Draft date: 6/2/26

Virtual Meeting

LIFE RISK-BASED CAPITAL (E) WORKING GROUP
Thursday, June 11, 2026
11:00 a.m. – 12:00 p.m. ET / 10:00 – 11:00 a.m. CT / 9:00 – 10:00 a.m. MT / 8:00 – 9:00 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. Consider Adoption of Proposal 2026-06-L MOD (LR027 Annual Statement Source)—*Ben Slutsker (MN)* — Attachment 1

2. Consider Adoption of Proposal 2026-01-L (AVR Changes)—*Ben Slutsker (MN)* — Attachment 2A
   A. American Council of Life Insurers (ACLI) — Attachment 2B

3. Receive Comments on and Consider Adoption of 2026-09-L MOD (LR008 Schedule BA Collateral Loans Annual Statement Source 2026 Update) —*Ben Slutsker (MN)* — Attachment 3A, Attachment 3B
   A. American Council of Life Insurers (ACLI) — Attachment 3C

4. Receive Comments on Proposal 2025-16-L MOD Version 3 (Collateral Loans) —*Ben Slutsker (MN)* — Attachment 4A
   A. ACLI — Attachment 4B

5. Receive a Referral from the Investment Analysis (E) Working Group (Residential Mortgage Loans: Definition, Disclosure and Risk-Based Capital Charges) —*Ben Slutsker (MN)* — Attachment 5

6. Discuss the Statutory Accounting Principles (E) Working Group Notice of Exposure: Asset Value Reserve (AVR) Affiliated Common Stock —*Ben Slutsker (MN)* — Attachment 6

7. Discuss Any Other Matters Brought Before the Working Group—*Ben Slutsker (MN)*

8. Adjournment

Cover question

NAIC Staff are in the process of updating Annual Statement Source references in LR027 Interest Rate Risk and Market Risk Page to incorporate the changes in Annual Statement Footnotes and Exhibit presentations over the course of time. It was noted that the current Annual Statement Source reference oftentimes does not include "Column" reference of the destinations, e.g., LR027 lines 2, 3, 4, 7, 8, 12, 18, 19 ,20, 21.2, 23, 24, and 28 (Please note this is not an exhaustive list). NAIC Staff would like to seek feedback from regulators and interested parties as to whether more specific guidance is needed. And if so, please provide proposed edits in your comments.

Capital Adequacy (E) Task Force

RBC Proposal Form

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

DATE:	**02-18-2026**
CONTACT PERSON:	**Kazeem Okosun**
TELEPHONE:	**816-783-8981**
EMAIL ADDRESS:	**kokosun@naic.org**
ON BEHALF OF:	**Life Risk-Based Capital (E) Working Group**
NAME:	**Ben Slutsker, Chair**
TITLE:	**Director of Life Actuarial Valuation**
AFFILIATION:	**Minnesota Department of Commerce**
ADDRESS:	**85 7th Place East, Suite 280** **Saint Paul, MN 55101**

FOR NAIC USE ONLY

Agenda Item # 2026-06-L MOD
Year 2026

DISPOSITION

ADOPTED:
☐ TASK FORCE (TF) ______
☐ WORKING GROUP (WG) ______
☐ SUBGROUP (SG) ______
EXPOSED:
☐ TASK FORCE (TF) ______
☒ WORKING GROUP (WG) **02-25-2026**
☐ SUBGROUP (SG) ______
REJECTED:
☐ TF ☐ WG ☐ SG ______
OTHER:
☐ DEFERRED TO ______
☐ REFERRED TO OTHER NAIC GROUP
☐ (SPECIFY) ______

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

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

DESCRIPTION/REASON OR JUSTIFICATION OF CHANGE(S)

This proposal intends to propose editorial changes to LR027 Interest Rate Risk and Market Risk Page (e.g. refresh Annual Statement Source / Source guidance).

The modified proposal was based on the comment received. The changes are highlighted in BLUE

Additional Staff Comments:

- 02-25-2026: Proposal was exposed with comments due 03-20-2026. 1 comment letter received.
- 04-23-2026: Proposal was exposed with comments due 05-7-2026. No comment received

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

Company Name | Confidential when Completed | NAIC Company Code

INTEREST RATE RISK AND MARKET RISK

			(1)			
(1.1)	Did the Company Submit an Unqualified Actuarial Opinion Based on Asset Adequacy Testing or One Qualified Due Solely to the Direction Provided in Actuarial Guideline XLVIII?	["Yes" or "No" in Column (1)]				
(1.2)	C-3 RBC Cash Flow Testing on Certain Products? (See the instructions for specific details)	["Yes" or "No" in Column (1)]				
(1.3)	If Line (1.2) is "Yes", is the Appointed Actuary C-3 Assumption Statement Attached?	["Yes" or "No" in Column (1)]				
(1.4)	If applicable, have the appropriate certifications been attached?	["Yes" or "No" or "N/A" in Column (1)]				

	RESERVES THAT WERE CASH FLOW TESTED FOR ASSET ADEQUACY (See Appendix 1 of the instructions for more details.)	Annual Statement Source	(2) Statement Value		Factor		(3) RBC Requirement
	Low Risk Category						
(2)	Annuity Reserve with ~~Fair~~ Market Value Adjustment (excluding unitized separate accounts)*	Notes to Financial Statements Item 32 Line A1a, B1a and C1a, in part‡		X	0.0095 or 0.0063†	=	
(3)	Annuity Reserve not Withdrawable (excluding structured settlements)*	Notes to Financial Statements Item 32 Line A2, B2 and C2, in part‡		X	0.0095 or 0.0063†	=	
(4)	Guaranteed Investment Contract (GIC) Reserve within 1 Year of Maturity£	Notes to Financial Statements Item 32 Various Lines, in part‡		X	0.0095 or 0.0063†	=	
(5.1)	Single Premium Life Insurance Reserves Net of Reinsurance	Exhibit 5 Column 2 Line 0199999, in part					
(5.2)	Less Single Premium Life Insurance Reserves Policy Loans	Page 2 Line 6, in part					
(5.3)	Plus Modified Coinsurance Assumed Single Premium Life Reserves net of Modified Coinsurance Assumed Policy Loans	Schedule S Part 1 Section 1 Column 12, in part‡					
(5.4)	Less Modified Coinsurance Ceded Single Premium Life Reserves net of Modified Coinsurance Ceded Policy Loans	Schedule S Part 3 Section 1 Column 14, in part‡					
(5.5)	Single Premium Life Insurance Reserves	Line (5.1) - (5.2) + (5.3) - (5.4)		X	0.0095 or 0.0063†	=	
(6)	Total Low Risk	Lines (2) + (3) + (4) + (5.5)					
	Medium Risk Category						
(7)	Annuity Reserve at Book Value Less Surrender Charge of 5 Percent or More*	Notes to Financial Statements Item 32 Line A1b, B1b and C1b, in part‡		X	0.0190 or 0.0127†	=	
(8)	Exhibit 7 Reserve not Included Elsewhere §	Exhibit 7 Line 14 amounts not included elsewhere in Interest Rate Risk (C-3)‡		X	0.0190 or 0.0127†	=	
(9)	Structured Settlements	Notes to Financial Statements Item 32, in part‡		X	0.0190 or 0.0127†	=	
(10)	Additional Actuarial Reserves for Annuities and Single Premium Life - Asset/Liability Analysis	Exhibit 5 Column 2 Line 0799997, in part		X	0.0190 or 0.0127†	=	
(11)	Total Medium Risk	Sum of Lines (7) through (10)					

† The factors are decreased by one-third if the company submits an unqualified actuarial opinion based on asset adequacy testing or one qualified due solely to the direction provided in Actuarial Guideline XLVIII. The RBC software automatically recalculates the factor, depending on the answer to Line (1.1).
‡ Net of reinsurance, less policy loans, plus modified coinsurance assumed reserves, less modified coinsurance ceded reserves.
§ Excluding any non-policyholder reserves (e.g., reserves that are not related to specific policies).
* Excluding GICs within 1 year of maturity.
£ Includes GICs within 1 year of maturity subtracted elsewhere.

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

INTEREST RATE RISK AND MARKET RISK (CONTINUED)

		Annual Statement Source	(2) Statement Value		Factor		(3) RBC Requirement
	High Risk Category						
(12)	Annuity Reserve at Book Value Without Adjustment (minimal or no charge or adjustment)*	Notes to Financial Statements Item 32 Line A1e, B1e and C1e, in part‡		X	0.0380 or 0.0253†	=	
(13)	Debt with GIC-like Characteristics (see Appendix 1 & 1b instructions)	Company records (enter a pre-tax amount)					
(14)	Total High Risk	Line (12) + (13)					
	Synthetic GIC's						
(15)	Synthetic GIC's C-3 Requirement	Company records (enter a pre-tax amount)					
	Callable/Pre-Payable Assets						
(16)	Callable/Pre-Payable Assets Assigned to Products Categorized Above	Company records (enter a pre-tax amount)					
(17)	Subtotal of Factor Based RBC For Products Categorized Above	Lines (6) + (11) + (14) + (15)					
	ALL OTHER RESERVES (exclude statement amounts included in Lines (2) to (17) above)						
	Low Risk Category						
(18)	Annuity Reserve with ~~Fair~~ Market Value Adjustment (excluding unitized separate accounts and eligible experience rated pension and separate accounts with guarantees)*	Notes to Financial Statements Item 32 Line A1a, B1a and C1a, in part‡		X	0.0095 or 0.0063†	=	
(19)	Annuity Reserve not Withdrawable (excluding structured settlements and eligible experience rated pension and separate accounts with guarantees)*	Notes to Financial Statements Item 32 Line A2, B2 and C2, in part‡		X	0.0095 or 0.0063†	=	
(20)	Guaranteed Investment Contract (GIC) Reserve within 1 Year of Maturity£	Notes to Financial Statements Item 32 Various Lines, in part‡		X	0.0095 or 0.0063†	=	
(21.1)	Life Insurance Reserves Net of Reinsurance	Exhibit 5 Column 2 Line 0199999, in part					
(21.2)	Less Life Insurance Reserves Policy Loans	Page 2 Line 6, in part					
(21.3)	Plus Modified Coinsurance Assumed Reserves net of Modified Coinsurance Assumed Policy Loans	Schedule S Part 1 Section 1 Column 12, in part‡					
(21.4)	Less Modified Coinsurance Ceded Reserves net of Modified Coinsurance Ceded Policy Loans	Schedule S Part 3 Section 1 Column 14, in part‡					
(21.5)	Life Insurance Reserves	Line (21.1) - (21.2) + (21.3) - (21.4)		X	0.0095 or 0.0063†	=	
(22)	Total Low Risk	Lines (18) + (19) + (20) + (21.5)					

† The factors are decreased by one-third if the company submits an unqualified actuarial opinion based on asset adequacy testing or one qualified due solely to the direction provided in Actuarial Guideline XLVIII. The RBC software automatically recalculates the factor, depending on the answer to Line (1.1).

‡ Net of reinsurance, less policy loans, plus modified coinsurance assumed reserves, less modified coinsurance ceded reserves.

§ Excluding any non-policyholder reserves (e.g., reserves that are not related to specific policies).

* Excluding GICs within 1 year of maturity.

£ Includes GICs within 1 year of maturity subtracted elsewhere.

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

INTEREST RATE RISK AND MARKET RISK (CONTINUED)

		Annual Statement Source	(2) Statement Value		Factor		(3) RBC Requirement
	Medium Risk Category						
(23)	Annuity Reserve at Book Value Less Surrender Charge of 5 Percent or More*	Notes to Financial Statements Item 32 Line A1b, B1b and C1b, in part‡		X	0.0190 or 0.0127†	=	
(24)	Exhibit 7 Reserve not Included Elsewhere §	Exhibit 7 Line 14 amounts not included elsewhere in Interest Rate Risk (C-3)‡		X	0.0190 or 0.0127†	=	
(25)	Structured Settlements	Notes to Financial Statements Item 32 in part‡		X	0.0190 or 0.0127†	=	
(26)	Additional Actuarial Reserves - Asset/Liability Analysis	Exhibit 5 Column 2 Line 0799997, in part		X	0.0190 or 0.0127†	=	
(27)	Total Medium Risk	Sum of Lines (23) through (26)					
	High Risk Category						
(28)	Annuity Reserve at Book Value Without Adjustment (minimal or no charge or adjustment)*	Notes to Financial Statements Item 32 Line A1e, B1e and C1e, in part‡		X	0.0380 or 0.0253†	=	
(29)	Total High Risk	Line (28)					
	Synthetic GIC's						
(30)	Synthetic GIC's C-3 Requirement	Company records (enter a pre-tax amount)			RBC x 1.000 (less "haircut")		
	Callable/Pre-Payable Assets						
(31)	Callable/Pre-Payable Assets Not Allocated to Line (16). Include Callable/Pre-Payable Assets Allocated to Surplus	Company records (enter a pre-tax amount)					
(32)	Interest Rate Risk Based Completely on Factors	Lines (16) + (17) + (22) + (27) + (29) + (30) + (31)					
(33)	C-3 RBC Cash Flow Testing Interest Rate Risk (If Line 1.2 = "Yes")	Company records (enter a pre-tax amount)			C-3 RBC Cash Flow Testing		
(34)	Sub-Total Interest Rate Risk	If Line (33) = 0, then Line (34) = Line (32). Otherwise, Line (34) = Line (32) + (33) - (16) - (17), subject to a minimum of 0.5 times Line (32)					
(35)	Interest Rate Risk Component (See the instructions for specific detail.)	Company Records (enter the pre-tax amount)					
(36)	Total Interest Rate Risk	Lines (34) + (35)					
(37)	Total Market Risk	Company Records (enter a pre-tax amount)					

† The factors are decreased by one-third if the company submits an unqualified actuarial opinion based on asset adequacy testing or one qualified due solely to the direction provided in Actuarial Guideline XLVIII. The RBC software automatically recalculates the factor, depending on the answer to Line (1.1).
‡ Net of reinsurance, less policy loans, plus modified coinsurance assumed reserves, less modified coinsurance ceded reserves.
§ Excluding any non-policyholder reserves (e.g., reserves that are not related to specific policies).
* Excluding GICs within 1 year of maturity.
£ Includes GICs within 1 year of maturity subtracted elsewhere.

