

Draft date: 4/28/26

Virtual Meeting

LIFE RISK-BASED CAPITAL (E) WORKING GROUP

Thursday, April 30, 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	William Leung	Missouri
Philip Barlow, Vice Chair	District of Columbia	Michael Muldoon	Nebraska
Sheila Travis/Sanjeev Chaudhuri	Alabama	Jennifer Li	New Hampshire
Thomas Reedy	California	Seong-min Eom	New Jersey
Wanchin Chou	Connecticut	William B. Carmello	New York
Hannah Howard	Florida	Andy Schallhorn	Oklahoma
Matt Cheung	Illinois	Rachel Hemphill	Texas
Mike Yanacheak	Iowa	Tomasz Serbinowski	Utah

NAIC Committee Support: Kazeem Okosun/Maggie Chang

AGENDA

1. Discuss and Consider Re-Exposure of Proposal 2025-16-L MOD (Collateral Loans)—*Ben Slutsker (MN)* Attachment 1
2. Consider Exposure of 2026-09-L (LR008 Schedule BA Collateral Loans Annual Statement Source 2026 Update)—*Ben Slutsker (MN)* Attachment 2
3. Receive Comments on and Consider Adoption of Proposal 2026-02-L (BA Residential Mortgage Loans)—*Ben Slutsker (MN)* Attachment 3
 - A. American Council of Life Insurers—ACLI Attachment 4
4. Discuss Comments Received on C-3 Alignment Specs—*Ben Slutsker (MN)* Attachment 5
 - A. ACLI Attachment 6
5. Discuss NAIC Fixed Deferred Annuity (FDA) Default Cost Analysis—*Ben Slutsker (MN)* Attachment 7
6. Discuss Any Other Matters Brought Before the Working Group —*Ben Slutsker (MN)*
7. Adjournment

Cover questions:

#1 – What are specific solutions or edits to the ACLI proposal to address regulators' concerns regarding fair value of assets with unobservable inputs? Beyond additional disclosures, should there be a lower reduction to the look-through approach if the fair value of the collateral cannot be observed in the market?

#2 – Please comment whether an alternative tiering structure is appropriate such that 80% LTV is at the mid-point of the tier. This is based on observation that 80% LTV is a prevalent investment limit among states.

Capital Adequacy (E) Task Force

RBC Proposal Form

- | | | |
|---|--|---|
| <input type="checkbox"/> Capital Adequacy (E) Task Force | <input type="checkbox"/> Health RBC (E) Working Group | <input checked="" type="checkbox"/> Life RBC (E) Working Group |
| <input type="checkbox"/> Catastrophe Risk (E) Subgroup | <input type="checkbox"/> P/C RBC (E) Working Group | <input type="checkbox"/> Longevity Risk (A/E) Subgroup |
| <input type="checkbox"/> Variable Annuities Capital. & Reserve (E/A) Subgroup | <input type="checkbox"/> Economic Scenarios (E/A) Subgroup | <input type="checkbox"/> RBC Investment Risk & Evaluation (E) Working Group |

<p style="text-align: right;">DATE: <u>02/04/2026</u></p> <p>CONTACT PERSON: <u>Kazeem Okosun</u></p> <p>TELEPHONE: <u>816-783-8981</u></p> <p>EMAIL ADDRESS: <u>kokosun@naic.org</u></p> <p>ON BEHALF OF: <u>Life Risk-Based Capital (E) Working Group</u></p> <p>NAME: <u>Ben Slutsker, Chair</u></p> <p>TITLE: <u>Director of Life Actuarial Valuation</u></p> <p>AFFILIATION: <u>Minnesota Department of Commerce</u></p> <p>ADDRESS: <u>85 7th Place East, Suite 280</u> <u>Saint Paul, MN 55101</u></p>	<p style="text-align: center;">FOR NAIC USE ONLY</p> <p>Agenda Item # <u>2025-16-L MOD</u> Year <u>2026 or later</u></p> <hr/> <p style="text-align: center;">DISPOSITION</p> <p>ADOPTED:</p> <p><input type="checkbox"/> TASK FORCE (TF) _____</p> <p><input type="checkbox"/> WORKING GROUP (WG) _____</p> <p><input type="checkbox"/> SUBGROUP (SG) _____</p> <p>EXPOSED:</p> <p><input type="checkbox"/> TASK FORCE (TF) _____</p> <p><input checked="" type="checkbox"/> WORKING GROUP (WG) <u>11/14/2025</u> <u>02-10-2026</u></p> <p><input type="checkbox"/> SUBGROUP (SG) _____</p> <p>REJECTED:</p> <p><input type="checkbox"/> TF <input type="checkbox"/> WG <input type="checkbox"/> SG _____</p> <p>OTHER:</p> <p><input type="checkbox"/> DEFERRED TO _____</p> <p><input type="checkbox"/> REFERRED TO OTHER NAIC GROUP _____</p> <p><input type="checkbox"/> (SPECIFY) _____</p>
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IDENTIFICATION OF SOURCE AND FORM(S)/INSTRUCTIONS TO BE CHANGED

- | | | |
|--|---|---|
| <input type="checkbox"/> Health RBC Blanks | <input type="checkbox"/> Property/Casualty RBC Blanks | <input checked="" type="checkbox"/> Life and Fraternal RBC Blanks |
| <input type="checkbox"/> Health RBC Instructions | <input type="checkbox"/> Property/Casualty RBC Instructions | <input checked="" type="checkbox"/> Life and Fraternal RBC Instructions |
| <input type="checkbox"/> Health RBC Formula | <input type="checkbox"/> Property/Casualty RBC Formula | <input checked="" type="checkbox"/> Life and Fraternal RBC Formula |
| <input type="checkbox"/> 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 MOD was exposed at the Working Group on Feb 10 for a 24-day public comment period ending March 06, 2026. The modified proposal is in response to ACLI comment. Staff then layer in LR010 consideration.

Additional Staff Comments:

- 11-14-2025: Proposal was exposed with comments due 01-27-2026 - 4 comment letters received (KO)
- 02-10-2026: Proposal was modified and re-exposed with comments due 03-06-2026 - 4 comment letters received (KO)
- 03-22-2026: The modified proposal is in response to ACLI comment. Staff then layer in LR010 consideration.

**** This section must be completed on all forms.**

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
<u>Schedule BA - Fixed Income - Bonds</u>						
(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	\$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
<u>Schedule BA - Fixed Income - Preferred Stock</u>						
(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	\$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
<u>Rated Surplus Notes Classified by Designation Equivalent</u>						
(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) Book / Adjusted Carrying Value	(2) Unrated Items ‡	(3) RBC Subtotal †	(4) Factor	(5) RBC Requirement
	<u>Annual Statement Source</u>					
(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
	<u>Rated Capital Notes Classified by Designation Equivalent</u>					
(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
	<u>Schedule BA - Unaffiliated Common Stock/ Equity Interests and Affiliated Non-Insurance Stock (C1-cs)</u>					
(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

	Annual Statement Source	(1) Book / Adjusted Carrying Value	(2) Unrated Items ‡	(3) RBC Subtotal †	(4) Factor	(5) RBC Requirement
<u>Schedule BA Collateral Loans backed by Joint Ventures', Limited Partnerships' and Limited Liability Companies' Interests</u>						
(43.2)	OC Percentage < 125%	Company Records	\$0	\$0 X	0.2700	\$0
(43.3)	OC Percentage ≥ 125% and < 167%	Company Records	\$0	\$0 X	0.2100	\$0
(43.4)	OC Percentage ≥ 167% and < 250%	Company Records	\$0	\$0 X	0.1500	\$0
(43.5)	OC Percentage ≥ 250% and < 500%	Company Records	\$0	\$0 X	0.0900	\$0
(43.6)	OC Percentage ≥ 500%	Company Records	\$0	\$0 X	0.0300	\$0
(43.7)	Total Collateral Loans backed by Joint Ventures', Limited Partnerships' and Limited Liability Companies' Interests (Column (1), line 43.7 should be equal to sum of AVR Equity Component lines K3 and K4)	Lines (43.2) + (43.3) + (43.4) + (43.5) + (43.6)	\$0	\$0		\$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
<u>Schedule BA Collateral Loans backed by Residual Tranches or Interests</u>						
(45.2)	OC Percentage < 125%	Company Records	\$0	\$0 X	0.4050	\$0
(45.3)	OC Percentage ≥ 125% and < 167%	Company Records	\$0	\$0 X	0.3150	\$0
(45.4)	OC Percentage ≥ 167% and < 250%	Company Records	\$0	\$0 X	0.2250	\$0
(45.5)	OC Percentage ≥ 250% and < 500%	Company Records	\$0	\$0 X	0.1350	\$0
(45.6)	OC Percentage ≥ 500%	Company Records	\$0	\$0 X	0.0450	\$0
(45.7)	Tranches or Interests (Column (1), line 45.7 should be equal to sum of AVR Equity Component lines K5 and K6)	Lines (45.2) + (45.3) + (45.4) + (45.5) + (45.6)	\$0	\$0		\$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) + (43.7) + (44) + (45.1) + (45.7)	\$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
<u>Schedule BA - All Other (C-1o)</u>						
(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	+ 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	Column (1) Lines (22) through (27) + Column (1)	\$0			

Company Name

Cocode: 00000

OTHER LONG-TERM ASSETS

		(1) Book / Adjusted Carrying Value	(2) Unrated Items ‡	(3) RBC Subtotal †	(4) Factor	(5) RBC Requirement
	<u>Annual Statement Source</u>					
(53.3)	Notes and Capital Notes	Lines (32) through (37)				
(53.3)	Net Other Schedule BA Assets	Line (53.1) less (53.2)	\$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)	<u>\$0</u>			<u>\$0</u>
(55)	Reduction in RBC for MODCO/Funds Withheld Reinsurance Ceded Agreements	Company Records (enter a pre-tax amount)				<u>\$0</u>
(56)	Increase in RBC for MODCO/Funds Withheld Reinsurance Assumed Agreements	Company Records (enter a pre-tax amount)				<u>\$0</u>
(57)	Total Schedule BA Assets C-1o (including MODCO/Funds Withheld.)	Lines (54) - (55) + (56)	<u>\$0</u>			<u>\$0</u>
(58)	Total Schedule BA Assets Excluding Mortgages and Real Estate	Line (49)+ (57)	<u>\$0</u>			<u>\$0</u>

† 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).

