Lines 1~~0~~
through ~~15~~8 – Preferred Stocks

Report the book/adjusted carrying value of all preferred stocks owned in Columns 1 and 4. Categorize the preferred stocks into NAIC designations one through six as directed by the NAIC Securities Valuation Office instructions. Multiply the amount in Column 4 for each designation by the reserve factors provided in Columns 5, 7, and 9, and report the products by designation in Columns 6, 8, and 10, respectively.

Line ~~16~~7 – Affiliated Life Insurer with AVR

Report the book/adjusted carrying value of all preferred stocks owned in a controlled or affiliated company, or a subsidiary that is a life or fraternal insurance company that holds an AVR, in Columns 1 and 4. These companies are required to carry their own asset valuation reserve or an equivalent, and therefore the preferred stocks are not required to be included in the asset valuation reserve of an affiliated company.

Line ~~17~~8 – Total Preferred Stocks

Column 1 should agree with Page 2, Line 2.1, Column 3 plus Schedule DL, Part 1, Column 6, Line 4509999999.

Section C:

Lines 1~~8~~ through ~~24~~7 – Short-Term Bonds

Report the book/adjusted carrying value of all short-term bonds and other short-term fixed-income investments (Schedule DA, Part 1 (Line 0509999999) and short-term bonds included on Schedule DL, Part 1, Line 9509999999 owned in Columns 1 and 4. Categorize the short-term bonds and other fixed-income instruments listed in the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* into NAIC designations 1 through 6 as directed by the Securities Valuation Office instructions, except that exempt obligations listed in the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* should be reported separately. Multiply the amount in Column 4 for each designation by the reserve factors provided in Columns 5, 7, and 9, and report the products by designation in Columns 6, 8, and 10, respectively.

Section D:

Lines ~~26~~1 through ~~32~~8 – Derivative Instruments

Report the book/adjusted carrying value exposure to counterparty credit risk associated with the use of derivative instruments, net of acceptable collateral, for all counterparties by each SVO designation, from Schedule DB, Part D, Section 1, Column 8. Multiply the amount in Column 4 for each designation by the reserve factors provided in Columns 5, 7, and 9, and report the products by designation in Columns 6, 8, and 10, respectively.

Line ~~34~~9 – Total

Column 6 must be reported on Page 29, Line 7, Column 1.

Column 8 must be reported on Page 29, Line 10, Column 1.

Column 10 must be reported on Page 29, Line 9, Column 1.

Section E:

Lines ~~35~~1
through ~~57~~23 – Mortgage Loans

The classification methodology for mortgages is outlined in the Life Risk-Based Capital instructions. Report the book/adjusted carrying value of all Schedule B and Schedule DL, Part 1 mortgage loans owned in Column 1. Any related party encumbrances should be deducted in Column 2. Categorize the mortgage loans as indicated on Lines ~~35~~ 1 through ~~57~~23. Report the difference of Column 1 less Column 2 in Column 4. Multiply the amount in Column 4 for each category by the reserve factors in Columns 5, 7, and 9, and report the products by category in Columns 6, 8, and 10, respectively.

NOTE: Related party encumbrances are loans from the reporting entity and the amount deducted in Column 2 should be reflected in Column 2 in the corresponding section of the AVR worksheet. If the affiliated entity to which the loan was made is not wholly owned by the reporting entity, the related party encumbrance amount deducted in Column 2 should be based on the reporting entity's ownership percentage.

Line ~~58~~24 – Total Schedule B Mortgage Loans on Real Estate

Column 1 should agree with Page 2, Line 3.1 + 3.2, Column 3 plus Schedule DL, Part 1, Column 6, Line 9309999999.

Column 6 must be reported on the Asset Valuation Reserve Page, Line 7, Column 2.

Column 8 must be reported on the Asset Valuation Reserve Page, Line 10, Column 2.

Column 10 must be reported on the Asset Valuation Reserve Page, Line 9, Column 2.

EQUITY AND OTHER INVESTED ASSET COMPONENT –
BASIC CONTRIBUTION, RESERVE OBJECTIVE, AND MAXIMUM RESERVE CALCULATIONS

Detail Eliminated To Conserve Space

Section A:

******Drafting Note: Changes in Blanks Proposal 2025-20BWG for Investment Subs are not shown on this proposal but the Common Stock AVR lines will be under Section A.******

Detail Eliminated To Conserve Space

Section B:

Lines 1~~8~~ through ~~20~~3 – Real Estate

Categorize the real estate as indicated on Lines B1~~8~~ through ~~20~~B3. Real estate reported in Schedule DL, Part 1, Line 9209999999 would also be included in this section. Report the sum of Columns 1, 2, and 3 in Column 4. Multiply the amount in Column 4 by the reserve factors provided in Columns 5, 7, and 9 and report the products in Columns 6, 8, and 10, respectively.

NOTE: Related party encumbrances are loans from the reporting entity and the amount reflected in Column 2 should be deducted in Column 2 in the corresponding section of the AVR worksheet. If the real estate entity to which the loan was made is not wholly owned by the reporting entity, the related party encumbrance amount reflected in Column 2 should be based on the reporting entity's ownership percentage. The amount of the third-party encumbrances without recourse to be reflected in Column 3 is limited to the extent that the maximum reserve (Column 6) should not exceed the sum of the book/adjusted carrying value (Column 1) plus related party encumbrances (Column 2) and third-party encumbrances with recourse which are included in Column 3.

Line ~~21~~4 – Total Real Estate

The Columns 6, 8, and 10 amounts must be combined with Line 83, Columns 6, 8, and 10 amounts and reported on the Asset Valuation Reserve Page, Lines 7, 10, and 9, Column 5.

Section C:

Lines ~~22~~1 through ~~28~~7 – Other Invested Assets with Underlying Characteristics of Bonds

Report the book/adjusted carrying value of all Schedule BA assets owned where the characteristics of the underlying investment are similar to bonds (Lines 0199999, 0299999, 0599999, 0699999, 0999999, 1099999, 1399999, and 1499999) that have been valued according to the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* in Columns 1 and 4. Follow the SVO guidelines and categorize these assets into NAIC designations one through six as directed by the NAIC Securities Valuation Office instructions, except those exempt obligations (as listed in the AVR instructions for Line 2) which should be reported separately. Multiply the amount in Column 4 for each designation by the reserve factors provided in Columns 5, 7, and 9 and report the products by designation in Columns 6, 8, and 10, respectively.

Section D:

Lines ~~30~~1
through ~~358~~7 – Other Invested Assets with Underlying Characteristics of Preferred Stocks

Report the book/adjusted carrying value of all Schedule BA assets owned where the characteristics of the underlying investment are similar to preferred stocks (Lines 1799999 and 1899999). Multiply the amount in Column 4 for each designation by the reserve factors provided in Columns 5, 7, and 9, and report the products by designation in Columns 6, 8, and 10, respectively.

Section E:

Lines ~~38~~1
through ~~63~~2~~6~~7 – Other Invested Assets with Underlying Characteristics of Mortgage Loans

Report the book/adjusted carrying value of all Schedule BA assets owned where the characteristics of the underlying investment are similar to mortgage loans (Lines 2399999 and 2499999), excluding any mortgage-backed/asset-backed securities included in Lines ~~22~~ C1 through ~~28~~ C7 above, in Columns 1 and 4. Categorize the mortgage loans as indicated in Lines ~~38~~ E1 through ~~55E18~~E27.

For Lines ~~38~~ E1 through ~~63~~E27, the classification methodology for mortgages is outlined in the Life Risk-Based Capital instructions. Multiply the amount in Column 4 for each category by the reserve factors in Columns 5, 7, and 9, Lines ~~38~~ E1 through ~~63~~E27. Report the products by category in Columns 6, 8, and 10, respectively.

Section F:

Lines ~~65~~1
through ~~69~~5 – Other Invested Assets with Underlying Characteristics of Common Stocks

Report the book/adjusted carrying value of all Schedule BA assets owned where the characteristics of the underlying investments are similar to common stock (Lines 1999999 and 2099999) in Columns 1 and 4. Line ~~68~~ F4 should show all Schedule BA assets owned where the characteristics of the underlying investments are similar to subsidiary, controlled or affiliated company common stocks owned and these assets should be valued according to the *SSAP No. 48—Joint Ventures, Partnerships or Limited Liability Companies*. Categorize these assets consistent with the directions for Pages ~~32~~ 34 and ~~33~~35, Lines A1 through A4, A15, and A16. For Line ~~65~~F1, the reserve factor must be calculated on an individual company basis. It is equal to 15.8% times the beta factor as discussed in the Pages ~~32~~ 34 and ~~33~~35, Line A1 instructions, and must be at least 12.15% but not more than 24.31%. Multiply the amount in Column 4 by the calculated reserve factors in Columns 5, 7, and 9 and report the products in Columns 6, 8, and 10, respectively. For Lines 66 through 69, multiply the amounts in Column 4 by the reserve factors provided in Columns 5, 7, and 9 and report the products in Columns 6, 8, and 10, respectively.