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

Company Name | Confidential when Completed | NAIC Company Code

INTEREST RATE RISK AND MARKET RISK (Alternative)
C-3 RBC Cash Flow Testing Alternative Calculations
(For Informational Purposes Only)

		Source	(1) RBC Requirement
(1)	C-3 RBC Cash Flow Testing Interest Rate Risk	LR027 Interest Rate Risk and Market Risk Column (3) Line (33)	
(2)	C-3 RBC Cash Flow Testing Interest Rate Risk	The Line (1) Equivalent Calculated Using ~~Version 7.1.201406 of the~~ **the NAIC Generator of Economic Scenarios** †† §§ ~~American Academy of Actuaries Scenario Generator~~	
(3)	C-3 RBC Cash Flow Testing Interest Rate Risk	The Line (1) Equivalent Calculated Using a Proprietary Generator ‡‡ §§	

(4) Please Describe Proprietary Generator Used, Calibration Criteria, and Number of Scenarios:

†† This information is not required for **2026**.
‡‡ This information is requested, if applicable, on a voluntary basis.
§§ This information is not required for **2026**.
Denotes items that must be manually entered on the filing software.

Capital Adequacy (E) Task Force

RBC Proposal Form

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

	DATE: 02-04-2026	**FOR NAIC USE ONLY**
CONTACT PERSON:	**Kazeem Okosun**	Agenda Item # 2026-01-L Year 2026
TELEPHONE:	**816-783-8981**	**DISPOSITION**
EMAIL ADDRESS:	**kokosun@naic.org**	**ADOPTED:** ☐ TASK FORCE (TF) ____ ☐ WORKING GROUP (WG) ____ ☐ SUBGROUP (SG) ____
ON BEHALF OF:	**Life Risk-Based Capital (E) Working Group**	
NAME:	**Ben Slutsker, Chair**	**EXPOSED:** ☐ TASK FORCE (TF) ____ ☒ WORKING GROUP (WG) 02-10-2026 ☐ SUBGROUP (SG) ____
TITLE:	**Director of Life Actuarial Valuation**	
AFFILIATION:	**Minnesota Department of Commerce**	**REJECTED:** ☐ TF ☐ WG ☐ SG ____
ADDRESS:	**85 7th Place East, Suite 280** **Saint Paul, MN 55101**	**OTHER:** ☐ DEFERRED TO ____ ☐ REFERRED TO OTHER NAIC GROUP ☐ (SPECIFY) ____

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

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

DESCRIPTION/REASON OR JUSTIFICATION OF CHANGE(S)

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

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

Additional Staff Comments:

2-10-2026: Proposal was exposed with comments due 03-12-2026. 1 comment received (KO)

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

UNAFFILIATED PREFERRED AND COMMON STOCK

LR005

Basis of Factors

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

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

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

Specific Instructions for Application of the Formula

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

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

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

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

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

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

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

REAL ESTATE

LR007

Basis of Factors

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

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

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

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

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

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

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

Specific Instructions for Application of the Formula

Column (1)

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

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

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

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

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

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

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

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

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

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

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

(Figure 7)

Real Estate Worksheet

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

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

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

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

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

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

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

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

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

Asset Concentration Factor
LR010

Basis of Factors

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

Specific Instructions for Application of the Formula

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Company Name Cocode: 00000

MORTGAGES

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

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

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

UNAFFILIATED PREFERRED AND COMMON STOCK

		Annual Statement Source	(1) Book / Adjusted Carrying Value	(2) Less Affiliated Preferred Stock Without AVR	(3) RBC Subtotal		(4) Factor		(5) RBC Requirement
	Unaffiliated Preferred Stock								
(1)	Preferred Stock Asset NAIC 1	AVR Default Component Column 1 Line B1	$0	$0	$0	X	0.0039	=	$0
(2)	Preferred Stock Asset NAIC 2	AVR Default Component Column 1 Line B2	$0	$0	$0	X	0.0126	=	$0
(3)	Preferred Stock Asset NAIC 3	AVR Default Component Column 1 Line B3	$0	$0	$0	X	0.0446	=	$0
(4)	Preferred Stock Asset NAIC 4	AVR Default Component Column 1 Line B4	$0	$0	$0	X	0.0970	=	$0
(5)	Preferred Stock Asset NAIC 5	AVR Default Component Column 1 Line B5	$0	$0	$0	X	0.2231	=	$0
(6)	Preferred Stock Asset NAIC 6	AVR Default Component Column 1 Line B6	$0	$0	$0	X	0.300	=	$0
(7)	Total Unaffiliated Preferred Stock (pre-MODCO/Funds Withheld)	Sum of Lines (1) through (6)	$0	$0	$0				$0
	(Column (1) should equal Page 2 Column 3 Line 2.1 less Asset Valuation Reserve Default Component Column 1 Line B7.)								
	(Column (2) should equal Schedule D Summary by Country Column 1 Line 22 less Asset Valuation Reserve Default Component Column 1 Line B7.)								
(8)	Reduction in RBC for MODCO/Funds Withheld Reinsurance Ceded Agreements	Company Records (enter a pre-tax amount)							$0
(9)	Increase in RBC for MODCO/Funds Withheld Reinsurance Assumed Agreements	Company Records (enter a pre-tax amount)							$0
(10)	Total Unaffiliated Preferred Stock (including MODCO/Funds Withheld.)	Lines (7) - (8) + (9)							$0
	Unaffiliated Common Stock								
(11)	Total Common Stock	Schedule D Summary Column 1 Line 29	$0						
(12)	Less Affiliated Common Stock	Schedule D Summary Column 1 Line 28	$0						
(13)	Less Non-Admitted Unaffiliated Common Stock included in Line (11)	Company Records	$0						
(14)	Less Federal Home Loan Bank Common Stock	AVR Equity Component Column 1 Line A3	$0		$0	X	0.011	=	$0
(15)	Less Unaffiliated Private Common Stock	AVR Equity Component Column 1 Line A2	$0		$0	X	0.300	=	$0
(16)	Net Other Unaffiliated Public Common Stock	Lines (11) - (12) - (13) - (14) - (15)	$0		$0	X	0.450 †	=	$0
(17)	Total Admitted Unaffiliated Common Stock (pre-MODCO/Funds Withheld)	Lines (14) + (15) + (16)	$0		$0				$0
	(Column (1) should equal Schedule D Summary by Country Column 1 Line 29 less Line 28 less Line (13))								
(18)	Credit for Hedging	LR015 Hedged Asset Common Stock Schedule Column (10) Line (0299999)							$0
(19)	Reduction in RBC for MODCO/Funds Withheld Reinsurance Ceded Agreements	Company Records (enter a pre-tax amount)							$0
(20)	Increase in RBC for MODCO/Funds Withheld Reinsurance Assumed Agreements	Company Records (enter a pre-tax amount)							$0
(21)	Total Admitted Unaffiliated Common Stock (including MODCO/Funds Withheld and Credit for Hedging.)	Lines (17) - (18) - (19) + (20)							$0

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

Company Name					Cocode: 00000

REAL ESTATE

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

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

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

Company Name					Cocode: 00000
MISCELLANEOUS ASSETS					
		(1)			(2)
		Book / Adjusted			RBC
	Annual Statement Source	Carrying Value	Factor		Requirement
Miscellaneous					
(1) Cash	Page 2 Line 5, inside amount 1	$0	X 0.0039	=	$0
(2.1) Cash Equivalents	Page 2 Line 5, inside amount 2	$0			
(2.2) Less Cash Equivalent Bonds Already Included with Page LR002 Bonds	Schedule E Part 2 Column 7 Line 0509999999	$0			
(2.3) Less Exempt Money Market Mutual Funds	Sch E, Part 2, Column 7, L8209999999	$0			
(2.4) Net Cash Equivalents	Line (2.1) - Line (2.2) - Line (2.3)	$0	X 0.0039	=	$0
(3.1) Short-Term Investments	Page 2 Line 5, inside amount 3	$0			
(3.2) Less Short-Term Bonds	Schedule DA Part 1 Column 6 Line 0509999999	$0			
(3.3) Net Short-Term Investments	Lines (3.1) - (3.2)	$0	X 0.0039	=	$0
(4) Premium Notes	Page 2 Line 6 first inside amount	$0	X 0.068	=	$0
(5) Receivable for Securities	Page 2 Column 3 Line 9	$0	X 0.016	=	$0
(6.1) Aggregate Write-ins for Invested Assets	Page 2 Column 3 Line 11	$0			
(6.2) Less Derivative Collateral Receivable	Page 2 Column 3 Line 11, Derivatives Collateral Receivable reported as part of total	$0			
(6.3) Net Write-ins for Invested Assets	Line (6.1) - Line (6.2)	$0	X 0.068	=	$0
(7) Total Miscellaneous Excluding Derivative Instruments	Lines (1) + (2.4) + (3.3) + (4) + (5) + (6.3)	$0			$0
Derivative Instruments					
(8) Collateral – Off Balance Sheet	Schedule DB Part D Section 1 Column 4 Line 0999999999, in part	$0	X 0.0039	=	$0
(9) Collateral – On Balance Sheet	Schedule DB Part D Section 1 Column 4 Line 0999999999, in part	$0	X 0.000	=	$0
(10) Exchange Traded and Centrally Cleared	AVR Default Component Column 1 Line **D8**, in part	$0	X 0.0039	=	$0
(11) Over the Counter NAIC 1	AVR Default Component Column 1 Line **D8**, in part	$0	X 0.0039	=	$0
(12) Over the Counter NAIC 2	AVR Default Component Column 1 Line **D8**, in part	$0	X 0.0126	=	$0
(13) Over the Counter NAIC 3	AVR Default Component Column 1 Line **D8**, in part	$0	X 0.0446	=	$0
(14) Over the Counter NAIC 4	AVR Default Component Column 1 Line **D8**, in part	$0	X 0.0970	=	$0
(15) Over the Counter NAIC 5	AVR Default Component Column 1 Line **D8**, in part	$0	X 0.2231	=	$0
(16) Over the Counter NAIC 6	AVR Default Component Column 1 Line **D8**, in part	$0	X 0.300	=	$0
(17) Total Derivative Instruments	Sum of Lines (8) through (16)	$0			$0
(18) Total Miscellaneous Assets (pre-MODCO/Funds Withheld)	Lines (7) + (17)	$0			$0
(19) Reduction in RBC for MODCO/Funds Withheld Reinsurance Ceded Agreements	Company Records (enter a pre-tax amount)				$0
(20) Increase in RBC for MODCO/Funds Withheld Reinsurance Assumed Agreements	Company Records (enter a pre-tax amount)				$0
(21) Total Miscellaneous Assets (including MODCO/Funds Withheld.)	Lines (18) - (19) + (20)	$0			$0

Company Name			Cocode: 00000

ADDITIONAL INFORMATION REQUIRED

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

NAIC BLANKS (E) WORKING GROUP

Blanks Agenda Item Submission Form

DATE: 12/10/2025	**FOR NAIC USE ONLY**
CONTACT PERSON:	Agenda Item # 2025-27BWG MOD
TELEPHONE:	Year 2026
EMAIL ADDRESS:	Changes to Existing Reporting [X]
ON BEHALF OF:	New Reporting Requirement [ ]
NAME: Philip Barlow	**REVIEWED FOR ACCOUNTING PRACTICES AND PROCEDURES IMPACT**
TITLE: Associate Commissioner of Insurance	No Impact [X] Modifies Required Disclosure [ ]
AFFILIATION: District of Columbia	Is there data being requested in this proposal which is available elsewhere in the Annual/Quarterly Statement? [No] ****If Yes, complete question below****
ADDRESS:	**DISPOSITION**
	[ ] Rejected For Public Comment [ ] Referred To Another NAIC Group [ ] Received For Public Comment [X] Adopted Date 5/28/2026 [ ] Rejected Date [ ] Deferred Date [ ] Other (Specify)

BLANK(S) TO WHICH PROPOSAL APPLIES

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

Anticipated Effective Date: Annual 2026

IDENTIFICATION OF ITEM(S) TO CHANGE

Add a section to Life/Fraternal Asset Valuation Reserve (AVR) to report Collateralized Loan Obligations (CLOs), Collateralized Bond Obligations (CBOs), and Collateralized Debt Obligations (CDOs). Also, add a footnote to Schedule D, Part 1, Section 2 to report the book adjusted carrying value by NAIC designation for CLOs/CBOs/CDOs.
In addition, AVR Equity table is augmented to facilitate changes made to the Life RBC Blank LR009 page.

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

This proposal was prepared to incorporate a more granular reporting of long-term bonds in Asset Valuation Reserve (AVR) – Default Component by bifurcating long-term bonds into i) Long-Term Bonds, excluding ~~collateralized loan obligations (CLOs)~~CLOs/CBOs/CDOs and ii) CLOs/CBOs/CDOs. The expanded presentation of bonds helps to facilitate the work of Risk-Based Capital Investment Risk and Evaluation (E) Working Group under Working Agenda IR#5: Evaluate the appropriate RBC treatment of Asset-Backed Securities (ABS), including Collateralized Loan Obligations (CLO), collateralized fund obligations (CFOs), or other similar securities carrying similar types of tail risk (Complex Assets).
In addition, the AVR – Default Component & Equity and Other Invested Asset Component tables are re-designed to section-by-section format in order to support future changes in asset categorization.
Finally, the proposed change to Schedule D, Part 1, Section 2 facilities P/C and Health RBC formulas should they consider expanding bond pages (PR006 and XR007) to bifurcate long-term bond into CLOs/CBOs/CDOs and other than CLOs/CBOs/CDOs.