‡ 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.

ASSET CONCENTRATION FACTOR		(1)	(2)	(3)	(4)	(5)	(6)
Issuer	Asset Type		Book / Adjusted Carrying Value	Factor	Additional RBC	Adjustment/ Subsidiary RBC	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	Collateral Loans backed by Joint Ventures', Limited Partnerships' and Limited Liability Companies' Interests (OC Percentage < 125%)		\$0 X	0.18000	\$0	\$0	\$0
#01	Collateral Loans backed by Joint Ventures', Limited Partnerships' and Limited Liability Companies' Interests (OC Percentage ≥ 125% and < 167%)		\$0 X	0.21000	\$0	\$0	\$0
#01	Collateral Loans backed by Joint Ventures', Limited Partnerships' and Limited Liability Companies' Interests (OC Percentage ≥ 167% and < 250%)		\$0 X	0.15000	\$0	\$0	\$0
#01	Collateral Loans backed by Joint Ventures', Limited Partnerships' and Limited Liability Companies' Interests (OC Percentage ≥ 250% and < 500%)		\$0 X	0.09000	\$0	\$0	\$0
#01	Collateral Loans backed by Joint Ventures', Limited Partnerships' and Limited Liability Companies' Interests (OC Percentage ≥ 500%)		\$0 X	0.03000	\$0	\$0	\$0
#01	Collateral Loans backed by Residual Tranches or Interests (OC Percentage < 125%)		\$0 X	0.04500	\$0	\$0	\$0
#01	Collateral Loans backed by Residual Tranches or Interests (OC Percentage ≥ 125% and < 167%)		\$0 X	0.13500	\$0	\$0	\$0
#01	Collateral Loans backed by Residual Tranches or Interests (OC Percentage ≥ 167% and < 250%)		\$0 X	0.22500	\$0	\$2	\$0
#01	Collateral Loans backed by Residual Tranches or Interests (OC Percentage ≥ 250% and < 500%)		\$0 X	0.13500	\$0	\$3	\$0
#01	Collateral Loans backed by Residual Tranches or Interests (OC Percentage ≥ 500%)		\$0 X	0.04500	\$0	\$4	\$0
#01	(13.11) 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

ASSET CONCENTRATION FACTOR		(1)	(2)	(3)	(4)	(5)	(6)
<u>Issuer</u>	<u>Asset Type</u>		<u>Book / Adjusted</u> <u>Carrying Value</u>	<u>Factor</u>	<u>Additional</u> <u>RBC</u>	<u>Adjustment/</u> <u>Subsidiary RBC</u>	<u>RBC</u> <u>Requirement</u>

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

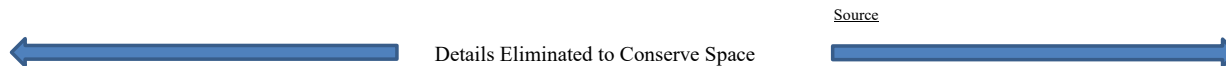
	Source	(1) RBC Amount	Tax Factor	(2) RBC Tax Effect
(123) <u>Common Stock</u> Unaffiliated Common Stock	Details Eliminated to Conserve Space LR005 Unaffiliated Preferred and Common Stock Column (5) Line (17) + LR018 Off-Balance Sheet Collateral Column (3) Line (16)	\$0	X 0.2100	\$0
(124) Credit for Hedging - 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 Schedule BA Unaffiliated Common Stock/ Equity Interests and Affiliated Non-Insurance Stock (C1-cs), excluding Residual	LR005 Unaffiliated Preferred and Common Stock Column (5) Line (20)	\$0	X 0.2100	\$0
(127) Tranches or Interests/ Schedule BA Collateral Loans backed by Residual Tranches or Interests	LR008 Other Long-Term Assets Column (5) Line (49) - Line (45.1) - Line (45.7)	\$0	X 0.2100	\$0
(128) Total Residual Tranches or Interests/ Schedule BA Collateral Loans backed by Residual Tranches or Interests	LR008 Other Long-Term Assets Column (5) Line (45.1) + Line (45.7)	\$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
(135) <u>Insurance Risk</u> 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	$L(135) + L(136) + L(139) + L(140) + \text{Greatest of } [\text{Guardrail Factor} * (L(137)+L(138)), \text{Guardrail Factor} * L(138b), \text{Square Root of } [(L(137) + L(138))^2 + L(138b)^2 + 2 * (\text{Correlation Factor}) * (L(137) + L(138)) * L(138b)]]$	\$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
 CALCULATION OF AUTHORIZED CONTROL LEVEL RISK-BASED CAPITAL

Cocode: 00000

(1)
 RBC
Requirement



<u>Asset Risk – Unaffiliated Common Stock and Affiliated Non-Insurance Stock (C-1cs)</u>	<u>Source</u>	<u>Requirement</u>
(13) Schedule D Unaffiliated Common Stock	LR005 Unaffiliated Common Stock Column (5) Line (21) + LR018 Off-Balance Sheet Collateral Column (3) Line (16)	\$0
<u>Asset Risk - All Other (C-1o)</u>		
(14) Residual Tranches or Interests/ Schedule BA Collateral Loans backed by Residual Tranches or Interests	LR008 Other Long-Term Assets Column (5) Line (49) - Line (45.1) - Line (45.7)	\$0
(15) Total Residual Tranches or Interests / Schedule BA Collateral Loans backed by Residual Tranches or Interests	LR008 Other Long-Term Assets Column (5) line (45.1) + Line (45.7)	\$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
(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
(34) Real Estate (gross of encumbrances)	LR007 Real Estate Column (3) Line (13)	\$0
(35) Schedule BA Real Estate (gross of encumbrances)	LR007 Real Estate Column (3) Line (25)	\$0
(36) Other Long-Term Assets	LR008 Other Long-Term Assets Column (5) Line (57) + LR018 Off-Balance Sheet	\$0

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

Column (1)

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 Asset Valuation Reserve Equity and Other Invested Asset Component Column 1, line K1 and K2. Notes to Financials 5S, Column 1 line 7a and 7b.

Column (2)

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.

Column (3)

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

Column (4)

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

Column (5)

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 →

Capital Adequacy (E) Task Force

RBC Proposal Form

- | | | |
|--|--|--|
| <input type="checkbox"/> Capital Adequacy (E) Task Force | <input type="checkbox"/> Health RBC (E) Working Group | <input checked="" type="checkbox"/> Life RBC (E) Working Group |
| <input type="checkbox"/> Catastrophe Risk (E) Subgroup | <input type="checkbox"/> P/C RBC (E) Working Group | <input type="checkbox"/> Longevity Risk (A/E) Subgroup |
| <input type="checkbox"/> Variable Annuities Capital. & Reserve Evaluation (E/A) Subgroup | <input type="checkbox"/> Economic Scenarios (E/A) Subgroup | <input type="checkbox"/> RBC Investment Risk & (E) Working Group |