Section G:

Line ~~7~~4 – Total Other Invested Assets with Underlying Characteristics of Real Estate

Report the book/adjusted carrying value of all Schedule BA assets owned where the characteristics of the underlying investment are similar to real estate (Lines 2199999 and 2299999 items that are not reported in AVR category of Other Invested Assets with Underlying Characteristics of Mortgage Loans) in Column 1, any related encumbrances on these assets in Column 2, and any third-party encumbrances on these assets in Column 3. Report the sum of Columns 1, 2, and 3 in Column 4. Column 4 may not be less than zero. Multiply the amount in Column 4 by the reserve factors provided in Columns 5, 7, and 9 and report the products in Columns 6, 8, and 10, respectively.

NOTE: Related party encumbrances are loans from the reporting entity and the amount reflected in Column 2 should be deducted in Column 2 in the corresponding section of the AVR worksheet. If the real estate entity to which the loan was made is not wholly owned by the reporting entity, the related party encumbrance amount reflected in Column 2 should be based on the reporting entity's ownership percentage. The amount of the third-party encumbrances without recourse to be reflected in Column 3 is limited to the extent that the maximum reserve (Column 10) should not exceed the sum of the book/adjusted carrying value (Column 1) plus related party encumbrances (Column 2) and third party encumbrances with recourse which are included in Column 3.

Section H:

Lines ~~75~~1 through ~~79~~5 – Investments in Tax Credit Structures

Report Column 1 in accordance with *SSAP No. 93—Investments in Tax Credit Structures*.

Investments in tax credit structures (tax credit investments) must meet the requirements of SSAP No. 93 to be reported on Lines ~~75~~ H1 through ~~79~~H5.

Only tax credits investments which issue federal tax credits and have the following risk mitigation factors can be reported as qualifying federal tax credit investments on Line ~~76~~H2:

I. A level of leverage below 50%. For a tax credit investment fund, the level of leverage is measured at the fund level.

II. There is a Tax Credit Guarantee Agreement, or equivalent insurance acquired, at arm's length, by the investor. This agreement requires the General Partner, managing member, developer, or insurer to reimburse investors for any shortfalls in tax credits due to errors of compliance, for the duration of the regulatory compliance period of the tax credit program. For a tax credit investment fund, a Tax Credit Guarantee Agreement is required from the developers of the lower tier projects to the upper tier partnership.

III. There are sufficient operating reserves, capital replacement reserves and/or operating deficit guarantees present to mitigate foreseeable loss risks as of the current reporting period.

Line ~~76~~ H2 should equal Schedule BA, Part 1, Column 12, Line 3799999 + Line 3899999.

Only tax credit investments which issue state tax credits and, at a minimum, have an all-inclusive guarantee from a CRP-rated entity that guarantees the yield on the investment can be reported as yield guaranteed state investments on Line ~~75~~H1. Line ~~75~~ H1 should equal Schedule BA, Part 1, Column 12, Line 3599999 + Line 3699999.

Tax credit investments which issue state tax credits and, at a minimum, meet the same requirements for qualifying federal tax credit investments (as detailed above) should be reported as qualifying state tax credit investments on Line ~~77~~H3. Line ~~77~~ H3 should equal Schedule BA, Part 1, Column 12, Line 3999999 + Line 4099999.

All other tax credit investments which cannot be reported on Lines ~~75~~ H1 through ~~77~~ H3 should be reported as other tax credit investments on Line ~~78~~H4. Line ~~78~~ H4 should equal Schedule BA, Part 1, Column 12, Line 4199999 + Line 4299999.

Multiply the amount in Column 4 for each category by the reserve factors for Page ~~35~~36, Columns 5, 7, and 9, Lines ~~75~~ H1 through ~~78~~H4. Report the products by category in Columns 6, 8, and 10, respectively.

Section I:

Lines ~~80~~1 through ~~90~~13 – Residual Tranches or Interests

Line ~~80~~1 – Bonds – Unaffiliated

Report the book/adjusted carrying value of all Schedule BA assets in Line 4499999 in Columns 1 and 4. Multiply the amount in Column 4 by the calculated reserve factors in Columns 5, 7, and 9 and report the products in Columns 6, 8, and 10, respectively

Line ~~81~~2 – Bonds – Affiliated

Report the book/adjusted carrying value of all Schedule BA assets in Line 4599999 in Columns 1 and 4. Multiply the amount in Column 4 by the calculated reserve factors in Columns 5, 7, and 9 and report the products in Columns 6, 8, and 10, respectively.

Line ~~82~~3 – Common Stock – Unaffiliated

Report the book/adjusted carrying value of all Schedule BA assets in Line 4899999 in Columns 1 and 4. Multiply the amount in Column 4 by the calculated reserve factors in Columns 5, 7, and 9 and report the products in Columns 6, 8, and 10, respectively.

Line ~~83~~4 – Common Stock – Affiliated

Report the book/adjusted carrying value of all Schedule BA assets in Line 4999999 in Columns 1 and 4. Multiply the amount in Column 4 by the calculated reserve factors in Columns 5, 7, and 9 and report the products in Columns 6, 8, and 10, respectively.

Line ~~84~~5 – Preferred Stock – Unaffiliated

Report the book/adjusted carrying value of all Schedule BA assets in Line 4699999 in Columns 1 and 4. Multiply the amount in Column 4 by the calculated reserve factors in Columns 5, 7, and 9 and report the products in Columns 6, 8, and 10, respectively.

Line ~~85~~6 – Preferred Stock – Affiliated

Report the book/adjusted carrying value of all Schedule BA assets in Line 4799999 in Columns 1 and 4. Multiply the amount in Column 4 by the calculated reserve factors in Columns 5, 7, and 9 and report the products in Columns 6, 8, and 10, respectively.

Line ~~86~~7 – Real Estate – Unaffiliated

Report the book/adjusted carrying value of all Schedule BA assets in Line 5099999 in Column 1, any related encumbrances on these assets in Column 2, and any third-party encumbrances on these assets in Column 3. Report the sum of Columns 1, 2, and 3 in Column 4. Column 4 may not be less than zero. Multiply the amount in Column 4 by the reserve factors provided in Columns 5, 7, and 9 and report the products in Columns 6, 8, and 10, respectively.

Line ~~87~~8 – Real Estate – Affiliated

Report the book/adjusted carrying value of all Schedule BA assets in Line 5199999 in Column 1, any related encumbrances on these assets in Column 2, and any third-party encumbrances on these assets in Column 3. Report the sum of Columns 1, 2, and 3 in Column 4. Column 4 may not be less than zero. Multiply the amount in Column 4 by the reserve factors provided in Columns 5, 7, and 9 and report the products in Columns 6, 8, and 10, respectively.

Line ~~88~~9 – Mortgage Loans – Unaffiliated

Report the book/adjusted carrying value of all Schedule BA assets in Line 5299999 in Columns 1 and 4. Multiply the amount in Column 4 by the reserve factors in Columns 5, 7, and 9. Report the products in Columns 6, 8, and 10, respectively.

Line ~~89~~10 – Mortgage Loans – Affiliated

Report the book/adjusted carrying value of all Schedule BA assets in Line 5399999 in Columns 1 and 4. Multiply the amount in Column 4 by the reserve factors in Columns 5, 7, and 9. Report the products in Columns 6, 8, and 10, respectively.

Line ~~90~~11 – Other – Unaffiliated

Report the book/adjusted carrying value of all Schedule BA assets in Line 5499999 in Columns 1 and 4. Multiply the amount in Column 4 by the reserve factors in Columns 5, 7, and 9. Report the products in Columns 6, 8, and 10, respectively.

Line ~~91~~12 – Other – Affiliated

Report the book/adjusted carrying value of all Schedule BA assets in Line 5599999 in Columns 1 and 4. Multiply the amount in Column 4 by the reserve factors in Columns 5, 7, and 9. Report the products in Columns 6, 8, and 10, respectively.