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

NAIC STAFF COMMENTS

Comment on Effective Reporting Date:
Other Comments:

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

ANNUAL STATEMENT INSTRUCTIONS – LIFE/FRATERNAL

ASSET VALUATION RESERVE

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

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

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

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

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

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

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

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

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

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

Column 4: Report the total common stock from Page ~~33~~34, Line ~~17B4~~A17, Column 10 (General Account) and Page ~~18~~19, Line ~~17~~B4, Col. 10 (Separate Accounts), if applicable and the total for replication (synthetic asset) transactions contained on Page ~~36~~38, Line 0399999, Column 9 (General Account) and Page ~~21~~23, Line 0399999, Column 9 (Separate Accounts).

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

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

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

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

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

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

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

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

Detail Eliminated To Conserve Space

Section A:

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

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

~~Line 8 – Intentionally Left Blank~~

Line ~~9~~8 – Total Long-Term Bonds

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

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

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

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

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

Section B:

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

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

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

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

Line ~~17~~8 – Total Preferred Stocks

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

Section C:

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

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

Section D:

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

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

Line ~~34~~9 – Total

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

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

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

<u>Section E:</u>

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

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

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

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

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

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

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

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

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

Detail Eliminated To Conserve Space

Section A:

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

Detail Eliminated To Conserve Space

Section B:

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

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

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

Line ~~21~~4 – Total Real Estate

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

Section C:

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

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

Section D:

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

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

Section E:

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

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

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

Section F:

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

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

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

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

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

Section H:

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

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

Investments in tax credit structures (tax credit investments) must meet the requirements of SSAP No. 93 to be reported on Lines ~~75~~ H1 through ~~79~~H~~5~~4.

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

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

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

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

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

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

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

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

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

Section I:

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

Line ~~80~~1 – Bonds – Unaffiliated

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

Line ~~81~~2 – Bonds – Affiliated

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Line ~~90~~11 – Other – Unaffiliated

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

Line ~~91~~12 – Other – Affiliated

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

Section J:

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

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

Section K:

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Line ~~111~~12 – Collateral Loans – All Other – Affiliated

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

Section L:

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

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

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

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

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

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

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

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

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

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

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

SCHEDULE D – PART 1 – SECTION 2

ASSET-BACKED SECURITIES OWNED DECEMBER 31 OF CURRENT YEAR

Detail Eliminated To Conserve Space

NAIC Designation Category Footnote:

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

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

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

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

ANNUAL STATEMENT BLANK – LIFE/FRATERNAL AND SEPARATE ACCOUNTS

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

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

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

Line Number	NAIC Desig-nation	Description	1 Book/ Adjusted Carrying Value	2 Reclassify Related Party Encumbrances	3 Add Third Party Encumbrances	4 Balance for AVR Reserve Calculations (Cols. 1+2+3)	Basic Contribution 5 Factor	Basic Contribution 6 Amount (Cols. 4x5)	Reserve Objective 7 Factor	Reserve Objective 8 Amount (Cols. 4x7)	Maximum Reserve 9 Factor	Maximum Reserve 10 Amount (Cols. 4x9)
SECTION A (Continued		~~COLLATERAL LOAN OBLIGATIONS~~CLOs/CBOs/CDOs										
9.1	1	NAIC Designation Category 1.A	....	XXX	XXX	....	0.0002	....	0.0007	....	0.0013	....
9.2	1	NAIC Designation Category 1.B	....	XXX	XXX	....	0.0004	....	0.0011	....	0.0023	....
9.3	1	NAIC Designation Category 1.C	....	XXX	XXX	....	0.0006	....	0.0018	....	0.0035	....
9.4	1	NAIC Designation Category 1.D	....	XXX	XXX	....	0.0007	....	0.0022	....	0.0044	....
9.5	1	NAIC Designation Category 1.E	....	XXX	XXX	....	0.0009	....	0.0027	....	0.0055	....
9.6	1	NAIC Designation Category 1.F	....	XXX	XXX	....	0.0011	....	0.0034	....	0.0068	....
9.7	1	NAIC Designation Category 1.G		XXX	XXX		0.0014		0.0042		0.0085	
9.8		Subtotal NAIC 1 (Sum of Lines A9.1 through A9.7)		XXX	XXX		XXX		XXX		XXX	
10.1	2	NAIC Designation Category 2.A	....	XXX	XXX	....	0.0021	....	0.0063	....	0.0105	....
10.2	2	NAIC Designation Category 2.B	....	XXX	XXX	....	0.0025	....	0.0076	....	0.0127	....
10.3	2	NAIC Designation Category 2.C		XXX	XXX		0.0036		0.0108		0.0180	
10.4		Subtotal NAIC 2 (Sum of Lines A10.1 through A10.3)		XXX	XXX		XXX		XXX		XXX	
11.1	3	NAIC Designation Category 3.A	....	XXX	XXX	....	0.0069	....	0.0183	....	0.0262	....
11.2	3	NAIC Designation Category 3.B	....	XXX	XXX	....	0.0099	....	0.0264	....	0.0377	....
11.3	3	NAIC Designation Category 3.C		XXX	XXX		0.0131		0.0350		0.0500	
11.4		Subtotal NAIC 3 (Sum of Lines A11.1 through A11.3)		XXX	XXX		XXX		XXX		XXX	
12.1	4	NAIC Designation Category 4.A	....	XXX	XXX	....	0.0184	....	0.0430	....	0.0615	....
12.2	4	NAIC Designation Category 4.B	....	XXX	XXX	....	0.0238	....	0.0555	....	0.0793	....
12.3	4	NAIC Designation Category 4.C		XXX	XXX		0.0310		0.0724		0.1034	
12.4		Subtotal NAIC 4 (Sum of Lines A12.1 through A12.3)		XXX	XXX		XXX		XXX		XXX	
13.1	5	NAIC Designation Category 5.A	....	XXX	XXX	....	0.0472	....	0.0846	....	0.1410	....
13.2	5	NAIC Designation Category 5.B	....	XXX	XXX	....	0.0663	....	0.1188	....	0.1980	....
13.3	5	NAIC Designation Category 5.C		XXX	XXX		0.0836		0.1498		0.2496	
13.4		Subtotal NAIC 5 (Sum of Lines A13.1 through A13.3)		XXX	XXX		XXX		XXX		XXX	
14	6	NAIC 6		XXX	XXX		0.0000		0.2370		0.2370	
15		Total ~~collateral loan obligations~~CLOs/CBOs/CDOs (Sum of Lines A9.8~~+~~,A10.4~~+~~,A11.4~~+~~,A12.4~~+~~,A13.4 ~~+~~, andA14)		XXX	XXX		XXX		XXX		XXX	
16		Total long-term bonds ~~and collateral loan obligations~~ (Sum of Lines A8 and ~~+~~A15)		XXX	XXX		XXX		XXX		XXX	
SECTION B		PREFERRED STOCKS										
1~~0~~	1	Highest quality	....	XXX	XXX	....	0.0005	....	0.0016	....	0.0033	....
~~11~~2	2	High quality	....	XXX	XXX	....	0.0021	....	0.0064	....	0.0106	....
~~12~~3	3	Medium quality	....	XXX	XXX	....	0.0099	....	0.0263	....	0.0376	....
~~13~~4	4	Low quality	....	XXX	XXX	....	0.0245	....	0.0572	....	0.0817	....
~~14~~5	5	Lower quality	....	XXX	XXX	....	0.0630	....	0.1128	....	0.1880	....
~~15~~6	6	In or near default	....	XXX	XXX	....	0.0000	....	0.2370	....	0.2370	....
~~16~~7		Affiliated life with AVR		XXX	XXX		0.0000		0.0000		0.0000	
~~17~~8		Total preferred stocks (Sum of Lines B1~~0~~ through B7~~16~~)		XXX	XXX		XXX		XXX		XXX	

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

Line Number	NAIC Desig-nation	Description	1 Book/ Adjusted Carrying Value	2 Reclassify Related Party Encumbrances	3 Add Third Party Encumbrances	4 Balance for AVR Reserve Calculations (Cols. 1+2+3)	Basic Contribution 5 Factor	Basic Contribution 6 Amount (Cols. 4x5)	Reserve Objective 7 Factor	Reserve Objective 8 Amount (Cols. 4x7)	Maximum Reserve 9 Factor	Maximum Reserve 10 Amount (Cols. 4x9)
SECTION C		SHORT-TERM BONDS										
1~~8~~		Exempt obligations		XXX	XXX		0.0000		0.0000		0.0000	
~~19~~2.1	1	NAIC Designation Category 1.A	....	XXX	XXX	....	0.0002	....	0.0007	....	0.0013	....
~~19~~2.2	1	NAIC Designation Category 1.B	....	XXX	XXX	....	0.0004	....	0.0011	....	0.0023	....
~~19~~2.3	1	NAIC Designation Category 1.C	....	XXX	XXX	....	0.0006	....	0.0018	....	0.0035	....
~~19~~2.4	1	NAIC Designation Category 1.D	....	XXX	XXX	....	0.0007	....	0.0022	....	0.0044	....
~~19~~2.5	1	NAIC Designation Category 1.E	....	XXX	XXX	....	0.0009	....	0.0027	....	0.0055	....
~~19~~2.6	1	NAIC Designation Category 1.F	....	XXX	XXX	....	0.0011	....	0.0034	....	0.0068	....
~~19~~2.7	1	NAIC Designation Category 1.G		XXX	XXX		0.0014		0.0042		0.0085	
~~19~~2.8		Subtotal NAIC 1 (~~19.1+19.2+19.3+19.4+19.5+19.6+19.7~~Sum of Lines C2.1 through C2.7)		XXX	XXX		XXX		XXX		XXX	
~~20~~3.1	2	NAIC Designation Category 2.A	....	XXX	XXX	....	0.0021	....	0.0063	....	0.0105	....
~~20~~3.2	2	NAIC Designation Category 2.B	....	XXX	XXX	....	0.0025	....	0.0076	....	0.0127	....
~~20~~3.3	2	NAIC Designation Category 2.C		XXX	XXX		0.0036		0.0108		0.0180	
~~20~~3.4		Subtotal NAIC 2 (~~20.1+20.2+20.3~~Sum of Lines C3.1 through C3.3)		XXX	XXX		XXX		XXX		XXX	
~~21~~4.1	3	NAIC Designation Category 3.A	....	XXX	XXX	....	0.0069	....	0.0183	....	0.0262	....
~~21~~4.2	3	NAIC Designation Category 3.B	....	XXX	XXX	....	0.0099	....	0.0264	....	0.0377	....
~~21~~4.3	3	NAIC Designation Category 3.C		XXX	XXX		0.0131		0.0350		0.0500	
~~21~~4.4		Subtotal NAIC 3 (Sum of Lines C4.1 through C4.3~~21.1+21.2+21.3~~)		XXX	XXX		XXX		XXX		XXX	
~~22~~5.1	4	NAIC Designation Category 4.A	....	XXX	XXX	....	0.0184	....	0.0430	....	0.0615	....
~~22~~5.2	4	NAIC Designation Category 4.B	....	XXX	XXX	....	0.0238	....	0.0555	....	0.0793	....
~~22~~5.3	4	NAIC Designation Category 4.C		XXX	XXX		0.0310		0.0724		0.1034	
~~22~~5.4		Subtotal NAIC 4 (Sum of Lines C5.1 through C5.3~~22.1+22.2+22.3~~)		XXX	XXX		XXX		XXX		XXX	
~~23~~6.1	5	NAIC Designation Category 5.A	....	XXX	XXX	....	0.0472	....	0.0846	....	0.1410	....
~~23~~6.2	5	NAIC Designation Category 5.B	....	XXX	XXX	....	0.0663	....	0.1188	....	0.1980	....
~~23~~6.3	5	NAIC Designation Category 5.C		XXX	XXX		0.0836		0.1498		0.2496	
~~23~~6.4		Subtotal NAIC 5 (Sum of Lines C6.1 through C6.3~~23.1+23.2+23.3~~)		XXX	XXX		XXX		XXX		XXX	
~~24~~7	6	NAIC 6		XXX	XXX		0.0000		0.2370		0.2370	
~~25~~8		Total short-term bonds (Sum of Lines C1, C2.8, C3.4, C4.4, C5.4, C6.4, and C7~~18+19.8+20.4+21.4+22.4+23.4+24~~)		XXX	XXX		XXX		XXX		XXX	
SECTION D		DERIVATIVE INSTRUMENTS										
~~26~~1		Exchange traded	....	XXX	XXX	....	0.0005	....	0.0016	....	0.0033	....
~~27~~2	1	Highest quality	....	XXX	XXX	....	0.0005	....	0.0016	....	0.0033	....
~~28~~3	2	High quality	....	XXX	XXX	....	0.0021	....	0.0064	....	0.0106	....
~~29~~4	3	Medium quality	....	XXX	XXX	....	0.0099	....	0.0263	....	0.0376	....
~~30~~5	4	Low quality	....	XXX	XXX	....	0.0245	....	0.0572	....	0.0817	....
~~31~~6	5	Lower quality	....	XXX	XXX	....	0.0630	....	0.1128	....	0.1880	....
~~32~~7	6	In or near default		XXX	XXX		0.0000		0.2370		0.2370	
~~33~~8		Total derivative instruments (Sum of Lines D1 through D7)		XXX	XXX		XXX		XXX		XXX	
~~34~~9		Total Section A through D (Sum of Lines ~~9+ 17+ 25+ 33D1 through D8~~A16, B8, C8, and D8)		XXX	XXX		XXX		XXX		XXX	