<p style="text-align: right;">DATE: <u>04-13-2026</u></p> <p>CONTACT PERSON: <u>Kazeem Okosun</u></p> <p>TELEPHONE: <u>816-783-8981</u></p> <p>EMAIL ADDRESS: <u>kokosun@naic.org</u></p> <p>ON BEHALF OF: <u>Life Risk-Based Capital (E) Working Group</u></p> <p>NAME: <u>Ben Slutsker, Chair</u></p> <p>TITLE: <u>Director of Life Actuarial Valuation</u></p> <p>AFFILIATION: <u>Minnesota Department of Commerce</u></p> <p>ADDRESS: <u>85 7th Place East, Suite 280</u> <u>Saint Paul, MN 55101</u></p>	<p style="text-align: center;">FOR NAIC USE ONLY</p> <hr/> <p>Agenda Item # <u>2026-09-L</u> Year <u>2026</u></p> <hr/> <p style="text-align: center;">DISPOSITION</p> <p>ADOPTED:</p> <p><input type="checkbox"/> TASK FORCE (TF) _____</p> <p><input type="checkbox"/> WORKING GROUP (WG) _____</p> <p><input type="checkbox"/> SUBGROUP (SG) _____</p> <p>EXPOSED:</p> <p><input type="checkbox"/> TASK FORCE (TF) _____</p> <p><input type="checkbox"/> WORKING GROUP (WG) _____</p> <p><input type="checkbox"/> SUBGROUP (SG) _____</p> <p>REJECTED:</p> <p><input type="checkbox"/> TF <input type="checkbox"/> WG <input type="checkbox"/> SG _____</p> <p>OTHER:</p> <p><input type="checkbox"/> DEFERRED TO _____</p> <p><input type="checkbox"/> REFERRED TO OTHER NAIC GROUP _____</p> <p><input type="checkbox"/> (SPECIFY) _____</p>
---	---

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

- | | | |
|--|---|---|
| <input type="checkbox"/> Health RBC Blanks | <input type="checkbox"/> Property/Casualty RBC Blanks | <input checked="" type="checkbox"/> Life and Fraternal RBC Blanks |
| <input type="checkbox"/> Health RBC Instructions | <input type="checkbox"/> Property/Casualty RBC Instructions | <input checked="" type="checkbox"/> Life and Fraternal RBC Instructions |
| <input type="checkbox"/> Health RBC Formula | <input type="checkbox"/> Property/Casualty RBC Formula | <input type="checkbox"/> Life and Fraternal RBC Formula |
| <input type="checkbox"/> OTHER _____ | | |

DESCRIPTION/REASON OR JUSTIFICATION OF CHANGE(S)

This proposal incorporates adopted changes to Annual Statements as per 2024-19BWG, which introduces enhanced granularity in Schedule BA reporting for collateral loans. The proposal is to integrate these more detailed classifications directly into LR008, Line 51(Schedule BA Collateral Loans) annual statement source references column.

In addition, this proposal is drafted to incorporate comments received for proposal 2025-16-L MOD (Collateral loans). Specifically, (i) LR009 instruction is expanded to make clear that if the insurers own collateral loans collateralized by mortgage loans but lack requisite loan level details, such investments are excluded from scope of LR009 and should be categorized as collateral loans – others and reported in LR008. This is consistent with treatment of Interests in Joint Ventures, Partnerships or Limited Liability Companies (Including Non-Registered Private Funds) with Underlying Assets Having the Characteristics of Mortgage loans (ii) Asset Valuation Reserve Equity and Other Invested Asset Component table, all the factors for Basic Contribution, Reserve Objective and Maximum Reserve should be set at zero. This will retain the legacy AVR treatment for collateral loans, i.e. no AVR assessment until further work has been done to determine AVR factors for collateral loans.

Additional Staff Comments:

**** This section must be completed on all forms.**

Revised 2-2023

SCHEDULE BA MORTGAGES

LR009

Basis of Factors

For Affiliated **Commercial** Mortgages **included in, Schedule BA** 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 **Commercial** Mortgages, **included in Schedule BA** 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.

For collateral loans backed by mortgage loans that are included in Schedule BA Lines 3199999 and 3299999, for the avoidance of doubt, insurers are expected to have loan level information to facilitate detailed property analysis appropriate for the corresponding risk-based capital factors. If the requisite details are not available for reporting, such collateral loans should be categorized as “collateral loans – others” and reported on LR008 Other Long-Term Assets.

Specific Instructions for Application of the Formula

Column (1)

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 Notes to Financials 5S, Column 1 line 7a and 7b.

Company Name

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NAIC Company Code

OTHER LONG-TERM ASSETS (CONTINUED)



Details Eliminated
to Conserve Space



(1) Book / Adjusted
(2) Unrated Items ‡
(3) RBC Subtotal †
(4) Factor
(5) Requirement

Annual Statement Source

Carrying Value Unrated Items ‡ RBC Subtotal † Factor Requirement

Schedule BA - Unaffiliated Common Stock/ Equity Interests and Affiliated Non-Insurance Stock (C1-es)

(42)	Schedule BA Unaffiliated Common Stock-Public	AVR Equity Component Column 1 Line 65	_____	_____	X	§	=	_____
(43)	Schedule BA Unaffiliated Common Stock-Private	AVR Equity Component Column 1 Line 66	_____	_____	X	0.3000	=	_____
(44)	Schedule BA Affiliated Common Stock - All Other	AVR Equity Component Column 1 Line 69	_____	_____	X	0.3000	=	_____
(45)	Total Residual Tranches or Interests	AVR Equity Component Column 1 Line 92	_____	_____	X	0.4500	=	_____
(46)	Total Schedule BA Unaffiliated Common Stock/ Equity Interests and Affiliated Non-Insurance Stock (C1-es) (pre-MODCO/Funds Withheld)	Line (42) + (43) + (44) + (45)	=====	=====				=====
(47)	Reduction in RBC for MODCO/Funds Withheld Reinsurance Ceded Agreements	Company Records (enter a pre-tax amount)						_____
(48)	Increase in RBC for MODCO/Funds Withheld Reinsurance Assumed Agreements	Company Records (enter a pre-tax amount)						_____
(49)	Total Schedule BA Unaffiliated Common Stock/ Equity Interests and Affiliated Non-Insurance Stock (C1-es) (including MODCO/Funds Withheld.)	Lines (46) - (47) + (48)	=====	=====				=====

Schedule BA - All Other (C-1o)

(50.1)	BA Affiliated Common Stock - Life with AVR	AVR Equity Component Column 1 Line 67	_____	_____				_____
(50.2)	BA Affiliated Common Stock - Certain Other	AVR Equity Component Column 1 Line 68	_____	_____				_____
(50.3)	Total Schedule BA Affiliated Common Stock - C-1o	Line (50.1) + (50.2)	_____	_____	X	0.3000	=	_____
(51)	Schedule BA Collateral Loans	Schedule BA Part 1 Column 12 Line 3399999 + Line 3499999 + Line 3599999 + Line 3699999 + Line 3799999 + Line 3899999 + Line 3999999 + Line 4099999 + Line 4199999 + Line 4299999, in part	_____	_____				_____
(52.1)	NAIC 01 Working Capital Finance Notes	AVR Equity Component Column 1 Line 100	_____	_____	X	0.0680	=	_____
(52.2)	NAIC 02 Working Capital Finance Notes	AVR Equity Component Column 1 Line 101	_____	_____	X	0.0163	=	_____
(52.3)	Total Admitted Working Capital Finance Notes	Line (52.1) + (52.2)	_____	_____				_____
(53.1)	Other Schedule BA Assets, including Surplus Notes and Capital Notes	AVR Equity Component Column 1 Line 99 + 102	_____	_____				_____
(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)	_____	_____				_____
(53.3)	Net Other Schedule BA Assets	Line (53.1) less (53.2)	_____	_____	X	0.3000	=	_____
(54)	Total Schedule BA Assets C-1o (pre-MODCO/Funds Withheld)	Lines (11) + (21) + (31) + (41) + (50.3)+ (51) + (52.3) + (53.3)	=====	=====				=====
(55)	Reduction in RBC for MODCO/Funds Withheld Reinsurance Ceded Agreements	Company Records (enter a pre-tax amount)						_____
(56)	Increase in RBC for MODCO/Funds Withheld Reinsurance Assumed Agreements	Company Records (enter a pre-tax amount)						_____
(57)	Total Schedule BA Assets C-1o (including MODCO/Funds Withheld.)	Lines (54) - (55) + (56)	=====	=====				=====
(58)	Total Schedule BA Assets Excluding Mortgages and Real Estate	Line (49)+ (57)	=====	=====				=====

† 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).


‡ 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



Company Name

Confidential when Completed

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.

 Denotes items that must be manually entered on the filing software.