Section J:

Lines ~~93~~1
through ~~99~~7 – Surplus Notes and Capital Notes

Report the book/adjusted carrying value of all Schedule BA assets owned where the characteristics of the underlying investment are similar to surplus notes and capital notes in Columns 1 and 4. Use the Credit Rating Provider (CRP) rating to categorize these assets as if the SVO had assigned an NAIC designation of 1 through 6. If no CRP rating, then report based on the reporting entity's assumption of credit risk. Multiply the amount in Column 4 for each designation by the reserve factors provided in Columns 5, 7, and 9, and report the products by designation in Columns 6, 8, and 10, respectively.

Section K:

Lines 1~~00~~
through ~~112~~13 – Collateral Loans

Line ~~100~~1 – Backed by Mortgage Loans – Unaffiliated

Report the book/adjusted carrying value of all Schedule BA assets in Line 3199999 in Columns 1 and 4. Multiply the amount in Column 4 by the reserve factors in Columns 5, 7 and 9. Report the products in Columns 6, 8 and 10, respectively.

Line ~~101~~2 – Backed by Mortgage Loans – Affiliated

Report the book/adjusted carrying value of all Schedule BA assets in Line 3299999 in Columns 1 and 4. Multiply the amount in Column 4 by the reserve factors in Columns 5, 7 and 9. Report the products in Columns 6, 8 and 10, respectively.

Line ~~102~~3 – Backed by Investments in Joint Ventures, Partnerships or Limited Liability Companies – Unaffiliated

Report the book/adjusted carrying value of all Schedule BA assets in Line 3399999 in Columns 1 and 4. Multiply the amount in Column 4 by the reserve factors in Columns 5, 7 and 9. Report the products in Columns 6, 8 and 10, respectively.

Line ~~103~~4 – Backed by Investments in Joint Ventures, Partnerships or Limited Liability Companies – Affiliated

Report the book/adjusted carrying value of all Schedule BA assets in Line 3499999 in Columns 1 and 4. Multiply the amount in Column 4 by the reserve factors in Columns 5, 7 and 9. Report the products in Columns 6, 8 and 10, respectively.

Line ~~104~~5 – Backed by Residual Tranches or Interests – Unaffiliated

Report the book/adjusted carrying value of all Schedule BA assets in Line 3599999 in Columns 1 and 4. Multiply the amount in Column 4 by the reserve factors in Columns 5, 7 and 9. Report the products in Columns 6, 8 and 10, respectively.

Line ~~105~~6 – Backed by Residual Tranches or Interests – Affiliated

Report the book/adjusted carrying value of all Schedule BA assets in Line 3699999 in Columns 1 and 4. Multiply the amount in Column 4 by the reserve factors in Columns 5, 7 and 9. Report the products in Columns 6, 8 and 10, respectively.

Line ~~106~~7 – Backed by Debt Securities – Unaffiliated

Report the book/adjusted carrying value of all Schedule BA assets in Line 3799999 in Columns 1 and 4. Multiply the amount in Column 4 by the reserve factors in Columns 5, 7 and 9. Report the products in Columns 6, 8 and 10, respectively.

Line ~~107~~8 – Backed by Debt Securities – Affiliated

Report the book/adjusted carrying value of all Schedule BA assets in Line 3899999 in Columns 1 and 4. Multiply the amount in Column 4 by the reserve factors in Columns 5, 7 and 9. Report the products in Columns 6, 8 and 10, respectively.

Line ~~108~~9 – Backed by Real Estate – Unaffiliated

Report the book/adjusted carrying value of all Schedule BA assets in Line 3999999 in Columns 1 and 4. Multiply the amount in Column 4 by the reserve factors in Columns 5, 7 and 9. Report the products in Columns 6, 8 and 10, respectively.

Line ~~109~~10 – Backed by Real Estate – Affiliated

Report the book/adjusted carrying value of all Schedule BA assets in Line 4099999 in Columns 1 and 4. Multiply the amount in Column 4 by the reserve factors in Columns 5, 7 and 9. Report the products in Columns 6, 8 and 10, respectively.

Line ~~110~~11 – Collateral Loans – All Other – Unaffiliated

Report the book/adjusted carrying value of all Schedule BA assets in Line 4199999 in Columns 1 and 4. Multiply the amount in Column 4 by the reserve factors in Columns 5, 7 and 9. Report the products in Columns 6, 8 and 10, respectively.

Line ~~11~~12 – Collateral Loans – All Other – Affiliated

Report the book/adjusted carrying value of all Schedule BA assets in Line 4299999 in Columns 1 and 4. Multiply the amount in Column 4 by the reserve factors in Columns 5, 7 and 9. Report the products in Columns 6, 8 and 10, respectively.

Section L:

Line ~~100~~ 1 & ~~101~~2 – Working Capital Finance Investments

Report the book/adjusted carrying value of all working capital finance investments owned (Schedule BA, Part 1, Line 4399999) in Columns 1 and 4. Categorize the working capital finance investments into NAIC designations 1 or 2 as directed by the *Purposes and Procedures Manual of the NAIC Investment Analysis Office*. Multiply the amount in Column 4 for each designation by the reserve factors provided in Columns 5, 7, and 9, and report the products by designation in Columns 6, 8, and 10, respectively.

Line ~~102~~3 – Other Invested Assets – Schedule BA

Report the book/adjusted carrying value of all other Schedule BA investments owned that cannot be classified into one of the above categories in Column 1 and any encumbrances on these assets in Column 3. Schedule DL, Part 1 investments reported on Line 9409999999 would be included in this total if not classified in one of the above categories. Collateral loans (Lines 3199999 and 3299999) have been intentionally excluded from this total. Multiply the amount in Column 4 by the reserve factors provided in Columns 5, 7, and 9, and report the products in Columns 6, 8, and 10, respectively.

Line ~~103~~4 – Other Short-Term Invested Assets – Schedule DA

Report the book/adjusted carrying value of all other Schedule DA (Lines 7029999999 and 7509999999) and Schedule DL, Part 1 (Line 9509999999) assets owned that cannot be classified into one of the above categories in Column 1 and any encumbrances on these assets in Column 3. Report the sum of Columns 1 and 3 in Column 4. Multiply the amount on Column 4 by the reserve factors provided in Columns 5, 7, and 9 and report the products in Columns 6, 8, and 10, respectively.

Line ~~105~~6 – Total Other Invested Assets – Schedules BA & DA

The Columns 6, 8, and 10 amounts must be combined with Columns 6, 8, and 10, Line ~~21~~ B4 amounts and reported on the Asset Valuation Reserve Page, Column 5, Lines 7, 10, and 9, respectively.

NOTE: Other invested asset reserves will be calculated based on the nature of the underlying investments related to the Schedule BA and Schedule DA assets. Assets should be categorized as if the company owned the underlying investment. For example:

- Mortgage participation certificates and similar holdings should be classified as fixed income assets.
- Gas and oil production and mineral rights have potential variability of return and should be categorized as equity investments.
- Partnership investments should be classified as fixed or equity investments or as equity real estate, depending on the purpose of the partnership. The maximum AVR factor would be that appropriate for the asset classification.
- A "look through" approach should be taken for any Schedule BA and Schedule DA assets not specifically listed, so as to reflect in the AVR calculation the essential nature of the investments.

ANNUAL STATEMENT INSTRUCTIONS – LIFE/FRATERNAL, HEALTH, PROPERTY, TITLE, SEPARATE ACCOUNTS, AND PROTECTED CELL

SCHEDULE D – PART 1 – SECTION 2

ASSET-BACKED SECURITIES OWNED DECEMBER 31 OF CURRENT YEAR

Detail Eliminated To Conserve Space

NAIC Designation Category Footnote:

Provide the total book/adjusted carrying value amount by NAIC Designation Category that represents the amount reported in Column 8.

The sum of the amounts reported for each NAIC Designation Category in the footnote should equal Line 1909999999.