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

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

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

Line Number	NAIC Designation	Description	1 Book/ Adjusted Carrying Value	2 Reclassify Related Party Encumbrances	3 Add Third Party Encumbrances	4 Balance for AVR Reserve Calculations (Cols. 1+2+3)	Basic Contribution 5 Factor	 6 Amount (Cols. 4x5)	Reserve Objective 7 Factor	 8 Amount (Cols. 4x7)	Maximum Reserve 9 Factor	 10 Amount (Cols. 4x9)
SECTION A		COMMON STOCK										
1		Unaffiliated public..........	....	XXX	XXX	....	0.0000	....	0.1580 (a)	....	0.1580 (a)	....
2		Unaffiliated private..........	....	XXX	XXX	....	0.0000	....	0.1945	....	0.1945	....
3		Federal Home Loan Bank..........	....	XXX	XXX	....	0.0000	....	0.0061	....	0.0097	....
4		Affiliated life with AVR..........	....	XXX	XXX	....	0.0000	....	0.0000	....	0.0000	....
		Affiliated Investment Subsidiary:										
5		Fixed income exempt obligations..........	....	....	....	....	XXX	....	XXX	....	XXX	....
6		Fixed income highest quality..........	....	....	....	....	XXX	....	XXX	....	XXX	....
7		Fixed income high quality..........	....	....	....	....	XXX	....	XXX	....	XXX	....
8		Fixed income medium quality..........	....	....	....	....	XXX	....	XXX	....	XXX	....
9		Fixed income low quality..........	....	....	....	....	XXX	....	XXX	....	XXX	....
10		Fixed income lower quality..........	....	....	....	....	XXX	....	XXX	....	XXX	....
11		Fixed income in or near default..........	....	....	....	....	XXX	....	XXX	....	XXX	....
12		Unaffiliated common stock public..........	....	....	....	....	0.0000	....	0.1580 (a)	....	0.1580 (a)	....
13		Unaffiliated common stock private..........	....	....	....	....	0.0000	....	0.1945	....	0.1945	....
14		Real estate..........	....	....	....	....	(b)	....	(b)	....	(b)	....
15		Affiliated-certain other (See SVO Purposes & Procedures Manual)..........	....	XXX	XXX	....	0.0000	....	0.1580	....	0.1580	....
16		Affiliated - all other..........		XXX	XXX		0.0000		0.1945		0.1945	
17		Total common stock (Sum of Lines A1 through A16)					XXX		XXX		XXX	
SECTION B		REAL ESTATE										
1~~8~~		Home office property (General Account only)..........	....	....	....	....	0.0000	....	0.0912	....	0.0912	....
~~19~~2		Investment properties..........	....	....	....	....	0.0000	....	0.0912	....	0.0912	....
~~20~~3		Properties acquired in satisfaction of debt..........					0.0000		0.1337		0.1337	
~~21~~4		Total real estate (Sum of Lines B1~~8~~ through ~~20~~B43)					XXX		XXX		XXX	
SECTION C		OTHER INVESTED ASSETS INVESTMENTS WITH THE UNDERLYING CHARACTERISTICS OF BONDS										
~~22~~1		Exempt obligations..........	....	XXX	XXX	....	0.0000	....	0.0000	....	0.0000	....
~~23~~2	1	Highest quality..........	....	XXX	XXX	....	0.0005	....	0.0016	....	0.0033	....
~~24~~3	2	High quality..........	....	XXX	XXX	....	0.0021	....	0.0064	....	0.0106	....
~~25~~4	3	Medium quality..........	....	XXX	XXX	....	0.0099	....	0.0263	....	0.0376	....
~~26~~5	4	Low quality..........	....	XXX	XXX	....	0.0245	....	0.0572	....	0.0817	....
~~27~~6	5	Lower quality..........	....	XXX	XXX	....	0.0630	....	0.1128	....	0.1880	....
~~28~~7	6	In or near default..........		XXX	XXX		0.0000		0.2370		0.2370	
~~29~~8		Total with bond characteristics (Sum of Lines C1~~22~~ through C7~~28~~)		XXX	XXX		XXX		XXX		XXX	

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

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

Line Number	NAIC Desig-nation	Description	1 Book/ Adjusted Carrying Value	2 Reclassify Related Party Encumbrances	3 Add Third Party Encumbrances	4 Balance for AVR Reserve Calculations (Cols. 1+2+3)	Basic Contribution 5 Factor	Basic Contribution 6 Amount (Cols.4x5)	Reserve Objective 7 Factor	Reserve Objective 8 Amount (Cols. 4x7)	Maximum Reserve 9 Factor	Maximum Reserve 10 Amount (Cols.4x9)
SECTION D		INVESTMENTS WITH THE UNDERLYING CHARACTERISTICS OF PREFERRED STOCKS										
~~30~~1	1	Highest quality	....	XXX	XXX	....	0.0005	....	0.0016	....	0.0033	....
~~31~~2	2	High quality	....	XXX	XXX	....	0.0021	....	0.0064	....	0.0106	....
~~32~~3	3	Medium quality	....	XXX	XXX	....	0.0099	....	0.0263	....	0.0376	....
~~33~~4	4	Low quality	....	XXX	XXX	....	0.0245	....	0.0572	....	0.0817	....
~~34~~5	5	Lower quality	....	XXX	XXX	....	0.0630	....	0.1128	....	0.1880	....
~~35~~6	6	In or near default	....	XXX	XXX	....	0.0000	....	0.2370	....	0.2370	....
~~36~~7		Affiliated life with AVR		XXX	XXX		0.0000		0.0000		0.0000	
~~37~~8		Total with preferred stock characteristics (Sum of Lines ~~30~~D1 through ~~36~~D7)		XXX	XXX		XXX		XXX		XXX	
SECTION E		INVESTMENTS WITH THE UNDERLYING CHARACTERISTICS OF MORTGAGE LOANS										
		In Good Standing Affiliated:										
~~38~~1		Mortgages – CM1 – highest quality	....	....	XXX	....	0.0011	....	0.0057	....	0.0074	....
~~39~~2		Mortgages – CM2 – high quality	....	....	XXX	....	0.0040	....	0.0114	....	0.0149	....
~~40~~3		Mortgages – CM3 – medium quality	....	....	XXX	....	0.0069	....	0.0200	....	0.0257	....
~~41~~4		Mortgages – CM4 – low medium quality	....	....	XXX	....	0.0120	....	0.0343	....	0.0428	....
~~42~~5		Mortgages – CM5 – low quality	....	....	XXX	....	0.0183	....	0.0486	....	0.0628	....
~~43~~6		Residential mortgages – insured or guaranteed	....	....	XXX	....	0.0003	....	0.0007	....	0.0011	....
~~44~~7		Residential mortgages – all other	....	XXX	XXX	....	0.0015	....	0.0034	....	0.0046	....
~~45~~8		Commercial mortgages – insured or guaranteed	....	....	XXX	....	0.0003	....	0.0007	....	0.0011	....
		Overdue, Not in Process Affiliated:										
~~46~~9		Farm mortgages	....	....	XXX	....	0.0480	....	0.0868	....	0.1371	....
~~47~~10		Residential mortgages – insured or guaranteed	....	....	XXX	....	0.0006	....	0.0014	....	0.0023	....
~~48~~11		Residential mortgages – all other	....	....	XXX	....	0.0029	....	0.0066	....	0.0103	....
~~49~~12		Commercial mortgages – insured or guaranteed	....	....	XXX	....	0.0006	....	0.0014	....	0.0023	....
~~50~~13		Commercial mortgages – all other	....	....	XXX	....	0.0480	....	0.0868	....	0.1371	....
		In Process of Foreclosure Affiliated:										
~~51~~14		Farm mortgages	....	....	XXX	....	0.0000	....	0.1942	....	0.1942	....
~~52~~15		Residential mortgages – insured or guaranteed	....	....	XXX	....	0.0000	....	0.0046	....	0.0046	....
~~53~~16		Residential mortgages – all other	....	....	XXX	....	0.0000	....	0.0149	....	0.0149	....
~~54~~17		Commercial mortgages – insured or guaranteed	....	....	XXX	....	0.0000	....	0.0046	....	0.0046	....
~~55~~18		Commercial mortgages – all other			XXX		0.0000		0.1942		0.1942	
~~56~~19		Total affiliated (Sum of Lines ~~38~~ DE1 through ~~55~~DE18)			XXX		XXX		XXX		XXX	
~~57~~20		Unaffiliated – in good standing with covenants	....	....	XXX	....	(c)	....	(c)	....	(c)	....
~~58~~21		Unaffiliated – in good standing defeased with government securities	....	....	XXX	....	0.0011	....	0.0057	....	0.0074	....
~~59~~22		Unaffiliated – in good standing primarily senior	....	....	XXX	....	0.0040	....	0.0114	....	0.0149	....
~~60~~23		Unaffiliated – in good standing all other	....	....	XXX	....	0.0069	....	0.0200	....	0.0257	....
24		Unaffiliated – in good standing – residential mortgages - all other	....	XXX	XXX	....	0.0015	....	0.0034	....	0.0046	....
~~61~~245		Unaffiliated – overdue, not in process	....	....	XXX	....	0.0480	....	0.0868	....	0.1371	....
~~62~~2~~5~~6		Unaffiliated – in process of foreclosure			XXX		0.0000		0.1942		0.1942	
~~63~~2~~6~~7		Total unaffiliated (Sum of Lines ~~57~~ DE20 through ~~62~~DE2~~5~~6)			XXX		XXX		XXX		XXX	
~~64~~2~~7~~8		Total with mortgage loan characteristics (Sum of Lines ~~56~~ DE19 ~~+~~ and ~~63~~DE2~~6~~7)			XXX		XXX		XXX		XXX	

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

Line Number	NAIC Desig-nation	Description	1 Book/ Adjusted Carrying Value	2 Reclassify Related Party Encumbrances	3 Add Third Party Encumbrances	4 Balance for AVR Reserve Calculations (Cols. 1+2+3)	Basic Contribution 5 Factor	Basic Contribution 6 Amount (Cols. 4x5)	Reserve Objective 7 Factor	Reserve Objective 8 Amount (Cols. 4x7)	Maximum Reserve 9 Factor	Maximum Reserve 10 Amount (Cols. 4x9)
SECTION F		INVESTMENTS WITH THE UNDERLYING CHARACTERISTICS OF COMMON STOCK										
~~65~~1		Unaffiliated public	...	XXX	XXX	...	0.0000	...	0.1580(a)	...	0.1580(a)	...
~~66~~2		Unaffiliated private	...	XXX	XXX	...	0.0000	...	0.1945	...	0.1945	...
~~67~~3		Affiliated life with AVR	...	XXX	XXX	...	0.0000	...	0.0000	...	0.0000	...
~~68~~4		Affiliated certain other (See SVO Purposes & Procedures Manual)	...	XXX	XXX	...	0.0000	...	0.1580	...	0.1580	...
~~69~~5		Affiliated other - all other		XXX	XXX		0.0000		0.1945		0.1945	
~~70~~6		Total with common stock characteristics (Sum of Lines ~~65~~ F1 through F5~~69~~)		XXX	XXX		XXX		XXX		XXX	
SECTION G		INVESTMENTS WITH THE UNDERLYING CHARACTERISTICS OF REAL ESTATE										
~~71~~		Home office property (General Account only)	...	...	...	...	0.0000	...	0.0912	...	0.0912	...
~~72~~		Investment properties	...	...	...	...	0.0000	...	0.0912	...	0.0912	...
~~73~~		Properties acquired in satisfaction of debt					0.0000		0.1337		0.1337	
~~74~~		Total with real estate characteristics (Sum of Lines ~~7~~G1 through ~~7~~G3)					XXX		XXX		XXX	
SECTION H		INVESTMENTS IN TAX CREDIT STRUCTURES										
~~75~~1		Yield guaranteed state tax credit investments	...	...	...	...	0.0003	...	0.0006	...	0.0010	...
~~76~~2		Qualifying federal tax credit investments	...	...	...	...	0.0063	...	0.0120	...	0.0190	...
~~77~~3		Qualifying state tax credit investments	...	...	...	...	0.0063	...	0.0120	...	0.0190	...
~~78~~4		Other tax credit investments					0.0273		0.0600		0.0975	
~~79~~5		Total tax credit investments (Sum of Lines ~~75~~ H1 through ~~78~~H4)					XXX		XXX		XXX	
SECTION I		RESIDUAL TRANCHES OR INTERESTS										
~~80~~1		Bonds – unaffiliated	...	XXX	XXX	...	0.0000	...	0.1580	...	0.1580	...
~~81~~2		Bonds – affiliated	...	XXX	XXX	...	0.0000	...	0.1580	...	0.1580	...
~~82~~3		Common stock – unaffiliated	...	XXX	XXX	...	0.0000	...	0.1580	...	0.1580	...
~~83~~4		Common stock – affiliated	...	XXX	XXX	...	0.0000	...	0.1580	...	0.1580	...
~~84~~5		Preferred stock – unaffiliated	...	XXX	XXX	...	0.0000	...	0.1580	...	0.1580	...
~~85~~6		Preferred stock – affiliated	...	XXX	XXX	...	0.0000	...	0.1580	...	0.1580	...
~~86~~7		Real estate – unaffiliated	...	...	...	...	0.0000	...	0.1580	...	0.1580	...
~~87~~8		Real estate – affiliated	...	...	...	...	0.0000	...	0.1580	...	0.1580	...
~~88~~9		Mortgage loans – unaffiliated	...	XXX	XXX	...	0.0000	...	0.1580	...	0.1580	...
~~89~~10		Mortgage loans – affiliated	...	XXX	XXX	...	0.0000	...	0.1580	...	0.1580	...
~~90~~11		Other – unaffiliated	...	XXX	XXX	...	0.0000	...	0.1580	...	0.1580	...
~~91~~12		Other – affiliated		XXX	XXX		0.0000		0.1580		0.1580	
~~92~~13		Total residual tranches or interests (Sum of Lines ~~80~~ I1 through ~~91~~I12)					XXX		XXX		XXX	
SECTION J		SURPLUS NOTES AND CAPITAL NOTES										
1~~93~~	1	Highest quality	...	XXX	XXX	...	0.0005	...	0.0016	...	0.0033	...
2~~94~~	2	High quality	...	XXX	XXX	...	0.0021	...	0.0064	...	0.0106	...
3~~95~~	3	Medium quality	...	XXX	XXX	...	0.0099	...	0.0263	...	0.0376	...
4~~96~~	4	Low quality	...	XXX	XXX	...	0.0245	...	0.0572	...	0.0817	...
5~~97~~	5	Lower quality	...	XXX	XXX	...	0.0630	...	0.1128	...	0.1880	...
6~~98~~	6	In or near default	...	XXX	XXX	...	0.0000	...	0.2370	...	0.2370	...
7~~99~~		Total surplus notes and capital notes (Sum of Lines ~~93~~ J1 through ~~98~~J6)		XXX	XXX		XXX		XXX		XXX	