ANNUAL STATEMENT INSTRUCTIONS – LIFE/FRATERNAL, PROPERTY, HEALTH & TITLE**SCHEDULE BA – PARTS 1, 2 AND 3****OTHER LONG-TERM INVESTED ASSETS – GENERAL INSTRUCTIONS**

 Detail Eliminated To Conserve Space 	
<u>Collateral Loans – Reported by Collateral that Secures the Loan</u>	
<u>Backed by Mortgage Loans</u>	
Unaffiliated	3199999
Affiliated	3299999
<u>Backed by Investments in Joint Ventures, Partnerships or Limited Liability Companies</u>	
Unaffiliated	3399999
Affiliated	3499999
<u>Backed by Residual Tranches or Interests</u>	
Unaffiliated	3599999
Affiliated	3699999
<u>Backed by Debt Securities</u>	
Unaffiliated	3799999
Affiliated	3899999
<u>Backed by Real Estate</u>	
Unaffiliated	3999999
Affiliated	4099999
<u>Collateral Loans – All Other Backed by Other Collateral Types</u>	
Unaffiliated	4199999
Affiliated	4299999
<u>Non-collateral Loans</u>	
Unaffiliated Related Party Loans / Affiliated Loans	3399999 4399999
Affiliated All Other Non-Collateral Loans / Other Unaffiliated Loans	3499999 4499999
Affiliated Loans	4599999
<u>Yield Guaranteed State Tax Credit Investments</u>	
Unaffiliated	3599999 4699999
Affiliated	3699999 4799999
<u>Qualifying Federal Tax Credit Investments</u>	
Unaffiliated	3799999 4899999
Affiliated	3899999 4999999
<u>Qualifying State Tax Credit Investments</u>	
Unaffiliated	3999999 5099999
Affiliated	4099999 5199999
<u>All Other Tax Credit Investments</u>	
Unaffiliated	4199999 5299999
Affiliated	4299999 5399999
<u>Working Capital Finance Investment</u>	
Unaffiliated	4399999 5499999

NAIC BLANKS (E) WORKING GROUP

Blanks Agenda Item Submission Form

<p style="text-align: right;">DATE: <u>04-20-2026</u></p> <p>CONTACT PERSON: _____</p> <p>TELEPHONE: _____</p> <p>EMAIL ADDRESS: _____</p> <p>ON BEHALF OF: _____</p> <p>NAME: <u>Ben Slutsker, Chair</u></p> <p>TITLE: <u>Director of Life Actuarial Valuation</u></p> <p>AFFILIATION: <u>Minnesota Department of Commerce</u></p> <p>ADDRESS: <u>85 7th Place East, Suite 280</u> <u>Saint Paul, MN 55101</u></p>	<p style="text-align: center;">FOR NAIC USE ONLY</p> <p>Agenda Item # <u>2026-##BWG</u></p> <p>Year <u>2026</u></p> <p>Changes to Existing Reporting [X]</p> <p>New Reporting Requirement []</p> <hr/> <p style="text-align: center;">REVIEWED FOR ACCOUNTING PRACTICES AND PROCEDURES IMPACT</p> <p>No Impact [X]</p> <p>Modifies Required Disclosure []</p> <p>Is there data being requested in this proposal which is available elsewhere in the Annual/Quarterly Statement? [No]</p> <p><i>***If Yes, complete question below***</i></p> <hr/> <p style="text-align: center;">DISPOSITION</p> <p>[] Rejected For Public Comment</p> <p>[] Referred To Another NAIC Group</p> <p>[X] Received For Public Comment</p> <p>[] Adopted Date _____</p> <p>[] Rejected Date _____</p> <p>[] Deferred Date _____</p> <p>[] Other (Specify) _____</p>
---	---

BLANK(S) TO WHICH PROPOSAL APPLIES

- | | | |
|---|---|---|
| <input checked="" type="checkbox"/> ANNUAL STATEMENT | <input type="checkbox"/> INSTRUCTIONS | <input type="checkbox"/> CROSSCHECKS |
| <input type="checkbox"/> QUARTERLY STATEMENT | <input checked="" type="checkbox"/> BLANK | |
| <input checked="" type="checkbox"/> Life, Accident & Health/Fraternal | <input checked="" type="checkbox"/> Separate Accounts | <input type="checkbox"/> Title |
| <input type="checkbox"/> Property/Casualty | <input type="checkbox"/> Protected Cell | <input type="checkbox"/> Other _____ |
| <input type="checkbox"/> Health | <input type="checkbox"/> Health (Life Supplement) | <input type="checkbox"/> Life (Health Supplement) |

Anticipated Effective Date: Annual 2026

IDENTIFICATION OF ITEM(S) TO CHANGE

Update the AVR factors to zero in columns 7 and 9 for the Collateral Loan section.

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

This proposal was prepared to update the collateral loan factors for Reserve Objective and Maximum Reserve to be zero. These should have been set at zero when the collateral loan section was added in 2025.

*****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 BLANK – LIFE/FRATERNAL AND SEPARATE ACCOUNTS

**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		Reserve Objective		Maximum Reserve	
							5 Factor	6 Amount (Cols. 4x5)	7 Factor	8 Amount (Cols. 4x7)	9 Factor	10 Amount (Cols. 4x9)
COLLATERAL LOANS												
100		Backed by mortgage loans – collateral loans – unaffiliated.....		XXX	XXX		0.0000		0.0000-0680		0.0000-0680	
101		Backed by mortgage loans – collateral loans – affiliated.....		XXX	XXX		0.0000		0.0000-0680		0.0000-0680	
102		Backed by joint ventures, partnerships, & limited liability companies – collateral loans – unaffiliated.....		XXX	XXX		0.0000		0.0000-0680		0.0000-0680	
103		Backed by joint ventures, partnerships, & limited liability companies – collateral loans – affiliated.....		XXX	XXX		0.0000		0.0000-0680		0.0000-0680	
104		Backed by residual tranches or interests – collateral loans – unaffiliated.....		XXX	XXX		0.0000		0.0000-0680		0.0000-0680	
105		Backed by residual tranches or interests – collateral loans – affiliated.....		XXX	XXX		0.0000		0.0000-0680		0.0000-0680	
106		Backed by debt securities – collateral loans – unaffiliated.....		XXX	XXX		0.0000		0.0000-0680		0.0000-0680	
107		Backed by debt securities – collateral loans – affiliated.....		XXX	XXX		0.0000		0.0000-0680		0.0000-0680	
108		Backed by real estate – collateral loans – unaffiliated.....		XXX	XXX		0.0000		0.0000-0680		0.0000-0680	
109		Backed by real estate – collateral loans – affiliated.....		XXX	XXX		0.0000		0.0000-0680		0.0000-0680	
110		Collateral loans – all other – unaffiliated.....		XXX	XXX		0.0000		0.0000-0680		0.0000-0680	
111		Collateral loans – all other – affiliated.....		XXX	XXX		0.0000		0.0000-0680		0.0000-0680	
112		Total collateral loans (Sum of Lines 100 through 111)		XXX	XXX		XXX		XXX		XXX	
ALL OTHER INVESTMENTS												
113		NAIC 1 working capital finance investments.....		XXX			0.0000		0.0042		0.0042	
114		NAIC 2 working capital finance investments.....		XXX			0.0000		0.0137		0.0137	
115		Other invested assets - Schedule BA.....		XXX			0.0000		0.1580		0.1580	
116		Other short-term invested assets - Schedule DA.....		XXX			0.0000		0.1580		0.1580	
117		Total all other (Sum of Lines 113 through 116).....		XXX			XXX		XXX		XXX	
118		Total other invested assets - Schedules BA & DA (Sum of Lines 29, 37, 64, 70, 74, 79, 92, 99 112, and 117)					XXX		XXX		XXX	

- (a) Times the company's weighted average portfolio beta (Minimum .1215, Maximum .2431).
- (b) This will be the factor associated with the risk category determined in the company generated worksheet.

*****Drafting Note: Changes in Blanks Proposal 2025-27BWG for AVR – CLO reporting are not shown on this proposal. Line numbers for AVR reporting are being updated in Blanks Proposal 2025-27BWG.*****

W:\QA\BlanksProposals\Proposals In Progress\AVR_Collateral Loan Factors.docx

Capital Adequacy (E) Task Force

RBC Proposal Form

- | | | |
|---|--|---|
| <input type="checkbox"/> Capital Adequacy (E) Task Force | <input type="checkbox"/> Health RBC (E) Working Group | <input checked="" type="checkbox"/> Life RBC (E) Working Group |
| <input type="checkbox"/> Catastrophe Risk (E) Subgroup | <input type="checkbox"/> P/C RBC (E) Working Group | <input type="checkbox"/> Longevity Risk (A/E) Subgroup |
| <input type="checkbox"/> Variable Annuities Capital. & Reserve (E/A) Subgroup | <input type="checkbox"/> Economic Scenarios (E/A) Subgroup | <input type="checkbox"/> RBC Investment Risk & Evaluation (E) Working Group |

<p style="text-align: right;">DATE: <u>1/12/2026</u></p> <p>CONTACT PERSON: <u>Kazeem Okosun</u></p> <p>TELEPHONE: <u>816-783-8981</u></p> <p>EMAIL ADDRESS: <u>kokosun@naic.org</u></p> <p>ON BEHALF OF: <u>Life Risk-Based Capital (E) Working Group</u></p> <p>NAME: <u>Ben Slutsker, Chair</u></p> <p>TITLE: <u>Director of Life Actuarial Valuation</u></p> <p>AFFILIATION: <u>Minnesota Dept of Commerce</u></p> <p>ADDRESS: <u>85 7th Place East, Suite 280</u> <u>Saint Paul, MN 55101</u></p>	<p style="text-align: center;">FOR NAIC USE ONLY</p> <p>Agenda Item # <u>2026-02-L</u> Year <u>2026</u></p> <p style="text-align: center;">DISPOSITION</p> <p>ADOPTED:</p> <p><input type="checkbox"/> TASK FORCE (TF) _____</p> <p><input type="checkbox"/> WORKING GROUP (WG) _____</p> <p><input type="checkbox"/> SUBGROUP (SG) _____</p> <p>EXPOSED:</p> <p><input type="checkbox"/> TASK FORCE (TF) _____</p> <p><input type="checkbox"/> WORKING GROUP (WG) _____</p> <p><input type="checkbox"/> SUBGROUP (SG) _____</p> <p>REJECTED:</p> <p><input type="checkbox"/> TF <input type="checkbox"/> WG <input type="checkbox"/> SG _____</p> <p>OTHER:</p> <p><input type="checkbox"/> DEFERRED TO _____</p> <p><input type="checkbox"/> REFERRED TO OTHER NAIC GROUP _____</p> <p><input type="checkbox"/> (SPECIFY) _____</p>
---	---