~~Collateralized Loan Obligation~~CLOs/CBOs/CDOs Footnote:

Report the book/adjusted carrying value amount by NAIC Designation Category of all ~~collateralized loan obligations~~CLOs/CBOs/CDOs owned reported in Lines 1099999999 and 1109999999

ANNUAL STATEMENT BLANK – LIFE/FRATERNAL AND SEPARATE ACCOUNTS

ASSET VALUATION RESERVE

BASIC CONTRIBUTION, RESERVE OBJECTIVE AND MAXIMUM RESERVE CALCULATIONS

DEFAULT COMPONENT

Line Number	NAIC Desig-nation	Description	1 Book/ Adjusted Carrying Value	2 Reclassify Related Party Encumbrances	3 Add Third Party Encumbrances	4 Balance for AVR Reserve Calculations (Cols. 1+2+3)	Basic Contribution 5 Factor	Basic Contribution 6 Amount (Cols. 4x5)	Reserve Objective 7 Factor	Reserve Objective 8 Amount (Cols. 4x7)	Maximum Reserve 9 Factor	Maximum Reserve 10 Amount (Cols. 4x9)
SECTION A		LONG-TERM BONDS EXCLUDING ~~COLLATERALIZED LOAN OBLIGATIONS~~CLOs/CBOs/CDOs										
1		Exempt obligations		XXX	XXX		0.0000		0.0000		0.0000	
2.1	1	NAIC Designation Category 1.A	....	XXX	XXX	....	0.0002	....	0.0007	....	0.0013	....
2.2	1	NAIC Designation Category 1.B	....	XXX	XXX	....	0.0004	....	0.0011	....	0.0023	....
2.3	1	NAIC Designation Category 1.C	....	XXX	XXX	....	0.0006	....	0.0018	....	0.0035	....
2.4	1	NAIC Designation Category 1.D	....	XXX	XXX	....	0.0007	....	0.0022	....	0.0044	....
2.5	1	NAIC Designation Category 1.E	....	XXX	XXX	....	0.0009	....	0.0027	....	0.0055	....
2.6	1	NAIC Designation Category 1.F	....	XXX	XXX	....	0.0011	....	0.0034	....	0.0068	....
2.7	1	NAIC Designation Category 1.G		XXX	XXX		0.0014		0.0042		0.0085	
2.8		Subtotal NAIC 1 (Sum of Lines A2.1~~+2.2+2.3+2.4+2.5+2.6+~~ through A2.7)		XXX	XXX		XXX		XXX		XXX	
3.1	2	NAIC Designation Category 2.A	....	XXX	XXX	....	0.0021	....	0.0063	....	0.0105	....
3.2	2	NAIC Designation Category 2.B	....	XXX	XXX	....	0.0025	....	0.0076	....	0.0127	....
3.3	2	NAIC Designation Category 2.C		XXX	XXX		0.0036		0.0108		0.0180	
3.4		Subtotal NAIC 2 (Sum of Lines A3.1~~+3.2+~~ through A3.3)		XXX	XXX		XXX		XXX		XXX	
4.1	3	NAIC Designation Category 3.A	....	XXX	XXX	....	0.0069	....	0.0183	....	0.0262	....
4.2	3	NAIC Designation Category 3.B	....	XXX	XXX	....	0.0099	....	0.0264	....	0.0377	....
4.3	3	NAIC Designation Category 3.C		XXX	XXX		0.0131		0.0350		0.0500	
4.4		Subtotal NAIC 3 (Sum of Lines A4.1~~+4.2+~~ through A4.3)		XXX	XXX		XXX		XXX		XXX	
5.1	4	NAIC Designation Category 4.A	....	XXX	XXX	....	0.0184	....	0.0430	....	0.0615	....
5.2	4	NAIC Designation Category 4.B	....	XXX	XXX	....	0.0238	....	0.0555	....	0.0793	....
5.3	4	NAIC Designation Category 4.C		XXX	XXX		0.0310		0.0724		0.1034	
5.4		Subtotal NAIC 4 (Sum of Lines A5.1~~+5.2+~~ through A5.3)		XXX	XXX		XXX		XXX		XXX	
6.1	5	NAIC Designation Category 5.A	....	XXX	XXX	....	0.0472	....	0.0846	....	0.1410	....
6.2	5	NAIC Designation Category 5.B	....	XXX	XXX	....	0.0663	....	0.1188	....	0.1980	....
6.3	5	NAIC Designation Category 5.C		XXX	XXX		0.0836		0.1498		0.2496	
6.4		Subtotal NAIC 5 (Sum of Lines A6.1~~+6.2+~~ through A6.3)		XXX	XXX		XXX		XXX		XXX	
7	6	NAIC 6		XXX	XXX		0.0000		0.2370		0.2370	
~~8~~		~~Intentionally left blank~~	~~XXX~~	~~XXX~~	~~XXX~~	~~XXX~~	~~XXX~~	~~XXX~~	~~XXX~~	~~XXX~~	~~XXX~~	~~XXX~~
~~9~~8		Total long-term bonds excluding CLOs/CBOs/CDOs (Sum of Lines A1+A2.8+A3.4+A4.4+A5.4+A6.4 +A7~~+8~~)		XXX	XXX		XXX		XXX		XXX	

ASSET VALUATION RESERVE (Continued)
BASIC CONTRIBUTION, RESERVE OBJECTIVE AND MAXIMUM RESERVE CALCULATIONS
DEFAULT COMPONENT

Line Number	NAIC Designation	Description	1 Book/ Adjusted Carrying Value	2 Reclassify Related Party Encumbrances	3 Add Third Party Encumbrances	4 Balance for AVR Reserve Calculations (Cols. 1+2+3)	Basic Contribution 5 Factor	Basic Contribution 6 Amount (Cols. 4x5)	Reserve Objective 7 Factor	Reserve Objective 8 Amount (Cols. 4x7)	Maximum Reserve 9 Factor	Maximum Reserve 10 Amount (Cols. 4x9)
SECTION A (Continued		~~COLLATERAL LOAN OBLIGATIONS~~CLOs/CBOs/CDOs										
9.1	1	NAIC Designation Category 1.A	....	XXX	XXX	....	0.0002	....	0.0007	....	0.0013	....
9.2	1	NAIC Designation Category 1.B	....	XXX	XXX	....	0.0004	....	0.0011	....	0.0023	....
9.3	1	NAIC Designation Category 1.C	....	XXX	XXX	....	0.0006	....	0.0018	....	0.0035	....
9.4	1	NAIC Designation Category 1.D	....	XXX	XXX	....	0.0007	....	0.0022	....	0.0044	....
9.5	1	NAIC Designation Category 1.E....................	....	XXX	XXX	....	0.0009	....	0.0027	....	0.0055	....
9.6	1	NAIC Designation Category 1.F....................	....	XXX	XXX	....	0.0011	....	0.0034	....	0.0068	....
9.7	1	NAIC Designation Category 1.G		XXX	XXX		0.0014		0.0042		0.0085	
9.8		Subtotal NAIC 1 (Sum of Lines A9.1 through A9.7)		XXX	XXX		XXX		XXX		XXX	
10.1	2	NAIC Designation Category 2.A	....	XXX	XXX	....	0.0021	....	0.0063	....	0.0105	....
10.2	2	NAIC Designation Category 2.B	....	XXX	XXX	....	0.0025	....	0.0076	....	0.0127	....
10.3	2	NAIC Designation Category 2.C		XXX	XXX		0.0036		0.0108		0.0180	
10.4		Subtotal NAIC 2 (Sum of Lines A10.1 through A10.3)		XXX	XXX		XXX		XXX		XXX	
11.1	3	NAIC Designation Category 3.A	....	XXX	XXX	....	0.0069	....	0.0183	....	0.0262	....
11.2	3	NAIC Designation Category 3.B	....	XXX	XXX	....	0.0099	....	0.0264	....	0.0377	....
11.3	3	NAIC Designation Category 3.C		XXX	XXX		0.0131		0.0350		0.0500	
11.4		Subtotal NAIC 3 (Sum of Lines A11.1 through A11.3)		XXX	XXX		XXX		XXX		XXX	
12.1	4	NAIC Designation Category 4.A	....	XXX	XXX	....	0.0184	....	0.0430	....	0.0615	....
12.2	4	NAIC Designation Category 4.B	....	XXX	XXX	....	0.0238	....	0.0555	....	0.0793	....
12.3	4	NAIC Designation Category 4.C		XXX	XXX		0.0310		0.0724		0.1034	
12.4		Subtotal NAIC 4 (Sum of Lines A12.1 through A12.3)		XXX	XXX		XXX		XXX		XXX	
13.1	5	NAIC Designation Category 5.A	....	XXX	XXX	....	0.0472	....	0.0846	....	0.1410	....
13.2	5	NAIC Designation Category 5.B	....	XXX	XXX	....	0.0663	....	0.1188	....	0.1980	....
13.3	5	NAIC Designation Category 5.C		XXX	XXX		0.0836		0.1498		0.2496	
13.4		Subtotal NAIC 5 (Sum of Lines A13.1 through A13.3)		XXX	XXX		XXX		XXX		XXX	
14	6	NAIC 6		XXX	XXX		0.0000		0.2370		0.2370	
15		Total ~~collateral loan obligations~~CLOs/CBOs/CDOs (Sum of Lines A9.8+A10.4+A11.4+A12.4+A13.4 +A14)		XXX	XXX		XXX		XXX		XXX	
16		Total long-term bonds ~~and collateral loan obligations~~ including CLOs/CBOs/CDOs (Sum of 8+15)		XXX	XXX		XXX		XXX		XXX	
SECTION B		PREFERRED STOCKS										
1~~0~~	1	Highest quality	....	XXX	XXX	....	0.0005	....	0.0016	....	0.0033	....
~~11~~2	2	High quality	....	XXX	XXX	....	0.0021	....	0.0064	....	0.0106	....
~~12~~3	3	Medium quality	....	XXX	XXX	....	0.0099	....	0.0263	....	0.0376	....
~~13~~4	4	Low quality	....	XXX	XXX	....	0.0245	....	0.0572	....	0.0817	....
~~14~~5	5	Lower quality	....	XXX	XXX	....	0.0630	....	0.1128	....	0.1880	....
~~15~~6	6	In or near default	....	XXX	XXX	....	0.0000	....	0.2370	....	0.2370	....
~~16~~7		Affiliated life with AVR		XXX	XXX		0.0000		0.0000		0.0000	
~~17~~8		Total preferred stocks (Sum of Lines B1~~0~~ through B7~~16~~)		XXX	XXX		XXX		XXX		XXX	