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

SECTION K		COLLATERAL LOANS										
1		Backed by mortgage loans – collateral loans – unaffiliated	....	XXX	XXX	....	0.0000	....	0.0680	....	0.0680	....
2		Backed by mortgage loans – collateral loans – affiliated	....	XXX	XXX	....	0.0000	....	0.0680	....	0.0680	....
3		Backed by joint ventures, partnerships, & limited liability companies – collateral loans – unaffiliated	....	XXX	XXX	....	0.0000	....	0.0680	....	0.0680	....
4		Backed by joint ventures, partnerships, & limited liability companies – collateral loans – affiliated..	....	XXX	XXX	....	0.0000	....	0.0680	....	0.0680	....
5		Backed by residual tranches or interests – collateral loans – unaffiliated.............	....	XXX	XXX	....	0.0000	....	0.0680	....	0.0680	....
6		Backed by residual tranches or interests – collateral loans – affiliated.................	....	XXX	XXX	....	0.0000	....	0.0680	....	0.0680	....
7		Backed by debt securities – collateral loans – unaffiliated	....	XXX	XXX	....	0.0000	....	0.0680	....	0.0680	....
8		Backed by debt securities – collateral loans – affiliated	....	XXX	XXX	....	0.0000	....	0.0680	....	0.0680	....
9		Backed by real estate – collateral loans – unaffiliated..	....	XXX	XXX	....	0.0000	....	0.0680	....	0.0680	....
10		Backed by real estate – collateral loans – affiliated	....	XXX	XXX	....	0.0000	....	0.0680	....	0.0680	....
11		Collateral loans – all other – unaffiliated	....	XXX	XXX	....	0.0000	....	0.0680	....	0.0680	....
12		Collateral loans – all other – affiliated..	....	XXX	XXX	....	0.0000	....	0.0680	....	0.0680	....
13		Total collateral loans (Sum of Lines K1 through K12)		XXX	XXX		XXX		XXX		XXX	
SECTION L		ALL OTHER INVESTMENTS										
1~~100~~		NAIC 1 working capital finance investments	....	XXX	....	....	0.0000	....	0.0042	....	0.0042	....
2~~101~~		NAIC 2 working capital finance investments	....	XXX	....	....	0.0000	....	0.0137	....	0.0137	....
3~~102~~		Other invested assets - Schedule BA	....	XXX	....	....	0.0000	....	0.1580	....	0.1580	....
4~~103~~		Other short-term invested assets - Schedule DA		XXX			0.0000		0.1580		0.1580	
5~~104~~		Total all other (Sum of Lines L1~~00~~ through L4~~103~~)..		XXX			XXX		XXX		XXX	
6~~105~~		Total other invested assets - Schedules BA & DA (Sum of Lines~~ 29, 37, 64, 70, 74, 79, 92, 99 and 104~~C8, D8, ~~E27~~E28, F6, G4, H5, I13, J7, ~~and~~ K13, and L5)					XXX		XXX		XXX	

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

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

SCHEDULE D – PART 1 – SECTION 2

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

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

1.

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

2.

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

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ACLI

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: AVR Changes

Submitted Electronically

Dear Chair Slutsker:

The American Council of Life Insurers (ACLI) appreciates the opportunity to provide comments on the Life Risk-Based Capital (E) Working Group's exposed item, Ref #2026-01-L – *AVR Changes*. The proposal would modify the Life and Fraternal RBC Blanks and Instructions to reflect the reformatting of the lines on the Asset Valuation Reserve (AVR) pages for the Default Component and Equity and Other Invested Asset Component tables.

ACLI recommends deferring consideration of this item until 2025-27BWG Modified from the Blanks (E) Working Group is adopted, as additional revisions to that item are anticipated.

We would welcome the opportunity to discuss these comments further and to support the Working Group's continued efforts on this issue.

Sincerely,

Tip Tipton

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

Capital Adequacy (E) Task Force

RBC Proposal Form

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

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

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

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

DESCRIPTION/REASON OR JUSTIFICATION OF CHANGE(S)

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 | Confidential when Completed | NAIC Company Code

OTHER LONG-TERM ASSETS (CONTINUED) ← Details Eliminated to Conserve Space →

		Annual Statement Source	(1) Book / Adjusted Carrying Value	(2) Unrated Items ‡	(3) RBC Subtotal †	(4) Factor	(5) RBC Requirement
	Schedule BA - Unaffiliated Common Stock/ Equity Interests and Affiliated Non-Insurance Stock (C1-cs)						
(42)	Schedule BA Unaffiliated Common Stock-Public	AVR Equity Component Column 1 Line 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-cs) (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-cs) (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				X 0.0680 =	
(52.1)	NAIC 01 Working Capital Finance Notes	AVR Equity Component Column 1 Line 100				X 0.0050 =	
(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 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

Collateral Loans – Reported by Collateral that Secures the Loan

Backed by Mortgage Loans

Unaffiliated 3199999

Affiliated 3299999

Backed by Investments in Joint Ventures, Partnerships or Limited Liability Companies

Unaffiliated 3399999

Affiliated 3499999

Backed by Residual Tranches or Interests

Unaffiliated 3599999

Affiliated 3699999

Backed by Debt Securities

Unaffiliated 3799999

Affiliated 3899999

Backed by Real Estate

Unaffiliated 3999999

Affiliated 4099999

Collateral Loans – ~~All Other~~Backed by Other Collateral Types

Unaffiliated 4199999

Affiliated 4299999

Non-collateral Loans

~~Unaffiliated~~Related Party Loans~~/Affiliated Loans~~ .... ~~3399999~~4399999

~~AffiliatedAll Other Non-Collateral Loans~~Other Unaffiliated Loans .... ~~3499999~~4499999

Affiliated Loans 4599999

Yield Guaranteed State Tax Credit Investments

Unaffiliated .... ~~3599999~~4699999

Affiliated .... ~~3699999~~4799999

Qualifying Federal Tax Credit Investments

Unaffiliated .... ~~3799999~~4899999

Affiliated .... ~~3899999~~4999999

Qualifying State Tax Credit Investments

Unaffiliated .... ~~3999999~~5099999

Affiliated .... ~~4099999~~5199999

All Other Tax Credit Investments

Unaffiliated .... ~~4199999~~5299999

Affiliated .... ~~4299999~~5399999

Working Capital Finance Investment

Unaffiliated .... ~~4399999~~5499999

NAIC BLANKS (E) WORKING GROUP

Blanks Agenda Item Submission Form

<table>
<tr><td>

DATE: 04-20-2026

CONTACT PERSON: ___

TELEPHONE: ___

EMAIL ADDRESS: ___

ON BEHALF OF: ___

NAME: **Ben Slutsker, Chair**

TITLE: **Director of Life Actuarial Valuation**

AFFILIATION: **Minnesota Department of Commerce**

ADDRESS: **85 7th Place East, Suite 280**
Saint Paul, MN 55101

</td><td>

FOR NAIC USE ONLY

Agenda Item # 2026-##BWG
Year 2026
Changes to Existing Reporting [X]
New Reporting Requirement [ ]

REVIEWED FOR ACCOUNTING PRACTICES AND PROCEDURES IMPACT

No Impact [X]
Modifies Required Disclosure [ ]

Is there data being requested in this proposal which is available elsewhere in the Annual/Quarterly Statement? [No]
****If Yes, complete question below****

DISPOSITION

[ ] Rejected For Public Comment
[ ] Referred To Another NAIC Group
[X] Received For Public Comment
[ ] Adopted Date ________
[ ] Rejected Date ________
[ ] Deferred Date ________
[ ] Other (Specify) ________

</td></tr>
</table>

BLANK(S) TO WHICH PROPOSAL APPLIES

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

			1	2	3	4	Basic Contribution		Reserve Objective		Maximum Reserve	
							5	6	7	8	9	10
Line Number	NAIC Desig-nation	Description	Book/ Adjusted Carrying Value	Reclassify Related Party Encumbrances	Add Third Party Encumbrances	Balance for AVR Reserve Calculations (Cols. 1+2+3)	Factor	Amount (Cols. 4x5)	Factor	Amount (Cols. 4x7)	Factor	Amount (Cols. 4x9)
		COLLATERAL LOANS										
100		Backed by mortgage loans – collateral loans – unaffiliated		XXX	XXX		0.0000		0.0000~~0.0680~~		0.0000~~0.0680~~	
101		Backed by mortgage loans – collateral loans – affiliated		XXX	XXX		0.0000		0.0000~~0.0680~~		0.0000~~0.0680~~	
102		Backed by joint ventures, partnerships, & limited liability companies – collateral loans – unaffiliated		XXX	XXX		0.0000		0.0000~~0.0680~~		0.0000~~0.0680~~	
103		Backed by joint ventures, partnerships, & limited liability companies – collateral loans – affiliated		XXX	XXX		0.0000		0.0000~~0.0680~~		0.0000~~0.0680~~	
104		Backed by residual tranches or interests – collateral loans – unaffiliated		XXX	XXX		0.0000		0.0000~~0.0680~~		0.0000~~0.0680~~	
105		Backed by residual tranches or interests – collateral loans – affiliated		XXX	XXX		0.0000		0.0000~~0.0680~~		0.0000~~0.0680~~	
106		Backed by debt securities – collateral loans – unaffiliated		XXX	XXX		0.0000		0.0000~~0.0680~~		0.0000~~0.0680~~	
107		Backed by debt securities – collateral loans – affiliated		XXX	XXX		0.0000		0.0000~~0.0680~~		0.0000~~0.0680~~	
108		Backed by real estate – collateral loans – unaffiliated		XXX	XXX		0.0000		0.0000~~0.0680~~		0.0000~~0.0680~~	
109		Backed by real estate – collateral loans – affiliated		XXX	XXX		0.0000		0.0000~~0.0680~~		0.0000~~0.0680~~	
110		Collateral loans – all other – unaffiliated		XXX	XXX		0.0000		0.0000~~0.0680~~		0.0000~~0.0680~~	
111		Collateral loans – all other – affiliated		XXX	XXX		0.0000		0.0000~~0.0680~~		0.0000~~0.0680~~	
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

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

DATE: 04-13-2026	**FOR NAIC USE ONLY**
CONTACT PERSON: Kazeem Okosun	Agenda Item # 2026-09-L MOD Year 2026
TELEPHONE: 816-783-8981	**DISPOSITION**
EMAIL ADDRESS: kokosun@naic.org	**ADOPTED:** ☐ TASK FORCE (TF) ______ ☐ WORKING GROUP (WG) ______ ☐ SUBGROUP (SG) ______
ON BEHALF OF: Life Risk-Based Capital (E) Working Group	**EXPOSED:** ☐ TASK FORCE (TF) ______ ☒ WORKING GROUP (WG) **04-30-2026** ☐ SUBGROUP (SG) ______
NAME: Ben Slutsker, Chair	**REJECTED:** ☐ TF ☐ WG ☐ SG ______
TITLE: Director of Life Actuarial Valuation	**OTHER:** ☐ DEFERRED TO ______ ☐ REFERRED TO OTHER NAIC GROUP ☐ (SPECIFY) ______
AFFILIATION: Minnesota Department of Commerce	
ADDRESS: 85 7th Place East, Suite 280 Saint Paul, MN 55101	

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

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

DESCRIPTION/REASON OR JUSTIFICATION OF CHANGE(S)

This proposal incorporates 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:

05-29-2026: The proposal was modified to incorporate editorial changes. Specifically, LR008, Line (51) was further modified for the following:

(1) "in part" in Annual Statement Source was removed.

(2) Color code in Column (1) was removed.

In addition, in light of adoption of 2025-27BWG MOD on May 28, NAIC staff has refreshed all the AVR references accordingly, note that these AVR references have already been exposed in Proposal 2025-16-L (Collateral loans), which was tabled for 2027 implementation.

04-30-2026: Proposal was exposed with comments due 06-01-2026 - 1 comment letter received (KO)

**** 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 | Confidential when Completed | NAIC Company Code

OTHER LONG-TERM ASSETS

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

† 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).