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

- | | | |
|--|---|---|
| <input type="checkbox"/> Health RBC Blanks | <input type="checkbox"/> Property/Casualty RBC Blanks | <input checked="" type="checkbox"/> Life and Fraternal RBC Blanks |
| <input type="checkbox"/> Health RBC Instructions | <input type="checkbox"/> Property/Casualty RBC Instructions | <input type="checkbox"/> Life and Fraternal RBC Instructions |
| <input type="checkbox"/> Health RBC Formula | <input type="checkbox"/> Property/Casualty RBC Formula | <input type="checkbox"/> Life and Fraternal RBC Formula |
| <input type="checkbox"/> 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

		(1)	(2)	(3)	(4)	(5)	(6)
	Annual Statement Source	Book / Adjusted Carrying Value	Involuntary Reserve Adjustment †	RBC Subtotal	Cumulative Writedowns ‡	Average Factor	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 - Deceased 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

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		Reserve Objective		Maximum Reserve	
							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												
301	1	Highest quality		XXX	XXX		0.0005		0.0016		0.0033	
312	2	High quality		XXX	XXX		0.0021		0.0064		0.0106	
323	3	Medium quality		XXX	XXX		0.0099		0.0263		0.0376	
334	4	Low quality		XXX	XXX		0.0245		0.0572		0.0817	
345	5	Lower quality		XXX	XXX		0.0630		0.1128		0.1880	
356	6	In or near default		XXX	XXX		0.0000		0.2370		0.2370	
367		Affiliated life with AVR		XXX	XXX		0.0000		0.0000		0.0000	
378		Total with preferred stock characteristics (Sum of Lines 30D1 through 36D7)		XXX	XXX		XXX		XXX		XXX	
SECTION E												
INVESTMENTS WITH THE UNDERLYING CHARACTERISTICS OF MORTGAGE LOANS												
In Good Standing Affiliated:												
381		Mortgages – CM1 – highest quality			XXX		0.0011		0.0057		0.0074	
392		Mortgages – CM2 – high quality			XXX		0.0040		0.0114		0.0149	
403		Mortgages – CM3 – medium quality			XXX		0.0069		0.0200		0.0257	
414		Mortgages – CM4 – low medium quality			XXX		0.0120		0.0343		0.0428	
425		Mortgages – CM5 – low quality			XXX		0.0183		0.0486		0.0628	
436		Residential mortgages – insured or guaranteed			XXX		0.0003		0.0007		0.0011	
447		Residential mortgages – all other		XXX	XXX		0.0015		0.0034		0.0046	
458		Commercial mortgages – insured or guaranteed			XXX		0.0003		0.0007		0.0011	
Overdue, Not in Process Affiliated:												
469		Farm mortgages			XXX		0.0480		0.0868		0.1371	
4710		Residential mortgages – insured or guaranteed			XXX		0.0006		0.0014		0.0023	
4811		Residential mortgages – all other			XXX		0.0029		0.0066		0.0103	
4912		Commercial mortgages – insured or guaranteed			XXX		0.0006		0.0014		0.0023	
5013		Commercial mortgages – all other			XXX		0.0480		0.0868		0.1371	
In Process of Foreclosure Affiliated:												
5114		Farm mortgages			XXX		0.0000		0.1942		0.1942	
5215		Residential mortgages – insured or guaranteed			XXX		0.0000		0.0046		0.0046	
5316		Residential mortgages – all other			XXX		0.0000		0.0149		0.0149	
5417		Commercial mortgages – insured or guaranteed			XXX		0.0000		0.0046		0.0046	
5518		Commercial mortgages – all other			XXX		0.0000		0.1942		0.1942	
5619		Total affiliated (Sum of Lines 38DE1 through 55DE18)			XXX		XXX		XXX		XXX	
5720		Unaffiliated – in good standing with covenants			XXX		(c)		(c)		(c)	
5821		Unaffiliated – in good standing defeased with government securities			XXX		0.0011		0.0057		0.0074	
5922		Unaffiliated – in good standing primarily senior			XXX		0.0040		0.0114		0.0149	
6023		Unaffiliated – in good standing all other			XXX		0.0069		0.0200		0.0257	
24		<u>Unaffiliated – in good standing – residential mortgages - all other</u>		XXX	XXX		<u>0.0015</u>		<u>0.0034</u>		<u>0.0046</u>	
61245		Unaffiliated – overdue, not in process			XXX		0.0480		0.0868		0.1371	
62256		Unaffiliated – in process of foreclosure			XXX		0.0000		0.1942		0.1942	
63267		Total unaffiliated (Sum of Lines 57DE20 through 62DE256)			XXX		XXX		XXX		XXX	



March 12, 2026

Mr. Ben Slutsker, Chair

Life Risk-Based Capital (E) Working Group
National Association of Insurance Commissioners
1100 Walnut Street, Suite 1000
Kansas City, MO 64106-2197

Re: Unaffiliated BA Mortgage – Residential – All Other – In Good Standing

Submitted Electronically

Dear Chair Slutsker:

The American Council of Life Insurers (ACLI) appreciates the opportunity to comment on the exposed item from the Life Risk-Based Capital (E) Working Group (Working Group) on Ref #2026-02-L – *BA Residential Mortgage Loans* for the RBC treatment of Schedule BA Mortgages for unaffiliated residential mortgage loans classified as all other in good standing on the LR009 – Schedule BA Mortgages page of the Life and Fraternal RBC Blank and related Instructions.

To help support the changes to the Life RBC Blank, ACLI suggests adding the following paragraph under the '*Basis of Factors*' section in the Life RBC Instructions for page LR009:

For residential mortgages in the Unaffiliated Mortgages (Line 2399999) and Affiliated Mortgages (Line 2499999) lines, these consist primarily of first lien loans and transferred to LR009, line (1) for insured or guaranteed residential mortgages or line (2) for all other affiliated/unaffiliated residential mortgages.

We welcome the opportunity to discuss our comments further and to support the Working Group's continued work on this issue.

Sincerely,

A handwritten signature in cursive script that reads 'Tip Tipton'.

Tip Tipton, CPA
Vice President – Accounting Policy
TipTipton@acli.com
202-624-2015

American Council of Life Insurers | 300 New Jersey Avenue, NW, 10th Floor | Washington, DC 20001

The American Council of Life Insurers (ACLI) is the leading trade association driving public policy and advocacy on behalf of the life insurance industry. 90 million American families rely on the life insurance industry for financial protection and retirement security. ACLI's member companies are dedicated to protecting consumers' financial wellbeing through life insurance, annuities, retirement plans, long-term care insurance, disability income insurance, reinsurance, and dental, vision and other supplemental benefits. ACLI's 275 member companies represent 94 percent of industry assets in the United States.



Cover Questions for Exposure

1. Should a guardrail be designed for NAER discounting or Direct Iteration? If yes,
 - a. What should be considered in the design of the guardrail?
 - b. Should the guardrail be included as a separate sensitivity (requested or optional)?
 - c. Should it be tested under asset-based metric, surplus-based metric or both?
2. What scalars and metrics should be reviewed as part of the field test? For example, should CTE90, 25% * CTE98, 25% * CTE95 or others be reviewed? Should the same scalars and metrics apply to both C3 Phase 1 and C3 Phase 2? Scalar is defined as XX and metric is defined as YY in the term $XX\% * CTE YY$.
3. Should the treatment of voluntary reserves be reviewed during this field test? Does this apply to both C3 Phase 1 and C3 Phase 2? How should voluntary reserves be defined?
4. At what level of granularity should results be reported? Examples are included in the exposure document.
5. What additional supplemental information should be provided to better understand the drivers of C3 results? For example, duration mismatch, average issue year, convexity, etc. for each major block of company reported results?
6. If VM-22 PBR is applied retroactively, should this change be considered as part of this field test? How would this be evaluated?

American Academy of Actuaries

C3 Field Test Specs Draft

Section I: Field Study Overview

A. INTRODUCTION

The Academy's C3 Subcommittee was tasked with considering changes to the C3 framework given the implementation of Principle Based Reserving for VM-22 and the new Generator of Economic Scenarios (GOES) scenarios, as well as reviewing ways to harmonize the methodology with the C3 Phase 2 framework. Details of the framework are included in the [\[appendix\]](#).