ASSET VALUATION RESERVE (Continued)
BASIC CONTRIBUTION, RESERVE OBJECTIVE AND MAXIMUM RESERVE CALCULATIONS
DEFAULT COMPONENT

			1	2	3	4	Basic Contribution		Reserve Objective		Maximum Reserve	
Line Number	NAIC Desig-nation	Description	Book/ Adjusted Carrying Value	Reclassify Related Party Encumbrances	Add Third Party Encumbrances	Balance for AVR Reserve Calculations (Cols. 1+2+3)	5 Factor	6 Amount (Cols. 4x5)	7 Factor	8 Amount (Cols. 4x7)	9 Factor	10 Amount (Cols. 4x9)
SECTION C		SHORT-TERM BONDS										
1~~8~~		Exempt obligations		XXX	XXX		0.0000		0.0000		0.0000	
~~19~~2.1	1	NAIC Designation Category 1.A	....	XXX	XXX	....	0.0002	....	0.0007	....	0.0013	....
~~19~~2.2	1	NAIC Designation Category 1.B	....	XXX	XXX	....	0.0004	....	0.0011	....	0.0023	....
~~19~~2.3	1	NAIC Designation Category 1.C	....	XXX	XXX	....	0.0006	....	0.0018	....	0.0035	....
~~19~~2.4	1	NAIC Designation Category 1.D	....	XXX	XXX	....	0.0007	....	0.0022	....	0.0044	....
~~19~~2.5	1	NAIC Designation Category 1.E	....	XXX	XXX	....	0.0009	....	0.0027	....	0.0055	....
~~19~~2.6	1	NAIC Designation Category 1.F	....	XXX	XXX	....	0.0011	....	0.0034	....	0.0068	....
~~19~~2.7	1	NAIC Designation Category 1.G		XXX	XXX		0.0014		0.0042		0.0085	
~~19~~2.8		Subtotal NAIC 1 (~~19.1+19.2+19.3+19.4+19.5+19.6+19.7~~Sum of Lines C2.1 through C2.7)		XXX	XXX		XXX		XXX		XXX	
~~20~~3.1	2	NAIC Designation Category 2.A	....	XXX	XXX	....	0.0021	....	0.0063	....	0.0105	....
~~20~~3.2	2	NAIC Designation Category 2.B	....	XXX	XXX	....	0.0025	....	0.0076	....	0.0127	....
~~20~~3.3	2	NAIC Designation Category 2.C		XXX	XXX		0.0036		0.0108		0.0180	
~~20~~3.4		Subtotal NAIC 2 (~~20.1+20.2+20.3~~Sum of Lines C3.1 through C3.3)		XXX	XXX		XXX		XXX		XXX	
~~21~~4.1	3	NAIC Designation Category 3.A	....	XXX	XXX	....	0.0069	....	0.0183	....	0.0262	....
~~21~~4.2	3	NAIC Designation Category 3.B	....	XXX	XXX	....	0.0099	....	0.0264	....	0.0377	....
~~21~~4.3	3	NAIC Designation Category 3.C		XXX	XXX		0.0131		0.0350		0.0500	
~~21~~4.4		Subtotal NAIC 3 (Sum of Lines C4.1 through C4.3~~21.1+21.2+21.3~~)		XXX	XXX		XXX		XXX		XXX	
~~22~~5.1	4	NAIC Designation Category 4.A	....	XXX	XXX	....	0.0184	....	0.0430	....	0.0615	....
~~22~~5.2	4	NAIC Designation Category 4.B	....	XXX	XXX	....	0.0238	....	0.0555	....	0.0793	....
~~22~~5.3	4	NAIC Designation Category 4.C		XXX	XXX		0.0310		0.0724		0.1034	
~~22~~5.4		Subtotal NAIC 4 (Sum of Lines C5.1 through C5.3~~22.1+22.2+22.3~~)		XXX	XXX		XXX		XXX		XXX	
~~23~~6.1	5	NAIC Designation Category 5.A	....	XXX	XXX	....	0.0472	....	0.0846	....	0.1410	....
~~23~~6.2	5	NAIC Designation Category 5.B	....	XXX	XXX	....	0.0663	....	0.1188	....	0.1980	....
~~23~~6.3	5	NAIC Designation Category 5.C		XXX	XXX		0.0836		0.1498		0.2496	
~~23~~6.4		Subtotal NAIC 5 (Sum of Lines C6.1 through C6.3~~23.1+23.2+23.3~~)		XXX	XXX		XXX		XXX		XXX	
~~24~~7	6	NAIC 6		XXX	XXX		0.0000		0.2370		0.2370	
~~25~~8		Total short-term bonds (Sum of Lines C1, C2.8, C3.4, C4.4, C5.4, C6.4 and C7~~18+19.8+20.4+21.4+22.4+23.4+24~~)		XXX	XXX		XXX		XXX		XXX	
SECTION D		DERIVATIVE INSTRUMENTS										
~~26~~1		Exchange traded	....	XXX	XXX	....	0.0005	....	0.0016	....	0.0033	....
~~27~~2	1	Highest quality	....	XXX	XXX	....	0.0005	....	0.0016	....	0.0033	....
~~28~~3	2	High quality	....	XXX	XXX	....	0.0021	....	0.0064	....	0.0106	....
~~29~~4	3	Medium quality	....	XXX	XXX	....	0.0099	....	0.0263	....	0.0376	....
~~30~~5	4	Low quality	....	XXX	XXX	....	0.0245	....	0.0572	....	0.0817	....
~~31~~6	5	Lower quality	....	XXX	XXX	....	0.0630	....	0.1128	....	0.1880	....
~~32~~7	6	In or near default		XXX	XXX		0.0000		0.2370		0.2370	
~~33~~8		Total derivative instruments		XXX	XXX		XXX		XXX		XXX	
~~34~~9		Total (Sum of Lines ~~9+ 17+ 25+ 33~~D1 through D8)		XXX	XXX		XXX		XXX		XXX	

ASSET VALUATION RESERVE (Continued)
BASIC CONTRIBUTION, RESERVE OBJECTIVE AND MAXIMUM RESERVE CALCULATIONS
DEFAULT COMPONENT