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

OTHER LONG-TERM ASSETS (CONTINUED)

		Annual Statement Source	(1) Book / Adjusted Carrying Value	(2) Unrated Items ‡	(3) RBC Subtotal †		(4) Factor		(5) RBC Requirement
	Rated Surplus Notes Classified by Designation Equivalent								
(22)	Rated NAIC 1 Surplus Notes	Schedule BA Part 1 Column 12 Line 2799999+2899999, in part				X	0.0039	=	
(23)	Rated NAIC 2 Surplus Notes	Schedule BA Part 1 Column 12 Line 2799999+2899999, in part				X	0.0126	=	
(24)	Rated NAIC 3 Surplus Notes	Schedule BA Part 1 Column 12 Line 2799999+2899999, in part				X	0.0446	=	
(25)	Rated NAIC 4 Surplus Notes	Schedule BA Part 1 Column 12 Line 2799999+2899999, in part				X	0.0970	=	
(26)	Rated NAIC 5 Surplus Notes	Schedule BA Part 1 Column 12 Line 2799999+2899999, in part				X	0.2231	=	
(27)	Rated NAIC 6 Surplus Notes	Schedule BA Part 1 Column 12 Line 2799999+2899999, in part				X	0.3000	=	
(28)	Total Rated Surplus Notes (pre-MODCO/Funds Withheld)	Sum of Lines (22) through (27)							
(29)	Reduction in RBC for MODCO/Funds Withheld Reinsurance Ceded Agreements	Company Records (enter a pre-tax amount)							
(30)	Increase in RBC for MODCO/Funds Withheld Reinsurance Assumed Agreements	Company Records (enter a pre-tax amount)							
(31)	Total Rated Surplus Notes (including MODCO/Funds Withheld.)	Lines (28) - (29) + (30)							
	Rated Capital Notes Classified by Designation Equivalent								
(32)	Rated NAIC 1 Capital Notes	Schedule BA Part 1 Column 12 Line 2999999+3099999, in part				X	0.0039	=	
(33)	Rated NAIC 2 Capital Notes	Schedule BA Part 1 Column 12 Line 2999999+3099999, in part				X	0.0126	=	
(34)	Rated NAIC 3 Capital Notes	Schedule BA Part 1 Column 12 Line 2999999+3099999, in part				X	0.0446	=	
(35)	Rated NAIC 4 Capital Notes	Schedule BA Part 1 Column 12 Line 2999999+3099999, in part				X	0.0970	=	
(36)	Rated NAIC 5 Capital Notes	Schedule BA Part 1 Column 12 Line 2999999+3099999, in part				X	0.2231	=	
(37)	Rated NAIC 6 Capital Notes	Schedule BA Part 1 Column 12 Line 2999999+3099999, in part				X	0.3000	=	
(38)	Total Rated Capital Notes (pre-MODCO/Funds Withheld)	Sum of Lines (32) through (37)							
(39)	Reduction in RBC for MODCO/Funds Withheld Reinsurance Ceded Agreements	Company Records (enter a pre-tax amount)							
(40)	Increase in RBC for MODCO/Funds Withheld Reinsurance Assumed Agreements	Company Records (enter a pre-tax amount)							
(41)	Total Rated Capital Notes (including MODCO/Funds Withheld.)	Lines (38) - (39) + (40)							

† 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).

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

Company Name | Confidential when Completed | NAIC Company Code

OTHER LONG-TERM ASSETS (CONTINUED)

		Annual Statement Source	(1) Book / Adjusted Carrying Value	(2) Unrated Items ‡	(3) RBC Subtotal †		(4) Factor		(5) RBC Requirement
	Schedule BA - Unaffiliated Common Stock/ Equity Interests and Affiliated Non-Insurance Stock (C1-cs)								
(42)	Schedule BA Unaffiliated Common Stock-Public	AVR Equity Component Column 1 Line **F1**				X	§	=	
(43)	Schedule BA Unaffiliated Common Stock-Private	AVR Equity Component Column 1 Line **F2**				X	0.3000	=	
(44)	Schedule BA Affiliated Common Stock - All Other	AVR Equity Component Column 1 Line **F5**				X	0.3000	=	
(45)	Total Residual Tranches or Interests	AVR Equity Component Column 1 Line **I13**				X	0.4500	=	
(46)	Total Schedule BA Unaffiliated Common Stock/ Equity Interests and Affiliated Non-Insurance Stock (C1-cs) (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-cs) (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 **F3**							
(50.2)	BA Affiliated Common Stock - Certain Other	AVR Equity Component Column 1 Line **F4**							
(50.3)	Total Schedule BA Affiliated Common Stock - C-1o	Line (50.1) + (50.2)				X	0.3000	=	
(51)	Schedule BA Collateral Loans	**AVR Equity Component Column 1 Lines K3 + K4 + K5 + K6 + K7 + K8 + K9 + K10 + K11 + K12**				X	0.0680	=	
(52.1)	NAIC 01 Working Capital Finance Notes	AVR Equity Component Column 1 Line **L1**				X	0.0050	=	
(52.2)	NAIC 02 Working Capital Finance Notes	AVR Equity Component Column 1 Line **L2**				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 **J7** + **L3**							
(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 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.

NAIC BLANKS (E) WORKING GROUP

Blanks Agenda Item Submission Form

<table>
<tr><td>

DATE: 04-20-2026

CONTACT PERSON: __

TELEPHONE: __

EMAIL ADDRESS: __

ON BEHALF OF:

NAME: **Ben Slutsker, Chair**

TITLE: **Director of Life Actuarial Valuation**

AFFILIATION: **Minnesota Department of Commerce**

ADDRESS: **85 7th Place East, Suite 280**

Saint Paul, MN 55101

</td><td>

FOR NAIC USE ONLY

Agenda Item # 2026-12BWG
Year 2026
Changes to Existing Reporting [X]
New Reporting Requirement [ ]

REVIEWED FOR ACCOUNTING PRACTICES AND PROCEDURES IMPACT

No Impact [X]
Modifies Required Disclosure [ ]

Is there data being requested in this proposal which is available elsewhere in the Annual/Quarterly Statement? [No]
****If Yes, complete question below****

DISPOSITION

[ ] Rejected For Public Comment
[ ] Referred To Another NAIC Group
[X] Received For Public Comment
[ ] Adopted Date ________________
[ ] Rejected Date ________________
[ ] Deferred Date ________________
[ ] Other (Specify) ________________

</td></tr>
</table>

BLANK(S) TO WHICH PROPOSAL APPLIES

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

							Basic Contribution		Reserve Objective		Maximum Reserve	
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)	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~~0.0680~~		0.0000~~0.0680~~	
101		Backed by mortgage loans – collateral loans – affiliated		XXX	XXX		0.0000		0.0000~~0.0680~~		0.0000~~0.0680~~	
102		Backed by joint ventures, partnerships, & limited liability companies – collateral loans – unaffiliated		XXX	XXX		0.0000		0.0000~~0.0680~~		0.0000~~0.0680~~	
103		Backed by joint ventures, partnerships, & limited liability companies – collateral loans – affiliated		XXX	XXX		0.0000		0.0000~~0.0680~~		0.0000~~0.0680~~	
104		Backed by residual tranches or interests – collateral loans – unaffiliated		XXX	XXX		0.0000		0.0000~~0.0680~~		0.0000~~0.0680~~	
105		Backed by residual tranches or interests – collateral loans – affiliated		XXX	XXX		0.0000		0.0000~~0.0680~~		0.0000~~0.0680~~	
106		Backed by debt securities – collateral loans – unaffiliated		XXX	XXX		0.0000		0.0000~~0.0680~~		0.0000~~0.0680~~	
107		Backed by debt securities – collateral loans – affiliated		XXX	XXX		0.0000		0.0000~~0.0680~~		0.0000~~0.0680~~	
108		Backed by real estate – collateral loans – unaffiliated		XXX	XXX		0.0000		0.0000~~0.0680~~		0.0000~~0.0680~~	
109		Backed by real estate – collateral loans – affiliated		XXX	XXX		0.0000		0.0000~~0.0680~~		0.0000~~0.0680~~	
110		Collateral loans – all other – unaffiliated		XXX	XXX		0.0000		0.0000~~0.0680~~		0.0000~~0.0680~~	
111		Collateral loans – all other – affiliated		XXX	XXX		0.0000		0.0000~~0.0680~~		0.0000~~0.0680~~	
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

Cc: Marc Altschull <MarcAltschull@acli.com>
Subject: Life RBC WG 2026-09-L - LR008 Schedule BA Collateral Loans Annual Statement Source 2026 update

CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Hi Ben & Maggie.
I'm following up with you on a request from Marc on the Life RBC Working Group exposure 2026-09-L.

ACLI also recommends the following editorial revision to the instructions to better reflect the annual statement source as AVR for Schedule BA Collateral Loans. We believe that AVR should be primary source for RBC data from the annual statement.

LR008 – Other Long-Term Assets

Blanks
Schedule BA - All Other (C-1o)
(51) Schedule BA Collateral Loans
AVR Equity Component Column 1 Lines K3 + K4+ K5 + K6 + K7 + K8 + K9 + K10 + K11 + K12
~~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~~

Thank you for considering our suggestion.
Let me know if you have any questions.

Tip Tipton, CPA
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Capital Adequacy (E) Task Force

RBC Proposal Form

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

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

FOR NAIC USE ONLY

Agenda Item # 2025-16-L MOD version 3
Year 2027

DISPOSITION

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

EXPOSED:
☐ TASK FORCE (TF)
☒ WORKING GROUP (WG) **11/14/2025**
02-10-2026 (V.1)
03-22-2026 (V.2)
04-23-2026 (V.3)
☐ SUBGROUP (SG)

REJECTED:
☐ TF ☐ WG ☐ SG

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

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

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

DESCRIPTION/REASON OR JUSTIFICATION OF CHANGE(S)

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

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

The proposal 2025-16-L 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 (V.1) and re-exposed with comments due 03-06-2026 - 4 comment letters received (KO)
- 03-22-2026: The modified proposal (V.2) is in response to ACLI comment. Staff then layer in LR010 consideration.
- 04-30-2026: The proposal is further modified (V.3) to incorporate comments from ACLI, ACC and regulators. This modified proposal was exposed for 21-day public comment period ending 5/14/2026. Key changes from V.2 are highlighted in yellow within Blanks.

Key highlights of the modifications:

1) LR008 instruction was expanded to explicitly state that independent verification is a pre-requisite to be afforded RBC charges based on over-collateralization (OC).
2) LR008 Blanks need further direction from the Working Group, and the following options are presented based on comments received:

   Option 1 – Based on Proposal 2025-16-L V.2 with revisions to incorporate scenarios when no independent verification is obtained. This version reflects ACLI's suggestions.

OCC	LTV Band	Midpoint	Haircut	RBC Charge for Collateral Loans backed by LP/LLC/JV interests	RBC Charge for Collateral Loans backed by residuals
No independent verification	**N/A**	**N/A**	**0%**	**30%**	**45%**
OC<125%	**>80%**	**90%**	**10%**	**27%**	**40.5%**
OC ≥ 125% and < 167%	**> 60%-80%**	**70%**	**30%**	**21%**	**31.5%**
OC ≥ 167% and < 250%	**> 40%-60%**	**50%**	**50%**	**15%**	**22.5%**
OC ≥ 250% and < 500%	**> 20% - 40%**	**30%**	**70%**	**9%**	**13.5%**
OC ≥ 500%	**20% or below**	**10%**	**90%**	**3%**	**4.5%**

Option 2 – Alternative Option to Consider . This option shifted tiering structure such that LTV 80% is in the mid-point of the tier. It also streamlined LTV Bands and provided a floor to address regulators' concerns

OCC	LTV Band	Midpoint	Haircut	RBC Charge for Collateral Loans backed by LP/LLC/JV interests	RBC Charge for Collateral Loans backed by residuals
OC < 111%	**>90% or no independent verification**	**N/A**	**0%**	**30%**	**45%**
OC ≥ 111% and < 143%	**>70% - 90%**	**80%**	**20%**	**24%**	**36%**
OC ≥ 143% and < 200%	**>50%-70%**	**60%**	**40%**	**18%**	**27%**
OC ≥ 200%	**50% or below**	**25%[1]**	**50%[1]**	**15%**	**22.5%**

[1] Haircut of 50% is chosen to ensure the minimum RBC charge is capped at 50% of the base charge.

Depending on which option is adopted, there will be downstream impact to LR010 Asset Concentration, LR030 Calculation of Tax Effect and LR031 Calculation of Authorized Control Level Risk-Based Capital pages. To conserve space, edits to those pages are omitted for this exposure purposes, but any corresponding impact to those pages will follow the same editing logic as V.2. and will be incorporated as editorial changes to the FINAL RBC publication.

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

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 (43.2) series and Line (45.2) series [Staff Note: exact line number to be updated depends on Option 1 or Option 2]

In order to be afforded RBC charges based on overcollateralization (OC) / Loan-to-value (LTV), independent verification of fair value is required. Independent verification approaches may include, individually or in combination:

• Compliance certifications from unaffiliated third parties confirming adherence to stated valuation policies and investment guidelines;
• Independent third-party valuations of the underlying collateral; and/or
• Independent reasonableness checks designed to assess whether reported fair values fall within an appropriate and supportable range.

Data on OC/LTV as well as whether independent verification was obtained are disclosed on Annual Statement Schedule BA Other Long-Term Invested Assets.

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.

<u>Column (3)</u>
Column (3) is calculated as the net of Column (1) less Column (2).

<u>Column (4)</u>
No longer used. Place “XXX” in any blanks for this column.