The goals of the field test are as follows:

- Assess the impacts of using an Asset-Based metric vs. a Surplus-Based metric
- Add Equity Linked Annuities to C3 Phase 1
- Assess the impact of a prescribed equity modeling approach under C3 Phase 1
- Enable a discussion about the consideration of the appropriate discount rate
- Contemplate the impact of aggregation of products included in C3 Phase 1
- [Supplemental] Evaluate the impact of a new prescribed default assumption, and quantify a possible RBC credit
- [Supplemental] Evaluate the C3 metric under different starting economic conditions

The analysis above will be performed using GOES scenario sets and may be reviewed under different economic conditions, such as different starting yield curves.

Supplemental information may be requested as part of this field test to help understand the field test reserve liability characteristics, aligning with LR027 definitions. A key goal is to confirm that the new methodology results in relatively higher/lower C3 capital requirements for companies with relatively higher/lower interest rate exposure.

B. COMMUNICATION OF FIELD TEST RESULTS

Participants of the field test will schedule confidential, regulator-only meetings where the results of their testing will be shared with regulators. NAIC staff will reach out to companies to schedule these meetings.

NAIC staff will communicate high-level observations and themes raised by participants on drivers of results. Communication will include specific coverage of key observations related to the listed goals of the field test as well as any other items that may be significant. Where applicable, NAIC staff will include comparisons to NAIC's model office testing.

NAIC Staff Contact: [\[Include name/email on who to contact at NAIC\]](#)

C. TIMELINE

The field test will run from [July to September] 2026. During the field test, regular Q&A sessions will be held with participants to address questions that may arise. Field test participants will present results in confidential regulator-only sessions starting in [October]. A detailed timeline is included in the Appendix II.

The NAIC's model office analysis will be shared in public meetings at Life Risk-Based Capital (E) Working Group by the end of 2026, alongside key observations shared by field test participants.

The proposed framework is intended to be effective for year-end 2027.

Section II: Field Test Scenarios and Assumption Specifications

A. PRODUCTS COVERED

Companies should include all products that are currently subject to C3 Phase 1, which includes single premium life and annuity products. Equity Linked Annuities, such as Fixed Indexed Annuities (FIA), will be added to the scope for testing.

B. VALUATION DATE

Field test will be based on a valuation date of 12/31/2025.

C. ECONOMIC SCENARIOS

Companies should use the prescribed field test scenario sets that will be provided by Conning. Conning will provide the scenario subsets that will be used for testing.

For companies that use a proprietary generator, results are requested under the prescribed generator instead for comparability. If fewer scenarios are used, please specify.

D. METRIC DEFINITIONS

For Surplus-based metrics, utilize the C3 Phase 1 prevailing proposed method as of the start of the Field Study. At the writing of this document, that would be the proposed C3 Phase 1 instructions as of [02/12/2026]. This would include applying updated weights to specific scenario results.

For Asset-based metrics, utilize the prevailing C3 Phase 2 proposed method as of the start of the Field Study. This would include flooring the scenario result at the Cash Surrender Value and utilizing 25% of CTE (98).

Reserves underlying the metrics will reflect reserve methodologies as of year-end 2025, not the newly approved VM-22 in the 2026 Valuation Manual.

E. DISCOUNTING

Companies should continue to use the current approach that is consistent with their reported capital metrics or use the prevailing metric proposed at the time of the Field Study. This could include discounting at 105% of the after-tax 1-year U.S. treasury rates for C3 Phase 1, or discounting at the net asset earned rate (NAER) on additional assets or using the Direct Iteration method for C3 Phase 2.

If any approach used for field test scenarios differs from what is reflected in the Baseline calculations, companies should disclose this and the corresponding impact of the change in approach.

F. OTHER ASSUMPTIONS

For other assumptions (e.g., reinvestment yields, liability assumptions, projection period), use the same assumptions as in the models currently used for CFT or PBR for the applicable assets and liabilities.

G. GRANULARITY

If available and practical, companies should provide results at the product and/or LOB level, in addition to aggregate level.

Companies are not expected to submit results in greater granularity than what is already part of normal procedures. This request envisions that many companies aggregate multiple models representing different products or blocks. As a result, we expect that many companies can provide field test results at a less-aggregated step of the process, in addition to the fully aggregated step.

H. FIELD TEST SCENARIOS

The field test will be quantifying the following:

- Use of an asset-based metric on C3 Phase 1, which would be consistent with C3 Phase 2
- The addition of Equity-Linked Annuities, such as FIA, to the scope of C3 Phase 1
- Use of prescribed asset default costs on C3 Phase 1, consistent with VM-20 Section 9.F
- Use of a prescribed equity modeling approach for C3 Phase 1
- Impact of discounting at NAER or direct iteration

The following results are requested:

Provide the statutory reserve, capital, and the sum of reserve and capital for each sensitivity. The Baseline run results will be compared to the Reported C3 Phase 1 results provided in the Supplemental Information. Sensitivities 0 to 2 will build upon each other. Sensitivities 3 to 6 will be compared to Sensitivity 1.

- Baseline: Reported C3 Phase 1 Results as of Year End 2025
 - Based on GOES interest rate scenarios, with Surplus-Based metric discounted at 105% of the after-tax 1-year U.S. treasury rates.

- Company default cost assumptions from current C3 Phase 1 methodology
 - Does not include Equity-Linked Annuities, such as FIA.
 - If company uses proprietary generator, provide a baseline that is restated under GOES.
- *Sensitivity 0 (Optional): Impact of Adding Equity-Linked Annuities to Current C3 Phase 1*
 - Based on GOES interest rate scenarios, with Surplus-Based metric.
 - **Including Equity-Linked Annuities, such as FIA**, utilizing the spirit of the current C3P1 instructions as much as possible.
 - *Compare to Baseline.*
- *Sensitivity 1: Impact of Asset-Based Metric with Prescribed Default Cost Assumptions*
 - Based on GOES interest rate scenarios, including Equity-Linked Annuities, such as FIA.
 - **Asset-Based Metric, Prescribed Defaults** as specified under VM-20 Section 9.F.
 - *Compare to Baseline (or Sensitivity 0 if available)*
- *Sensitivity 2: Impact of Prescribed Equity Modeling Approach*
 - Based on GOES interest rate scenarios, including Equity-Linked Annuities, such as FIA.
 - Asset-Based Metric, Prescribed Defaults as specified under VM-20 Section 9.F.
 - Use **prescribed equity modeling approach** as described [in Appendix I](#).
 - *Compare to Sensitivity 1*
- *Sensitivity 3: Impact of Discounting*
 - Based on GOES interest rate scenarios, including Equity-Linked Annuities, such as FIA.
 - Asset-Based Metric, Prescribed Defaults, **discounted at NAER or using direct iteration**.
 - Use prescribed equity modeling approach as described [in Appendix I](#).
 - *Compare to Sensitivity 2*
- *Sensitivity 4 (Optional): Impact of Prescribed Default Costs*
 - GOES Interest Rates, Asset-Based Metric, including FIA if provided in Sensitivity 0.
 - **Company Defaults from current C3P1 methodology**.
 - *Compare to Sensitivity 1*
- *Sensitivity 5 (Optional): Impact of Different Economic Conditions*
 - **GOES Interest Rates Shock Up**.
 - Asset-Based Metric, Prescribed Defaults, including FIA if provided in Sensitivity 0.
 - *Compare to Sensitivity 1*

- Sensitivity 6 (Optional): Impact of Different Economic Conditions
 - **GOES Interest Rates Shock Down.**
 - Asset-Based Metric, Prescribed Defaults, including FIA if provided in Sensitivity 0.
 - *Compare to Sensitivity 1*

- Sensitivity 7 (Optional): Impact of Stochastic Equity for All Liability Types
 - GOES Interest Rates + **GOES STOCHASTIC EQUITY (Initial Regulator Proposal).**
 - Asset-Based Metric, Prescribed Defaults, including FIA if provided in Sensitivity 0.
 - *Compare to Sensitivity 2*

In tabular form, please see the below requested or optional runs. Highlighted shows the change in each sensitivity.

	Requested or Optional	Surplus or Asset Based	FIA	Interest Rates	Equity	Defaults	Discounting
Baseline	Requested	Surplus	No	GOES	Company	Company	105% * 1-yr UST
Sens 0	Optional	Surplus	Yes	GOES	Company	Company	105% * 1-yr UST
Sens 1	Requested	Asset	If in Sens 0	GOES	Company	VM-20	105% * 1-yr UST
Sens 2	Requested	Asset	If in Sens 0	GOES	GOES	VM-20	105% * 1-yr UST
Sens 3	Requested	Asset	If in Sens 0	GOES	GOES	VM-20	NAER or Direct Iteration
Sens 4	Optional	Asset	If in Sens 0	GOES	Company	Company	105% * 1-yr UST
Sens 5	Optional	Asset	If in Sens 0	GOES + shock up	Company	VM-20	105% * 1-yr UST
Sens 6	Optional	Asset	If in Sens 0	GOES + shock down	Company	VM-20	105% * 1-yr UST
Sens 7	Optional	Asset & Surplus	If in Sens 0	GOES	Academy	VM-20	105% * 1-yr UST

Section III: Supplemental Information

Additional analytics are requested to help explain the field test results to ensure the methodology reasonably measures C3 risks. These analytics will be compared along with the field test results. The analytics requested include:

A. CURRENT CAPITAL RESULTS

Please provide your reported C3 Phase 1 result amount as of the valuation date as well as the modeled reserves by High/Medium/Low Risk categories, and the factor-based result. If your current C3 Phase 1 result is floored, please calculate the unfloored amount. These results will be used to compare against the new framework results to help the NAIC and Domestic Regulators to understand the impact of the new framework.