			1	2	3	4	Basic Contribution		Reserve Objective		Maximum Reserve	
Line Number	NAIC Designation	Description	Book/ Adjusted Carrying Value	Reclassify Related Party Encumbrances	Add Third Party Encumbrances	Balance for AVR Reserve Calculations (Cols. 1+2+3)	5 Factor	6 Amount (Cols. 4x5)	7 Factor	8 Amount (Cols. 4x7)	9 Factor	10 Amount (Cols. 4x9)
SECTION E		MORTGAGE LOANS										
		In Good Standing:										
~~35~~1		Farm mortgages – CM1 – highest quality	...	...	XXX	...	0.0011	...	0.0057	...	0.0074	...
~~36~~2		Farm mortgages – CM2 – high quality	...	...	XXX	...	0.0040	...	0.0114	...	0.0149	...
~~37~~3		Farm mortgages – CM3 – medium quality	...	...	XXX	...	0.0069	...	0.0200	...	0.0257	...
~~38~~4		Farm mortgages – CM4 – low medium quality	...	...	XXX	...	0.0120	...	0.0343	...	0.0428	...
~~39~~5		Farm mortgages – CM5 – low quality	...	...	XXX	...	0.0183	...	0.0486	...	0.0628	...
~~40~~6		Residential mortgages – insured or guaranteed	...	...	XXX	...	0.0003	...	0.0007	...	0.0011	...
~~41~~7		Residential mortgages – all other	...	...	XXX	...	0.0015	...	0.0034	...	0.0046	...
~~42~~8		Commercial mortgages – insured or guaranteed	...	...	XXX	...	0.0003	...	0.0007	...	0.0011	...
~~43~~9		Commercial mortgages – all other – CM1 – highest quality	...	...	XXX	...	0.0011	...	0.0057	...	0.0074	...
~~44~~10		Commercial mortgages – all other – CM2 – high quality	...	...	XXX	...	0.0040	...	0.0114	...	0.0149	...
~~45~~11		Commercial mortgages – all other – CM3 – medium quality	...	...	XXX	...	0.0069	...	0.0200	...	0.0257	...
~~46~~12		Commercial mortgages – all other – CM4 – low medium quality	...	...	XXX	...	0.0120	...	0.0343	...	0.0428	...
~~47~~13		Commercial mortgages – all other – CM5 – low quality	...	...	XXX	...	0.0183	...	0.0486	...	0.0628	...
		Overdue, Not in Process:										
~~48~~14		Farm mortgages	...	...	XXX	...	0.0480	...	0.0868	...	0.1371	...
~~49~~15		Residential mortgages – insured or guaranteed	...	...	XXX	...	0.0006	...	0.0014	...	0.0023	...
~~50~~16		Residential mortgages – all other	...	...	XXX	...	0.0029	...	0.0066	...	0.0103	...
~~51~~17		Commercial mortgages – insured or guaranteed	...	...	XXX	...	0.0006	...	0.0014	...	0.0023	...
~~52~~18		Commercial mortgages – all other	...	...	XXX	...	0.0480	...	0.0868	...	0.1371	...
		In Process of Foreclosure:										
~~53~~19		Farm mortgages	...	...	XXX	...	0.0000	...	0.1942	...	0.1942	...
~~54~~20		Residential mortgages – insured or guaranteed	...	...	XXX	...	0.0000	...	0.0046	...	0.0046	...
~~55~~21		Residential mortgages – all other	...	...	XXX	...	0.0000	...	0.0149	...	0.0149	...
~~56~~22		Commercial mortgages – insured or guaranteed	...	...	XXX	...	0.0000	...	0.0046	...	0.0046	...
~~57~~23		Commercial mortgages – all other			XXX		0.0000		0.1942		0.1942	
~~58~~24		Total Schedule B mortgages (Sum of Lines ~~35~~E1 through ~~57~~E23)			XXX		XXX		XXX		XXX	

ASSET VALUATION RESERVE
BASIC CONTRIBUTION, RESERVE OBJECTIVE AND MAXIMUM RESERVE CALCULATIONS
EQUITY AND OTHER INVESTED ASSET COMPONENT

Line Number	NAIC Designation	Description	1 Book/ Adjusted Carrying Value	2 Reclassify Related Party Encumbrances	3 Add Third Party Encumbrances	4 Balance for AVR Reserve Calculations (Cols. 1+2+3)	Basic Contribution 5 Factor	Basic Contribution 6 Amount (Cols. 4x5)	Reserve Objective 7 Factor	Reserve Objective 8 Amount (Cols. 4x7)	Maximum Reserve 9 Factor	Maximum Reserve 10 Amount (Cols. 4x9)
SECTION A		COMMON STOCK										
1		Unaffiliated public	...	XXX	XXX	...	0.0000	...	0.1580 (a)	...	0.1580 (a)	...
2		Unaffiliated private	...	XXX	XXX	...	0.0000	...	0.1945	...	0.1945	...
3		Federal Home Loan Bank	...	XXX	XXX	...	0.0000	...	0.0061	...	0.0097	...
4		Affiliated life with AVR	...	XXX	XXX	...	0.0000	...	0.0000	...	0.0000	...
		Affiliated Investment Subsidiary:										
5		Fixed income exempt obligations	...	...	...	...	XXX	...	XXX	...	XXX	...
6		Fixed income highest quality	...	...	...	...	XXX	...	XXX	...	XXX	...
7		Fixed income high quality	...	...	...	...	XXX	...	XXX	...	XXX	...
8		Fixed income medium quality	...	...	...	...	XXX	...	XXX	...	XXX	...
9		Fixed income low quality	...	...	...	...	XXX	...	XXX	...	XXX	...
10		Fixed income lower quality	...	...	...	...	XXX	...	XXX	...	XXX	...
11		Fixed income in or near default	...	...	...	...	XXX	...	XXX	...	XXX	...
12		Unaffiliated common stock public	...	...	...	...	0.0000	...	0.1580 (a)	...	0.1580 (a)	...
13		Unaffiliated common stock private	...	...	...	...	0.0000	...	0.1945	...	0.1945	...
14		Real estate	...	...	...	...	(b)	...	(b)	...	(b)	...
15		Affiliated-certain other (See SVO Purposes & Procedures Manual)	...	XXX	XXX	...	0.0000	...	0.1580	...	0.1580	...
16		Affiliated - all other		XXX	XXX		0.0000		0.1945		0.1945	
17		Total common stock (Sum of Lines A1 through A16)					XXX		XXX		XXX	
SECTION B		REAL ESTATE										
1~~8~~		Home office property (General Account only)	...	...	...	...	0.0000	...	0.0912	...	0.0912	...
~~19~~2		Investment properties	...	...	...	...	0.0000	...	0.0912	...	0.0912	...
~~20~~3		Properties acquired in satisfaction of debt					0.0000		0.1337		0.1337	
~~21~~4		Total real estate (Sum of Lines B1~~8~~ through ~~20~~B4)					XXX		XXX		XXX	
SECTION C		OTHER INVESTED ASSETS INVESTMENTS WITH THE UNDERLYING CHARACTERISTICS OF BONDS										
~~22~~1		Exempt obligations	...	XXX	XXX	...	0.0000	...	0.0000	...	0.0000	...
~~23~~2	1	Highest quality	...	XXX	XXX	...	0.0005	...	0.0016	...	0.0033	...
~~24~~3	2	High quality	...	XXX	XXX	...	0.0021	...	0.0064	...	0.0106	...
~~25~~4	3	Medium quality	...	XXX	XXX	...	0.0099	...	0.0263	...	0.0376	...
~~26~~5	4	Low quality	...	XXX	XXX	...	0.0245	...	0.0572	...	0.0817	...
~~27~~6	5	Lower quality	...	XXX	XXX	...	0.0630	...	0.1128	...	0.1880	...
~~28~~7	6	In or near default		XXX	XXX		0.0000		0.2370		0.2370	
~~29~~8		Total with bond characteristics (Sum of Lines C1~~22~~ through C7~~28~~)		XXX	XXX		XXX		XXX		XXX	

******Drafting Note: Changes in Blanks Proposal 2025-20BWG for Investment Subs are not shown on this proposal but the Common Stock AVR lines will be under Section A.******

ASSET VALUATION RESERVE (Continued)
BASIC CONTRIBUTION, RESERVE OBJECTIVE AND MAXIMUM RESERVE CALCULATIONS
EQUITY AND OTHER INVESTED ASSET COMPONENT