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

Details Eliminated to Conserve

Company Name — Cocode: 00000

OTHER LONG-TERM ASSETS

OPTION 1

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

Company Name Cocode: 00000

OTHER LONG-TERM ASSETS

OPTION 1

		Annual Statement Source	(1) Book / Adjusted Carrying Value	(2) Unrated Items ‡	(3) RBC Subtotal †		(4) Factor		(5) RBC Requirement
(24)	Rated NAIC 3 Surplus Notes	Schedule BA Part 1 Column 12 Line 2799999+2899999, in part	$0		$0	X	0.0446	=	$0
(25)	Rated NAIC 4 Surplus Notes	Schedule BA Part 1 Column 12 Line 2799999+2899999, in part	$0		$0	X	0.0970	=	$0
(26)	Rated NAIC 5 Surplus Notes	Schedule BA Part 1 Column 12 Line 2799999+2899999, in part	$0		$0	X	0.2231	=	$0
(27)	Rated NAIC 6 Surplus Notes	Schedule BA Part 1 Column 12 Line 2799999+2899999, in part	$0		$0	X	0.3000	=	$0
(28)	Total Rated Surplus Notes (pre-MODCO/Funds Withheld)	Sum of Lines (22) through (27)	$0		$0				$0
(29)	Reduction in RBC for MODCO/Funds Withheld Reinsurance Ceded Agreements	Company Records (enter a pre-tax amount)							$0
(30)	Increase in RBC for MODCO/Funds Withheld Reinsurance Assumed Agreements	Company Records (enter a pre-tax amount)							$0
(31)	Total Rated Surplus Notes (including MODCO/Funds Withheld.)	Lines (28) - (29) + (30)	$0						$0
	Rated Capital Notes Classified by Designation Equivalent								
(32)	Rated NAIC 1 Capital Notes	Schedule BA Part 1 Column 12 Line 2999999+3099999, in part	$0		$0	X	0.0039	=	$0
(33)	Rated NAIC 2 Capital Notes	Schedule BA Part 1 Column 12 Line 2999999+3099999, in part	$0		$0	X	0.0126	=	$0
(34)	Rated NAIC 3 Capital Notes	Schedule BA Part 1 Column 12 Line 2999999+3099999, in part	$0		$0	X	0.0446	=	$0
(35)	Rated NAIC 4 Capital Notes	Schedule BA Part 1 Column 12 Line 2999999+3099999, in part	$0		$0	X	0.0970	=	$0
(36)	Rated NAIC 5 Capital Notes	Schedule BA Part 1 Column 12 Line 2999999+3099999, in part	$0		$0	X	0.2231	=	$0
(37)	Rated NAIC 6 Capital Notes	Schedule BA Part 1 Column 12 Line 2999999+3099999, in part	$0		$0	X	0.3000	=	$0
(38)	Total Rated Capital Notes (pre-MODCO/Funds Withheld)	Sum of Lines (32) through (37)	$0		$0				$0
(39)	Reduction in RBC for MODCO/Funds Withheld Reinsurance Ceded Agreements	Company Records (enter a pre-tax amount)							$0
(40)	Increase in RBC for MODCO/Funds Withheld Reinsurance Assumed Agreements	Company Records (enter a pre-tax amount)							$0
(41)	Total Rated Capital Notes (including MODCO/Funds Withheld.)	Lines (38) - (39) + (40)	$0						$0
	Schedule BA - Unaffiliated Common Stock/ Equity Interests and Affiliated Non-Insurance Stock (C1-cs)								
(42)	Schedule BA Unaffiliated Common Stock-Public	AVR Equity Component Column 1 Line **F1**	$0		$0	X	§	=	$0
(43.1)	Schedule BA Unaffiliated Common Stock-Private	AVR Equity Component Column 1 Line **F2**	$0		$0	X	0.3000	=	$0
	Schedule BA Collateral Loans backed by Joint Ventures', Limited Partnerships' and Limited Liability Companies' Interests								
(43.2)	**No independent verification obtained**	**Company Records**	$0		**$0**	**X**	**0.3000**		**$0**
(43.3)	**OC Percentage < 125%**	**Company Records**	$0		**$0**	**X**	**0.2700**		**$0**
(43.4)	**OC Percentage ≥ 125% and < 167%**	**Company Records**	$0		**$0**	**X**	**0.2100**		**$0**
(43.5)	**OC Percentage ≥ 167% and < 250%**	**Company Records**	$0		**$0**	**X**	**0.1500**		**$0**
(43.6)	**OC Percentage ≥ 250% and < 500%**	**Company Records**	$0		**$0**	**X**	**0.0900**		**$0**
(43.7)	**OC Percentage ≥ 500%**	**Company Records**	$0		**$0**	**X**	**0.0300**		**$0**
(43.8)	**Total Collateral Loans backed by Joint Ventures', Limited Partnerships' and Limited Liability Companies' Interests (Column (1), line 43.8 should be equal to sum of AVR Equity Component lines K3 and K4)**	**Lines (43.2) + (43.3) + (43.4)+ (43.5) + (43.6)+(43.7)**	**$0**		**$0**				**$0**

Company Name | Cocode: 00000

OTHER LONG-TERM ASSETS

OPTION 1

		Annual Statement Source	(1) Book / Adjusted Carrying Value	(2) Unrated Items ‡	(3) RBC Subtotal †		(4) Factor		(5) RBC Requirement
(44)	Schedule BA Collateral Loans backed by Residual Tranches or Interes	AVR Equity Component Column 1 Line **F5**	$0		$0	X	0.3000	=	$0
(45.1)	OC < 111% or No independent verification obtained	AVR Equity Component Column 1 Line **I13**	$0		$0	X	0.4500	=	$0
(45.2)	**No independent verification obtained**	**Company Records**	$0		**$0**		**0.4500**		
(45.3)	**OC Percentage < 125%**	**Company Records**	$0		**$0**	**X**	**0.4050**		**$0**
(45.4)	**OC Percentage ≥ 125% and < 167%**	**Company Records**	$0		**$0**	**X**	**0.3150**		**$0**
(45.5)	**OC Percentage ≥ 167% and < 250%**	**Company Records**	$0		**$0**	**X**	**0.2250**		**$0**
(45.6)	**OC Percentage ≥ 250% and < 500%**	**Company Records**	$0		**$0**	**X**	**0.1350**		**$0**
(45.7)	**OC Percentage ≥ 500%**	**Company Records**	$0		**$0**	**X**	**0.0450**		**$0**
(45.8)	**Total Schedule BA Collateral Loans backed by Residual Tranches or Interests (Column (1), line 45.8 should be equal to sum of AVR Equity Component lines K5 and K6)**	**Lines (45.2) + (45.3) + (45.4)+ (45.5) + (45.6) + (45.7)**	**$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) + (43.8)**+ (44) + **(45.1) + (45.8)**	**$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**	**AVR Equity Component Column 1 Line K7 + K8 + K9 + K10 + K11 + K12**	$0		$0	X	0.0680	=	$0
(52.1)	NAIC 01 Working Capital Finance Notes	AVR Equity Component Column 1 Line **L1**	$0		$0	X	0.0050	=	$0
(52.2)	NAIC 02 Working Capital Finance Notes	AVR Equity Component Column 1 Line **L2**	$0		$0	X	0.0163	=	$0
(52.3)	Total Admitted Working Capital Finance Notes	Line (52.1) + (52.2)	$0		$0				$0
(53.1)	Other Schedule BA Assets, including Surplus Notes and Capital Notes	AVR Equity Component Column 1 Line **J7** + **L3**	$0						
(53.2)	Less NAIC 1 thru 6 Rated/Designated Surplus Notes and Capital Notes	Column (1) Lines (22) through (27) + Column (1) Lines (32) through (37)	$0						
(53.3)	Net Other Schedule BA Assets	Line (53.1) less (53.2)	$0	$0	$0	X	0.3000	=	$0
(54)	Total Schedule BA Assets C-1o (pre-MODCO/Funds Withheld)	Lines (11) + (21) + (31) + (41) + (50.3) + (51) + (52.3) + (53.3)	$0						$0
(55)	Reduction in RBC for MODCO/Funds Withheld Reinsurance Ceded Agreements	Company Records (enter a pre-tax amount)							$0
(56)	Increase in RBC for MODCO/Funds Withheld Reinsurance Assumed Agreements	Company Records (enter a pre-tax amount)							$0
(57)	Total Schedule BA Assets C-1o								

Company Name						Cocode: 00000
OTHER LONG-TERM ASSETS	OPTION 1					
		(1)	(2)	(3)	(4)	(5)
		Book / Adjusted				RBC
	Annual Statement Source	Carrying Value	Unrated Items ‡	RBC Subtotal †	Factor	Requirement
(including MODCO/Funds Withheld.)	Lines (54) - (55) + (56)	$0				$0
(58) Total Schedule BA Assets Excluding Mortgages and Real Estate	Line (49)+ (57)	$0				$0

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

‡ 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.

Company Name | Cocode: 00000

OTHER LONG-TERM ASSETS

OPTION 2

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

Company Name — Cocode: 00000

OTHER LONG-TERM ASSETS

OPTION 2

		Annual Statement Source	(1) Book / Adjusted Carrying Value	(2) Unrated Items ‡	(3) RBC Subtotal †		(4) Factor			(5) RBC Requirement
(24)	Rated NAIC 3 Surplus Notes	Schedule BA Part 1 Column 12 Line 2799999+2899999, in part	$0		$0	X	0.0446		=	$0
(25)	Rated NAIC 4 Surplus Notes	Schedule BA Part 1 Column 12 Line 2799999+2899999, in part	$0		$0	X	0.0970		=	$0
(26)	Rated NAIC 5 Surplus Notes	Schedule BA Part 1 Column 12 Line 2799999+2899999, in part	$0		$0	X	0.2231		=	$0
(27)	Rated NAIC 6 Surplus Notes	Schedule BA Part 1 Column 12 Line 2799999+2899999, in part	$0		$0	X	0.3000		=	$0
(28)	Total Rated Surplus Notes (pre-MODCO/Funds Withheld)	Sum of Lines (22) through (27)	$0		$0					$0
(29)	Reduction in RBC for MODCO/Funds Withheld Reinsurance Ceded Agreements	Company Records (enter a pre-tax amount)								$0
(30)	Increase in RBC for MODCO/Funds Withheld Reinsurance Assumed Agreements	Company Records (enter a pre-tax amount)								$0
(31)	Total Rated Surplus Notes (including MODCO/Funds Withheld.)	Lines (28) - (29) + (30)	$0							$0
	Rated Capital Notes Classified by Designation Equivalent									
(32)	Rated NAIC 1 Capital Notes	Schedule BA Part 1 Column 12 Line 2999999+3099999, in part	$0		$0	X	0.0039		=	$0
(33)	Rated NAIC 2 Capital Notes	Schedule BA Part 1 Column 12 Line 2999999+3099999, in part	$0		$0	X	0.0126		=	$0
(34)	Rated NAIC 3 Capital Notes	Schedule BA Part 1 Column 12 Line 2999999+3099999, in part	$0		$0	X	0.0446		=	$0
(35)	Rated NAIC 4 Capital Notes	Schedule BA Part 1 Column 12 Line 2999999+3099999, in part	$0		$0	X	0.0970		=	$0
(36)	Rated NAIC 5 Capital Notes	Schedule BA Part 1 Column 12 Line 2999999+3099999, in part	$0		$0	X	0.2231		=	$0
(37)	Rated NAIC 6 Capital Notes	Schedule BA Part 1 Column 12 Line 2999999+3099999, in part	$0		$0	X	0.3000		=	$0
(38)	Total Rated Capital Notes (pre-MODCO/Funds Withheld)	Sum of Lines (32) through (37)	$0		$0					$0
(39)	Reduction in RBC for MODCO/Funds Withheld Reinsurance Ceded Agreements	Company Records (enter a pre-tax amount)								$0
(40)	Increase in RBC for MODCO/Funds Withheld Reinsurance Assumed Agreements	Company Records (enter a pre-tax amount)								$0
(41)	Total Rated Capital Notes (including MODCO/Funds Withheld.)	Lines (38) - (39) + (40)	$0							$0
	Schedule BA - Unaffiliated Common Stock/ Equity Interests and Affiliated Non-Insurance Stock (C1-cs)									
(42)	Schedule BA Unaffiliated Common Stock-Public	AVR Equity Component Column 1 Line **F1**	$0		$0	X		§	=	$0
(43.1)	Schedule BA Unaffiliated Common Stock-Private	AVR Equity Component Column 1 Line **F2**	$0		$0	X	0.3000		=	$0
	Schedule BA Collateral Loans backed by Joint Ventures', Limited Partnerships' and Limited Liability Companies' Interests									
(43.2)	**OC < 111% or No independent verification obtained**	**Company Records**	$0		**$0**	**X**	**0.3000**		=	**$0**
(43.3)	**OC Percentage ≥ 111% and < 143%**	**Company Records**	$0		**$0**	**X**	**0.2400**		=	**$0**
(43.4)	**OC Percentage ≥ 143% and < 200%**	**Company Records**	$0		**$0**	**X**	**0.1800**		=	**$0**
(43.5)	**OC Percentage ≥ 200%**	**Company Records**	$0		**$0**	**X**	**0.1500**		=	**$0**
(43.6)	**Total Schedule BA Collateral Loans backed by Residual Tranches or Interests (Column (1), line 45.5 should be equal to sum of AVR Equity Component lines K5 and K6)**	**Lines (43.2) + (43.3) + (43.4)+ (43.5)**	**$0**		**$0**					**$0**
(44)	Reduction in RBC for MODCO/Funds Withheld	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