B. LIABILITY ANALYTICS

Average Issue Year and Statutory Reserves net of reinsurance.

VERSION 1

Low Risk Category

- Annuity Reserve with Fair Value Adjustment (excluding unitized separate accounts)
- Annuity Reserve not Withdrawable (excluding structured settlements)
- Guaranteed Investment Contract (GIC) Reserve within 1 Year of Maturity
- Single Premium Life Insurance Reserves

Medium Risk Category

- Annuity Reserve at Book Value Less Surrender Charge of 5 Percent or More
- Exhibit 7 Reserve not Included Elsewhere
- Structured Settlements
- Additional Actuarial Reserves for Annuities and Single Premium Life—Asset/Liability Analysis

High Risk Category

- Annuity Reserve at Book Value Without Adjustment (minimal or no charge or adjustment)
- Debt with GIC-like Characteristics (see Appendix 1 & 1b Instructions)

Synthetic GICs

VERSION 2

- Retail Life
- BOLI/COLI
- Variable Annuities
- Indexed Linked Variable Annuities (ILVA, RILA)

- Deferred Annuities (SPDA, FPDA), Multi-Year Guarantee Annuities (MYGA)
 - With and without Guaranteed Life Benefits (GLB)
 - With and without Market Value Adjustments (MVA)
- Income Annuities—Single Premium Immediate Annuities (SPIA), Deferred Income Annuities (DIA)
- Fixed Indexed Annuities (FIA)
 - With and without GLB
 - With and without MVA
- Structured Settlements Contracts (SSC)
- Pension Risk Transfer (PRT)
- Guaranteed Investment Contracts (GICs)/Synthetic GICs
- Stable Value Contracts
- Funding Agreements
- Other (please specify)

Appendix I: Stochastic Equity Levelized Return Illustration

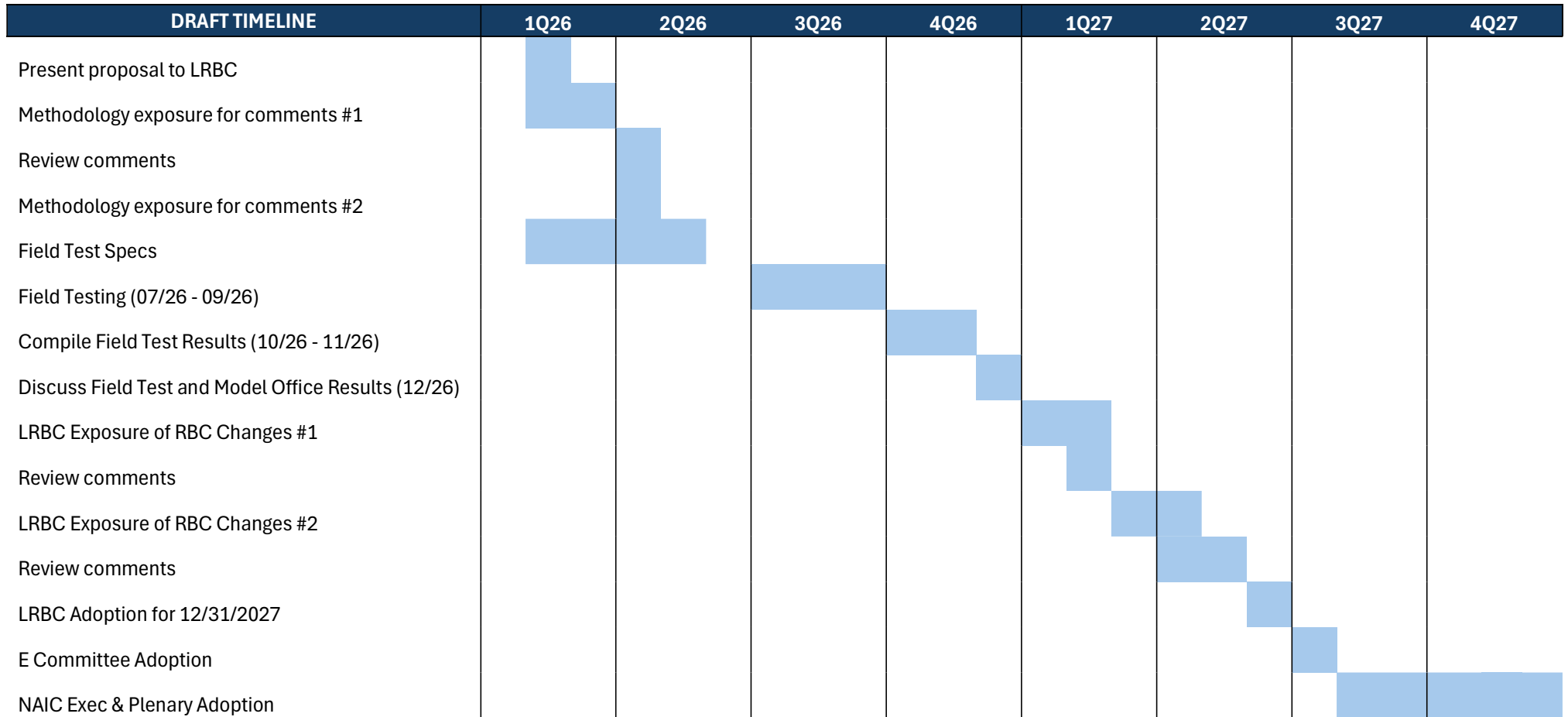
Complete Sensitivity 2, which will be compared to Sensitivity 1 in order to estimate the impact of the proposed Academy equity scenarios.

For developing the greatest present value of accumulated deficiencies (GPVAD) results that include equity linked assets and liabilities, use the following methodologies depending on the type of equity exposure.

Type of Equity Exposure	Proposal
Equity instruments to hedge predictive liabilities cash flows (e.g., FIA index hedge or indexed GIC)	<ul style="list-style-type: none"> • Exclude stochastic equity risk from C3P1. • Assume hedges are effective and reflect same index hedges error margin for reserve and capital for additional conservatism.
Equity instruments to hedge the unpredictable liability cash flows (e.g., FIA with GLWB)	<ul style="list-style-type: none"> • Model stochastic equity but allow hedge modeling simplification. • Unlike VA, the liability cash flows are mostly exposed to the policyholder behavior assumption risk than equity risk. • Optional credit adjustment to account for double counting of risk reflected in the C1 equity risk charge and the C3 calculation.
Equity instruments on general account assets (e.g., equities backing long-duration contracts such as SSC)	<ul style="list-style-type: none"> • Develop the prudent estimate levelized return to avoid exacerbating capital requirement. • Option 1 -- The prescribed levelized equity return equals the gross wealth factor (GWF) at specified CTE level for the projection years that reflect the average liability duration and then appending the new levelized return for the remaining years which equal to the GWF at the same CTE level at projection year 50 (See next slide for illustration). • Option 2 -- Use AG-53 compliant assumption for general account equities¹

¹An equity-like instrument under AG-53 assumed to have higher value at projection year 10 or later than under an assumption of annual total returns, before the deduction of investment expenses, of 4% for the first 10 projection years after the valuation date followed by 5% for projection year 11 and after.

Appendix II: Timeline



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April 13, 2026

Ben Slutsker
Chair, NAIC Life Risk-Based Capital (E) Working Group (LRBC)

Philip Barlow
Vice Chair, NAIC Life Risk-Based Capital (E) Working Group (LRBC)

Re: February 2026 C3 Alignment Specifications Exposure

Dear Chair Slutsker and Vice Chair Barlow:

The American Council of Life Insurers (ACLI) appreciates the opportunity to comment on the February 2026 exposure of draft C3 Alignment Field Test Specifications and cover letter questions. We would also like to take this time to thank regulators, LRBC staff, and members of the American Academy of Actuaries (the Academy) for all the work done to-date on the distribution and development of these materials.

In an effort to further develop these specifications, ACLI would recommend a drafting group be formed to work through the various open items. This may be a more efficient use of time as we work collaboratively on updating the specifications document ahead of a field test later in the year.

We also note as a consideration the direction that LATF has indicated on potential VM-22 retroactivity which is to focus on an elective framework to move from VM-A, VM-C, and VM-V methodologies to VM-22. As not all models will be moved to VM-22, consideration will need to be given to the extent alignment between reserves and capital is tested.

Regarding the cover questions, ACLI offers the following commentary for consideration:

1.a Should a guardrail be designed for NAER discounting or Direct Iteration?