			1	2	3	4	Basic Contribution		Reserve Objective		Maximum Reserve	
Line Number	NAIC Designation	Description	Book/ Adjusted Carrying Value	Reclassify Related Party Encumbrances	Add Third Party Encumbrances	Balance for AVR Reserve Calculations (Cols. 1+2+3)	5 Factor	6 Amount (Cols.4x5)	7 Factor	8 Amount (Cols. 4x7)	9 Factor	10 Amount (Cols.4x9)
SECTION D		INVESTMENTS WITH THE UNDERLYING CHARACTERISTICS OF PREFERRED STOCKS										
~~30~~1	1	Highest quality	....	XXX	XXX	....	0.0005	....	0.0016	....	0.0033	....
~~31~~2	2	High quality	....	XXX	XXX	....	0.0021	....	0.0064	....	0.0106	....
~~32~~3	3	Medium quality	....	XXX	XXX	....	0.0099	....	0.0263	....	0.0376	....
~~33~~4	4	Low quality	....	XXX	XXX	....	0.0245	....	0.0572	....	0.0817	....
~~34~~5	5	Lower quality	....	XXX	XXX	....	0.0630	....	0.1128	....	0.1880	....
~~35~~6	6	In or near default	....	XXX	XXX	....	0.0000	....	0.2370	....	0.2370	....
~~36~~7		Affiliated life with AVR		XXX	XXX		0.0000		0.0000		0.0000	
~~37~~8		Total with preferred stock characteristics (Sum of Lines ~~30~~D1 through ~~36~~D7)		XXX	XXX		XXX		XXX		XXX	
SECTION E		INVESTMENTS WITH THE UNDERLYING CHARACTERISTICS OF MORTGAGE LOANS										
		In Good Standing Affiliated:										
~~38~~1		Mortgages – CM1 – highest quality	....	....	XXX	....	0.0011	....	0.0057	....	0.0074	....
~~39~~2		Mortgages – CM2 – high quality	....	....	XXX	....	0.0040	....	0.0114	....	0.0149	....
~~40~~3		Mortgages – CM3 – medium quality	....	....	XXX	....	0.0069	....	0.0200	....	0.0257	....
~~41~~4		Mortgages – CM4 – low medium quality	....	....	XXX	....	0.0120	....	0.0343	....	0.0428	....
~~42~~5		Mortgages – CM5 – low quality	....	....	XXX	....	0.0183	....	0.0486	....	0.0628	....
~~43~~6		Residential mortgages – insured or guaranteed	....	....	XXX	....	0.0003	....	0.0007	....	0.0011	....
~~44~~7		Residential mortgages – all other	....	XXX	XXX	....	0.0015	....	0.0034	....	0.0046	....
~~45~~8		Commercial mortgages – insured or guaranteed	....	....	XXX	....	0.0003	....	0.0007	....	0.0011	....
		Overdue, Not in Process Affiliated:										
~~46~~9		Farm mortgages	....	....	XXX	....	0.0480	....	0.0868	....	0.1371	....
~~47~~10		Residential mortgages – insured or guaranteed	....	....	XXX	....	0.0006	....	0.0014	....	0.0023	....
~~48~~11		Residential mortgages – all other	....	....	XXX	....	0.0029	....	0.0066	....	0.0103	....
~~49~~12		Commercial mortgages – insured or guaranteed	....	....	XXX	....	0.0006	....	0.0014	....	0.0023	....
~~50~~13		Commercial mortgages – all other	....	....	XXX	....	0.0480	....	0.0868	....	0.1371	....
		In Process of Foreclosure Affiliated:										
~~51~~14		Farm mortgages	....	....	XXX	....	0.0000	....	0.1942	....	0.1942	....
~~52~~15		Residential mortgages – insured or guaranteed	....	....	XXX	....	0.0000	....	0.0046	....	0.0046	....
~~53~~16		Residential mortgages – all other	....	....	XXX	....	0.0000	....	0.0149	....	0.0149	....
~~54~~17		Commercial mortgages – insured or guaranteed	....	....	XXX	....	0.0000	....	0.0046	....	0.0046	....
~~55~~18		Commercial mortgages – all other			XXX		0.0000		0.1942		0.1942	
~~56~~19		Total affiliated (Sum of Lines ~~38 D~~E1 through ~~55D~~E18)			XXX		XXX		XXX		XXX	
~~57~~20		Unaffiliated – in good standing with covenants	....	....	XXX	....	(c)	....	(c)	....	(c)	....
~~58~~21		Unaffiliated – in good standing defeased with government securities	....	....	XXX	....	0.0011	....	0.0057	....	0.0074	....
~~59~~22		Unaffiliated – in good standing primarily senior	....	....	XXX	....	0.0040	....	0.0114	....	0.0149	....
~~60~~23		Unaffiliated – in good standing all other	....	....	XXX	....	0.0069	....	0.0200	....	0.0257	....
24		Unaffiliated – in good standing – residential mortgages - all other	....	XXX	XXX	....	0.0015	....	0.0034	....	0.0046	....
~~61~~2~~4~~5		Unaffiliated – overdue, not in process	....	....	XXX	....	0.0480	....	0.0868	....	0.1371	....
~~62~~2~~5~~6		Unaffiliated – in process of foreclosure			XXX		0.0000		0.1942		0.1942	
~~63~~2~~6~~7		Total unaffiliated (Sum of Lines ~~57 D~~E20 through ~~62D~~E2~~5~~6)			XXX		XXX		XXX		XXX	
~~64~~2~~7~~8		Total with mortgage loan characteristics (Lines ~~56 D~~E19 + ~~63D~~E2~~6~~7)			XXX		XXX		XXX		XXX	

ASSET VALUATION RESERVE (Continued)
BASIC CONTRIBUTION, RESERVE OBJECTIVE AND MAXIMUM RESERVE CALCULATIONS
EQUITY AND OTHER INVESTED ASSET COMPONENT

Line Number	NAIC Designation	Description	1 Book/ Adjusted Carrying Value	2 Reclassify Related Party Encumbrances	3 Add Third Party Encumbrances	4 Balance for AVR Reserve Calculations (Cols. 1+2+3)	Basic Contribution 5 Factor	6 Amount (Cols. 4x5)	Reserve Objective 7 Factor	8 Amount (Cols. 4x7)	Maximum Reserve 9 Factor	10 Amount (Cols. 4x9)
SECTION F		INVESTMENTS WITH THE UNDERLYING CHARACTERISTICS OF COMMON STOCK										
~~65~~1		Unaffiliated public	.....	XXX	XXX	.....	0.0000	.....	0.1580(a)	.....	0.1580(a)	.....
~~66~~2		Unaffiliated private	.....	XXX	XXX	.....	0.0000	.....	0.1945	.....	0.1945	.....
~~67~~3		Affiliated life with AVR	.....	XXX	XXX	.....	0.0000	.....	0.0000	.....	0.0000	.....
~~68~~4		Affiliated certain other (See SVO Purposes & Procedures Manual)	.....	XXX	XXX	.....	0.0000	.....	0.1580	.....	0.1580	.....
~~69~~5		Affiliated other - all other		XXX	XXX		0.0000		0.1945		0.1945	
~~70~~6		Total with common stock characteristics (Sum of Lines ~~65~~ F1 through F5~~69~~)		XXX	XXX		XXX		XXX		XXX	
SECTION G		INVESTMENTS WITH THE UNDERLYING CHARACTERISTICS OF REAL ESTATE										
~~7~~1		Home office property (General Account only)	.....	.....	.....	.....	0.0000	.....	0.0912	.....	0.0912	.....
~~7~~2		Investment properties	.....	.....	.....	.....	0.0000	.....	0.0912	.....	0.0912	.....
~~7~~3		Properties acquired in satisfaction of debt					0.0000		0.1337		0.1337	
~~7~~4		Total with real estate characteristics (Sum of Lines ~~7~~G1 through ~~7~~G3)					XXX		XXX		XXX	
SECTION H		INVESTMENTS IN TAX CREDIT STRUCTURES										
~~75~~1		Yield guaranteed state tax credit investments	.....	.....	.....	.....	0.0003	.....	0.0006	.....	0.0010	.....
~~76~~2		Qualifying federal tax credit investments	.....	.....	.....	.....	0.0063	.....	0.0120	.....	0.0190	.....
~~77~~3		Qualifying state tax credit investments	.....	.....	.....	.....	0.0063	.....	0.0120	.....	0.0190	.....
~~78~~4		Other tax credit investments					0.0273		0.0600		0.0975	
~~79~~5		Total tax credit investments (Sum of Lines ~~75~~ H1 through ~~78~~H4)					XXX		XXX		XXX	
SECTION I		RESIDUAL TRANCHES OR INTERESTS										
~~80~~1		Bonds – unaffiliated	.....	XXX	XXX	.....	0.0000	.....	0.1580	.....	0.1580	.....
~~81~~2		Bonds – affiliated	.....	XXX	XXX	.....	0.0000	.....	0.1580	.....	0.1580	.....
~~82~~3		Common stock – unaffiliated	.....	XXX	XXX	.....	0.0000	.....	0.1580	.....	0.1580	.....
~~83~~4		Common stock – affiliated	.....	XXX	XXX	.....	0.0000	.....	0.1580	.....	0.1580	.....
~~84~~5		Preferred stock – unaffiliated	.....	XXX	XXX	.....	0.0000	.....	0.1580	.....	0.1580	.....
~~85~~6		Preferred stock – affiliated	.....	XXX	XXX	.....	0.0000	.....	0.1580	.....	0.1580	.....
~~86~~7		Real estate – unaffiliated	.....	.....	.....	.....	0.0000	.....	0.1580	.....	0.1580	.....
~~87~~8		Real estate – affiliated	.....	.....	.....	.....	0.0000	.....	0.1580	.....	0.1580	.....
~~88~~9		Mortgage loans – unaffiliated	.....	XXX	XXX	.....	0.0000	.....	0.1580	.....	0.1580	.....
~~89~~10		Mortgage loans – affiliated	.....	XXX	XXX	.....	0.0000	.....	0.1580	.....	0.1580	.....
~~90~~11		Other – unaffiliated	.....	XXX	XXX	.....	0.0000	.....	0.1580	.....	0.1580	.....
~~91~~12		Other – affiliated		XXX	XXX		0.0000		0.1580		0.1580	
~~92~~13		Total residual tranches or interests (Sum of Lines ~~80~~ I1 through ~~91~~I12)					XXX		XXX		XXX	
SECTION J		SURPLUS NOTES AND CAPITAL NOTES										
1~~93~~	1	Highest quality	.....	XXX	XXX	.....	0.0005	.....	0.0016	.....	0.0033	.....
2~~94~~	2	High quality	.....	XXX	XXX	.....	0.0021	.....	0.0064	.....	0.0106	.....
3~~95~~	3	Medium quality	.....	XXX	XXX	.....	0.0099	.....	0.0263	.....	0.0376	.....
4~~96~~	4	Low quality	.....	XXX	XXX	.....	0.0245	.....	0.0572	.....	0.0817	.....
5~~97~~	5	Lower quality	.....	XXX	XXX	.....	0.0630	.....	0.1128	.....	0.1880	.....
6~~98~~	6	In or near default	.....	XXX	XXX	.....	0.0000	.....	0.2370	.....	0.2370	.....
7~~99~~		Total surplus notes and capital notes (Sum of Lines ~~93~~ J1 through ~~98~~J6)		XXX	XXX		XXX		XXX		XXX	