We appreciate the direction of regulators to support incorporation of an NAER into the C3P1 construct. Our preference would be to not include a guardrail since this would require more model runs and could reduce the benefit of introducing NAER. The focus should be on the projections and the underlying assumptions themselves to identify when losses occur and the extent of those losses. The guardrail has not been defined yet and it would require significant

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The American Council of Life Insurers (ACLI) is the leading trade association driving public policy and advocacy on behalf of the life insurance industry. 90 million American families rely on the life insurance industry for financial protection and retirement security. ACLI's member companies are dedicated to protecting consumers' financial wellbeing through life insurance, annuities, retirement plans, long-term care insurance, disability income insurance, reinsurance, and dental, vision and other supplemental benefits. ACLI's 275 member companies represent 94 percent of industry assets in the United States.

effort to run multiple sets of assumptions stochastically. We would be open to testing in the future if this were to be developed as it would be appropriate to test before potential implementation.

1.b. Should the guardrail be included as a separate sensitivity (requested or optional)?

To the extent a guardrail is tested, it should be optional.

1.c. Should it be tested under asset-based metric, surplus-based metric, or both?

ACLI would be open to testing under both metrics, but an asset-based metric gives a sound view of whether or not the company can meet the obligations of the policyholder. Interim surplus measures are helpful and should be understood as an early warning of potential shortfalls to meeting policyholder obligations. A surplus-based metric would require either doing a nested stochastic reserve calculation as the most exact approach, or in the absence of a nested stochastic reserve, a simplified reserve run-off approach would need to be developed.

*1. What scalars and metrics should be reviewed as part of the field test? For example, should CTE90, 25% * CTE98, 25% * CTE95 or others be reviewed? Should the same scalars and metrics apply to both C3 Phase 1 and C3 Phase 2? Scalar is defined as XX and metric is defined as YY in the term XX% * CTE YY.*

The proposed C3P1 metric is based on special weights on the 200 GOES scenarios. We would appreciate clarity as to which sensitivity steps these new metrics would be applied. Alternatively, would each company calculate the current metric and various XX/YY combinations for each sensitivity step?

While the Academy has suggested several sensitivities as part of the required/optional scenarios, it is uncertain whether the scenarios listed represent an adequate set of scenarios to review different CTE metrics across different points of an economic cycle. We would suggest making available a broad selection of scenario sets under different economic conditions for optional testing to help determine an appropriate CTE metric.

We suggest testing 25% CTE 90 through 99 and VAR100. Testing the additional CTE levels would be incremental and would provide greater understanding of the various potential levels of capital. Additionally, the rationale for including VAR100 is the previously stated concern that at CTE90, the implied 400% RBC ratio capital could be extremely high and, in some cases, higher than VAR100 which is not reasonable. Including 25% * VAR100 could help measure the relationship between the two and assess if 100% * CTE90 charge is too high.

Additionally, the existing C3P1 calculation metric, which uses a weighted-average VAR calculation, could be overly sensitive to results from a small number of extreme scenarios. Testing this may help inform an appropriate CTE level from the recommended field test range described above.

We support consistency in the CTE levels between C3P1 and C3P2, and support reflecting the appropriate aggregation benefit between the two in capital requirements.

2. *Should the treatment of voluntary reserves be reviewed during this field test? Does this apply to both C3 Phase 1 and C3 Phase 2? How should voluntary reserves be defined?*

To the extent that voluntary reserves are recorded, they should be included in both C3 Phase 1 and C3 Phase 2 calculations consistently.

3. *At what level of granularity should results be reported? Examples are included in the exposure document.*

ACLI does not see the value in reporting results for individual blocks of business. C3P1 is an aggregate calculation for certain liabilities and results are heavily dependent on the mix of business each company has. In fact, reserves for lines not included in the C3 testing today are also available to absorb C3 risk. Though not considered today, life insurance lines should be aggregated with the annuity and single premium life business to get a better indication of interest rate risk for the firm. Therefore, there is limited value to be obtained from looking at results for individual blocks of business in isolation. However, if aggregation with C3P2 is contemplated, then that could be an appropriate consideration to include in the field test. As a simplification, information on the mix of business could be captured.

ACLI does not support version 2 of supplemental information in section III. Company should be able to provide the information in the current RBC outline.

4. *What additional supplemental information should be provided to better understand the drivers of C3 results? For example, duration mismatch, average issue year, convexity, etc., for each major block of company reported results?*

ACLI sees limited value in asking for this supplemental information for major blocks of business given that (as stated in response to prior question) C3P1 is an aggregate calculation and thus information for individual blocks of business is of limited value in providing insight on results.

5. *If VM-22 PBR is applied retroactively, should this change be considered as part of this field test? How would this be evaluated?*

Depending on the specific nature of any future VM-22 retroactivity decision, this should be included only if there is clarity on retroactivity before field test occurs and only if retroactivity will be compulsory. Given the current direction to allow optional election of VM-22 to inforce business, this item will require additional dialogue.

Additional comments:

We would appreciate additional discussion on how VM-20 defaults would be tested if a company is using a non-PBR model, and if a simplified approach might be considered.

Further, clarification about the selected equity return options for the general account equity would be appreciated, particularly regarding their relationship to the 30% factor and the possibility of double counting of equity risk.

The models discussed throughout the exposure also need clarity around whether companies are expected to use PBR models for C3P1. It might be helpful for companies to have the option of using the CFT models for the FT to reduce the amount of work required while the following questions are also contemplated:

- Do regulators want prudent estimate assumptions?
- Should companies remove the PADs applied for AAT?
- Should companies use prescribed PBR assumptions?

Regarding the Valuation Date in the draft specifications, it would be helpful to know if there is going to be any allowance for companies that use a 9/30 valuation date for their baseline C3P1 cashflow calculations. During the GOES field testing (both the 2022 Field Test and the 2024 Field Test), scenario sets were provided on a 9/30 basis as well as a 12/31 basis.

Finally, will there be a specified template provided for comments?

Thank you once again for your consideration of our feedback and ACLI looks forward to future discussions on C3 alignment with regulators, NAIC staff, and the Academy.

Sincerely,

Handwritten signature of Colin Masterson in cursive script.

cc: Kazeem Okosun, NAIC

Model Office Fixed Deferred Annuity Results (MM)

CTE 90 w/ Prescribed Default Table	CTE 90 with Unloaded Default Table	% Change
280.42	280.28	-0.05%

	PBR (Moody's) Credit	Weighted Average Life									
Table A	3 (Aa2)	0.0021%	0.0059%	0.0112%	0.0145%	0.0164%	0.0179%	0.0190%	0.0201%	0.0217%	0.0235%
Table A, Unloaded	3 (Aa2)	0.0008%	0.0031%	0.0059%	0.0078%	0.0088%	0.0107%	0.0120%	0.0132%	0.0146%	0.0160%
Difference	3 (Aa2)	0.0013%	0.0028%	0.0053%	0.0068%	0.0076%	0.0073%	0.0070%	0.0069%	0.0071%	0.0075%
Table A	6 (A2)	0.0166%	0.0518%	0.0960%	0.1070%	0.1130%	0.1180%	0.1224%	0.1245%	0.1307%	0.1426%
Table A, Unloaded	6 (A2)	0.0062%	0.0275%	0.0505%	0.0570%	0.0605%	0.0699%	0.0769%	0.0816%	0.0877%	0.0966%
Difference	6 (A2)	0.0104%	0.0242%	0.0455%	0.0500%	0.0524%	0.0480%	0.0454%	0.0430%	0.0430%	0.0460%

- Initial Asset Portfolio**
- 3-year A and AA bonds purchased at policy issue years
 - 5-year A and AA bonds purchased at policy issue years

Reinvestment Guardrail 50/50 A/AA 3-year bonds for reinvestment

FDA without GLB Product Features

Base product	Premium mode:	Single premium at issue
	Surrender charge:	5-year surrender charge period (9%, 8.5%, 7.5%, 5.5%, 4%), with MVA
	Withdrawal:	10% free partial withdrawal
	Guaranteed crediting rate:	1% minimum guarantee crediting rate
	Crediting:	<ul style="list-style-type: none">➤ Crediting equal to 7-year treasury minus 50 bps spread➤ Crediting is reset at end of CDSC and then annually thereafter
Riders	None	
Commissions	5% of year 1 premium	
In-force distribution	Policies:	1200 policies (600 male, 600 female)
	Issue years:	10 issue years of business (2014-2023). Distributed equally across issue months and based on expected lapsation through valuation date
	Issue ages:	45 / 50 / 55 / 60 / 65 / 70 with distribution of 5% / 15% / 20% / 30% / 25% / 5%
Anticipated experience assumptions	Mortality:	<ul style="list-style-type: none">➤ 2012 IAM ANB mortality➤ Mortality improvement 0.5%, using 2012 as base year
	Base lapses:	1%, 1%, 2%, 2%, 4%, 40%, 10% (ultimate rate)
	Dynamic lapses:	Factor based on ITM, where $ITM = \text{Current Crediting Rate} / \text{Market Rate}$. <ul style="list-style-type: none">➤ If $ITM \leq 0.8$, then Factor = 150%.➤ If $ITM \geq 1.2$, then Factor = 50%. Factor is interpolated between these points.
	Partial Withdrawals:	SPA prescribed assumption
	Annuity payments:	0%
	Maintenance expenses:	SPA prescribed assumption