ASSET VALUATION RESERVE (Continued)
BASIC CONTRIBUTION, RESERVE OBJECTIVE AND MAXIMUM RESERVE CALCULATIONS
EQUITY AND OTHER INVESTED ASSET COMPONENT

SECTION K		COLLATERAL LOANS										
1		Backed by mortgage loans – collateral loans – unaffiliated	....	XXX	XXX	....	0.0000	....	0.0680	....	0.0680	....
2		Backed by mortgage loans – collateral loans – affiliated	....	XXX	XXX	....	0.0000	....	0.0680	....	0.0680	....
3		Backed by joint ventures, partnerships, & limited liability companies – collateral loans – unaffiliated	....	XXX	XXX	....	0.0000	....	0.0680	....	0.0680	....
4		Backed by joint ventures, partnerships, & limited liability companies – collateral loans – affiliated	....	XXX	XXX	....	0.0000	....	0.0680	....	0.0680	....
5		Backed by residual tranches or interests – collateral loans – unaffiliated............	....	XXX	XXX	....	0.0000	....	0.0680	....	0.0680	....
6		Backed by residual tranches or interests – collateral loans – affiliated................	....	XXX	XXX	....	0.0000	....	0.0680	....	0.0680	....
7		Backed by debt securities – collateral loans – unaffiliated	....	XXX	XXX	....	0.0000	....	0.0680	....	0.0680	....
8		Backed by debt securities – collateral loans – affiliated	....	XXX	XXX	....	0.0000	....	0.0680	....	0.0680	....
9		Backed by real estate – collateral loans – unaffiliated...	....	XXX	XXX	....	0.0000	....	0.0680	....	0.0680	....
10		Backed by real estate – collateral loans – affiliated..	....	XXX	XXX	....	0.0000	....	0.0680	....	0.0680	....
11		Collateral loans – all other – unaffiliated..	....	XXX	XXX	....	0.0000	....	0.0680	....	0.0680	....
12		Collateral loans – all other – affiliated..	....	XXX	XXX	....	0.0000	....	0.0680	....	0.0680	....
13		Total collateral loans (Sum of Lines K1 through K12)		XXX	XXX		XXX		XXX		XXX	
SECTION L		ALL OTHER INVESTMENTS										
1~~100~~		NAIC 1 working capital finance investments	....	XXX	....	....	0.0000	....	0.0042	....	0.0042	....
2~~101~~		NAIC 2 working capital finance investments	....	XXX	....	....	0.0000	....	0.0137	....	0.0137	....
3~~102~~		Other invested assets - Schedule BA	....	XXX	....	....	0.0000	....	0.1580	....	0.1580	....
4~~103~~		Other short-term invested assets - Schedule DA		XXX			0.0000		0.1580		0.1580	
5~~104~~		Total all other (Sum of Lines L1~~00~~ through L4~~103~~)		XXX			XXX		XXX		XXX	
6~~105~~		Total other invested assets - Schedules BA & DA (Sum of Lines ~~29, 37, 64, 70, 74, 79, 92, 99 and 104~~C8, D8, ~~E27~~E28, F6, G4, H5, I13, J7, and K13)					XXX		XXX		XXX	

(a) Times the company's weighted average portfolio beta (Minimum .1215, Maximum .2431).
(b) Determined using same factors and breakdowns used for directly owned real estate.
(c) This will be the factor associated with the risk category determined in the company generated worksheet.

ANNUAL STATEMENT INSTRUCTIONS – LIFE/FRATERNAL, HEALTH, PROPERTY, TITLE, SEPARATE ACCOUNTS, AND PROTECTED CELL

SCHEDULE D – PART 1 – SECTION 2

Showing All Long-Term **BONDS – ASSET-BACKED SECURITIES** Owned December 31 of Current Year

1	2	3	4	5	6	7	8	Change in Book/Adjusted Carrying Value				Interest					Dates		20	21
								9	10	11	12	13	14	15	16	17	18	19		
CUSIP Identification	Description	Restricted Asset Code	NAIC Designation, NAIC Designation Modifier and SVO Administrative Symbol	Actual Cost	Par Value	Fair Value	Book/ Adjusted Carrying Value	Unrealized Valuation Increase/ (Decrease)	Current Year's (Amortization)/ Accretion	Current Year's Other-Than-Temporary Impairment Recognized	Total Foreign Exchange Change in B./A.C.V.	Stated Rate of	Effective Rate Of	When Paid	Interest Income Due & Accrued	Interest Received During Year	Acquired	Stated Contractual Maturity Date	Payment Due at Maturity	Origination Balloon Payment %
....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....	....
1909999999 Total asset-backed securities												XXX	XXX	XXX			XXX	XXX		XXX
2009999999 Total long term bonds – issuer credit obligations and asset-backed securities												XXX	XXX	XXX			XXX	XXX		

1.

Line Number	Book/Adjusted Carrying Value by NAIC Designation Category Footnote:						
1A	1A $ ----------------------------	1B $ -------------------------	1C $ -------------------------	1D $ -------------------------	1E $ -------------------------	1F $ -------------------------	1G $ -------------------------
1B	2A $ ----------------------------	2B $ -------------------------	2C $ -------------------------				
1C	3A $ ----------------------------	3B $ -------------------------	3C $ -------------------------				
1D	4A $ ----------------------------	4B $ -------------------------	4C $ -------------------------				
1E	5A $ ----------------------------	5B $ -------------------------	5C $ -------------------------				
1F	6 $ ----------------------------						

2.

Line Number	CLO/CBO/CDO Book/Adjusted Carrying Value by NAIC Designation Category Footnote:						
1A	1A $ ----------------------------	1B $ -------------------------	1C $ -------------------------	1D $ -------------------------	1E $ -------------------------	1F $ -------------------------	1G $ -------------------------
1B	2A $ ----------------------------	2B $ -------------------------	2C $ -------------------------				
1C	3A $ ----------------------------	3B $ -------------------------	3C $ -------------------------				
1D	4A $ ----------------------------	4B $ -------------------------	4C $ -------------------------				
1E	5A $ ----------------------------	5B $ -------------------------	5C $ -------------------------				
1F	6 $ ----------------------------						

Hear Updates on the C-3 Field Test Survey