Company Name							Cocode: 00000
	OTHER LONG-TERM ASSETS	OPTION 2					
			(1)	(2)	(3)	(4)	(5)
		Annual Statement Source	Book / Adjusted Carrying Value	Unrated Items ‡	RBC Subtotal †	Factor	RBC Requirement
	Schedule BA Collateral Loans backed by Residual Tranches or Interests						
(45.2)	**OC < 111% or No independent verification obtained**	**Company Records**	$0		**$0** X	**0.4500**	=
(45.3)	**OC Percentage ≥ 111% and < 143%**	**Company Records**	$0		**$0** X	**0.3600**	= **$0**
(45.4)	**OC Percentage ≥ 143% and < 200%**	**Company Records**	$0		**$0** X	**0.2700**	= **$0**
(45.5)	**OC Percentage ≥ 200%**	**Company Records**	$0		**$0** X	**0.2250**	= **$0**
(45.6)	**Total Schedule BA Collateral Loans backed by Residual Tranches or Interests (Column (1), line 45.5 should be equal to sum of AVR Equity Component lines K5 and K6)**	**Lines (45.2) + (45.3) + (45.4)+ (45.5)**	**$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) + (43.6)**+ (44) + **(45.1) + (45.6)**	**$0**		**$0**		**$0**
(47)	Reduction in RBC for MODCO/Funds Withheld Reinsurance Ceded Agreements	Company Records (enter a pre-tax amount)					$0
(48)	Increase in RBC for MODCO/Funds Withheld Reinsurance Assumed Agreements	Company Records (enter a pre-tax amount)					$0
(49)	Total Schedule BA Unaffiliated Common Stock/ Equity Interests and Affiliated Non-Insurance Stock (C1-cs) (including MODCO/Funds Withheld.)	Lines (46) - (47) + (48)	$0				$0
	Schedule BA - All Other (C-1o)						
(50.1)	BA Affiliated Common Stock - Life with AVR	AVR Equity Component Column 1 Line **F3**	$0				
(50.2)	BA Affiliated Common Stock - Certain Other	AVR Equity Component Column 1 Line **F4**	$0				
(50.3)	Total Schedule BA Affiliated Common Stock - C-1o	Line (50.1) + (50.2)	$0		$0 X	0.3000	= $0
(51)	**All Other Schedule BA Collateral Loans**	**AVR Equity Component Column 1 Line K7 + K8 + K9 + K10 + K11 + K12**	$0		$0 X	0.0680	= $0
(52.1)	NAIC 01 Working Capital Finance Notes	AVR Equity Component Column 1 Line **L1**	$0		$0 X	0.0050	= $0
(52.2)	NAIC 02 Working Capital Finance Notes	AVR Equity Component Column 1 Line **L2**	$0		$0 X	0.0163	= $0
(52.3)	Total Admitted Working Capital Finance Notes	Line (52.1) + (52.2)	$0		$0		$0
(53.1)	Other Schedule BA Assets, including Surplus Notes and Capital Notes	AVR Equity Component Column 1 Line **J7 + L3**	$0				
(53.2)	Less NAIC 1 thru 6 Rated/Designated Surplus Notes and Capital Notes	Column (1) Lines (22) through (27) + Column (1) Lines (32) through (37)	$0				
(53.3)	Net Other Schedule BA Assets	Line (53.1) less (53.2)	$0	$0	$0 X	0.3000	= $0
(54)	Total Schedule BA Assets C-1o (pre-MODCO/Funds Withheld)	Lines (11) + (21) + (31) + (41) + (50.3) + (51) + (52.3) + (53.3)	$0				$0
(55)	Reduction in RBC for MODCO/Funds Withheld Reinsurance Ceded Agreements	Company Records (enter a pre-tax amount)					$0
(56)	Increase in RBC for MODCO/Funds Withheld Reinsurance Assumed Agreements	Company Records (enter a pre-tax amount)					$0
(57)	Total Schedule BA Assets C-1o (including MODCO/Funds Withheld.)	Lines (54) - (55) + (56)	$0				$0
(58)	Total Schedule BA Assets Excluding Mortgages and Real Estate	Line (49)+ (57)	$0				$0

Company Name						Cocode: 00000
OTHER LONG-TERM ASSETS	OPTION 2					
		(1)	(2)	(3)	(4)	(5)
		Book / Adjusted				RBC
	Annual Statement Source	Carrying Value	Unrated Items ‡	RBC Subtotal †	Factor	Requirement

† 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.

May 21, 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: Proposal 2025-16-L MOD Version 3 Collateral Loans (ACLI, Alternative Options)

Submitted Electronically

Dear Chair Slutsker:

The American Council of Life Insurers (ACLI) appreciates the opportunity to comment on the re-exposed Version 3 of Proposal 2025-16-L addressing the risk-based capital (RBC) treatment of collateral loans reported on Schedule BA. ACLI continues to support the Working Group's objective of refining RBC charges to better reflect the risk characteristics of collateral loans while preserving operational feasibility and maintaining alignment with the NAIC RBC Principles. We also appreciate the Working Group's continued responsiveness to stakeholder input, including enhancements reflected in Version 3 such as the incorporation of independent verification as a prerequisite to applying overcollateralization-based adjustments and the presentation of alternative structural approaches for consideration.

Version 3 presents two similar, but distinct options for adjusting RBC charges based upon LTV of the collateral loan. ACLI conceived Option 1 because it was a meaningful step toward aligning charges that more closely reflect the risk characteristics of collateral loans and the NAIC RBC Principles.

After further consideration of the framework and objectives underlying the exposure, ACLI can support Option 2 as the preferred path forward with the inclusion of the targeted calibration refinements explained below. ACLI recognizes that Option 2 is intended to simplify the tiering structure, improve consistency across loan-to-value (LTV) ranges, and incorporate a floor to address supervisory and valuation considerations. In ACLI's view, these elements provide a clear and administrable framework that can be implemented consistently across companies while maintaining a level of prudence.

While ACLI supports the overall structure of Option 2, we believe targeted calibration refinements would further enhance alignment between capital outcomes and underlying risk characteristics.

1. Intermediate LTV Band Adjustment (30% < LTV ≤ 50%)

ACLI recommends that exposures within the 30% to 50% LTV range be subject to a 40% adjustment to the look-through C-1 factor. This calibration more appropriately reflects the degree of overcollateralization present within this band and is consistent with the graduated structure already contemplated in Option 2, which applies graduated adjustments tied to the midpoint of LTV bands.

2. Floor for Lowest LTV Band (LTV ≤ 30%)

In addition, ACLI recommends that exposures with LTV at or below 30% be subject to a floor of 6.8% on the C-1 factor. Establishing a floor at this level provides a clear and conservative backstop that is consistent with other elements of the RBC framework and aligns with the existing 6.8% factor used within the RBC framework for certain Schedule BA exposures. At the same time, this approach continues to allow meaningful recognition of the risk-mitigating benefits of substantial overcollateralization.

Taken together, these refinements are intended to enhance the risk sensitivity of the framework while preserving the simplicity and clarity that Option 2 is designed to achieve. The recommended calibration better differentiates outcomes across LTV ranges, maintains appropriate incentives for insurers to retain or increase overcollateralization, and ensures that resulting capital requirements remain anchored within the broader RBC framework.

Following is an updated chart reflecting ACLI's suggested revisions:

ACLI Recommended Overcollateralization Bands and Adjustment Factors for Collateral Loans Backed by Investments in JV/LP/LLC and Residual Tranches

			Collateral Loans Backed by Investments in JV/LP/LLC		Collateral Loans Backed by Residual Tranches	
Overcollateralization Band (OC)	**Loan-to-Value Band (LTV)**	**Adjustment Factor Applied to Base Look-Through RBC Factor**	**Net RBC Factor**	**Equivalent NAIC LT Bond Rating**	**Net RBC Factor**	**Equivalent NAIC LT Bond Rating**
OC < 111%*	LTV > 90%*	100%	30.0%	5.C	45.0%	>6
111% ≤ OC < 143%	70% < LTV ≤ 90%	80%	24.0%	5.B to 5.C	36.0%	>6
143% ≤ OC < 200%	50% < LTV ≤ 70%	60%	18.0%	5.A to 5.B	27.0%	5.B to 5.C
200% ≤ OC < 333%	30% < LTV ≤ 50%	40%	12.0%	4.B to 4.C	18.0%	5.A to 5.B
333% ≤ OC	LTV ≤ 30%	15%	6.8%	3.C to 4.A	6.8%	3.C to 4.A

* No adjustment to the base look-through RBC factor for collateral loans without independent verification

ACLI appreciates the Working Group's thoughtful consideration of stakeholder feedback and its continued engagement on this issue. We support adoption of Option 2 with the calibration refinements described above and would welcome the opportunity to provide additional input as the proposal moves forward.

Thank you for the opportunity to provide these comments.

Sincerely,

Marc Altschull, CFA, FSA, MAAA
Senior Actuary
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202-624-2089

Adam Knepp, CPA
Senior Director, Accounting Policy
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NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

To: Kevin Clark, Chair of the Statutory Accounting Principles (E) Working Group
Dale Bruggeman, Vice Chair of the Statutory Accounting Principles (E) Working Group
Ben Slutsker, Chair of the Life Risk-Based Capital (E) Working Group
Philip Barlow, Vice Chair of the Life Risk-Based Capital (E) Working Group

From: Carrie Mears, Chair of the Investment Analysis (E) Working Group
Matt Cheung, Vice Chair of the Investment Analysis (E) Working Group

Re: Residential Mortgage Loans: Definition, Disclosure and Risk-Based Capital Charges

Date: May 26, 2026

On March 24, 2026, the Invested Assets (E) Task Force heard a presentation from Neuberger Berman about the growing exposure to residential mortgage loans within insurance portfolios, including variants of mortgage loans and potential ways to consider the various risks. Subsequently, and in accordance with its 2026 agenda, the Investment Analysis (E) Working Group reviewed current residential mortgage loan exposure among insurers, noting the following:

(1) Residential mortgage loan exposure has grown consistently and rapidly since 2021, particularly among life insurers, averaging 36.3% annual growth in that time period (37.1% for just Life companies).

(2) Exposure growth as a percentage of invested assets has become material as well, with several insurers having over 10% of their portfolio invested in residential mortgage loans.

(3) Some insurers hold individual high balance* residential mortgage loans, with 129 individual loans with balances over $50 million. These high balance loans constitute approximately 15% of all residential mortgage loans.

(4) Many list the location as "various" or "multiple", which limits the ability to assess the geographical exposure of the loans or evaluate loans on an individual loan basis.

(5) Current reporting requirements lack granularity to highlight potential key characteristics of residential mortgage loans, including identification of non-first lien loans, whether the residencies are owner occupied or investment properties, or loan-to-value (LTV) metrics, among others.

(6) Despite possessing varying characteristics, residential mortgage loans are assigned a 68-basis points capital charge for Life insurers, without risk sensitivity to underlying factors. Additionally, this factor was established using pre-CM framework commercial mortgage loan factors as an anchor point without any calibration to RML-specific data.

*Subsequent to the Investment Analysis (E) Working Group discussion, it has been determined that some of the large balances may be due to aggregation in reporting, driven by reporting limitations within Schedule B—Mortgage Loans. Currently, Schedule B has a limit of 99,995 rows, thus requiring consolidated reporting in instances where an insurer holds additional individual mortgage loans.

While these observations are illustrative and not intended to identify specific reporting entities, they highlight areas where additional clarity may be beneficial.

The lack of a clearly defined boundary between traditional residential and other loan types currently classified as residential mortgage loans, that may exhibit significantly different risk characteristics, introduces potential inconsistency in reporting and may result in classification outcomes that do not fully align with the underlying economic risk of the exposure. Certain large multi-unit or development-type properties, while potentially meeting informal or structural interpretations of residential, may exhibit risk characteristics more consistent with commercial real estate lending, including higher vacancy risk, reliance on projected cash flows, and sensitivity to market conditions.

These classification considerations have implications for risk-based capital (RBC), because residential mortgage loans are subject to materially lower RBC factors than commercial mortgage loans. Accordingly, classification as residential may result in lower capital requirements for exposures that may present elevated or differing risk profiles. This dynamic may introduce opportunities for inconsistent treatment or unintended capital outcomes if not addressed through refined guidance.

For loans that are clearly residential in nature, the current investing spectrum could introduce specific risks that may warrant additional disclosure and RBC considerations, including varying LTV levels, varying borrower credit quality (FICO scores), whether owner occupied or for investment purposes, non first-lien loans, construction loans, HELOCs, bridge loans, among others.

Additionally, broader considerations related to concentration risk may warrant attention. Insurers with significant allocations to residential mortgage loans, particularly where such exposures include large or non-traditional assets, may face heightened exposure to credit, liquidity, valuation, and interest rate risks. While these considerations extend beyond accounting classification alone, consistent and transparent reporting is foundational to effective regulatory assessment.

SSAP No. 37—Mortgage Loans establishes the statutory accounting framework for mortgage loans but provides limited explicit guidance distinguishing residential mortgage loans from other mortgage loan types. Industry practice has generally relied on interpretations informed by other NAIC models and guidance, often centering on one to four family residential properties, but these interpretations are not explicitly codified within SSAP No. 37. As a result, variability in classification may exist, particularly for larger multi-unit, development-oriented, or non-traditional residential exposures.

Given these considerations, this referral requests that the Statutory Accounting Principles (E) Working Group consider whether additional clarification or refinement within SSAP No. 37 is warranted to better define residential mortgage loans and improve consistency in application. Potential areas for consideration may include:

- Clarification of the characteristics that distinguish residential mortgage loans from commercial-like or other mortgage loan types, including consideration of property type, scale, and risk attributes.
- Consideration of whether certain large multi-unit, development-stage, or transitional properties should be subject to different classification or disclosure considerations.
- Evaluation of whether enhancements to reporting guidance or disclosures to identify more granular individual loan characteristics within Schedule B may improve transparency, comparability across reporting entities, and individual loan risk-assessment usability by state insurance regulators and users of statutory financial statements.
- Evaluation of whether aggregation of individual loans could be appropriate for reporting purposes, including guidance on which loans can be aggregated to retain benefits of disclosure of key risk characteristics

In coordination with, or following the above considerations, this referral also requests that the Life Risk-Based Capital (E) Working Group:

- Provide input on the potential RBC implications of mortgage loan exposures that, while currently classified as residential, may exhibit characteristics more consistent with commercial or development-type lending.
- Consider whether additional guidance or clarification may be warranted regarding the application of residential RBC factors, including additional reporting items required to differentiate variations in risk, including due to underlying borrower creditworthiness.

- Evaluate whether certain exposures, such as large multi-unit, development-stage, or transitional properties, may warrant alternative RBC treatment or additional risk stratification to better align capital requirements with underlying economic risk.

These considerations are intended to support consistent statutory accounting guidance and RBC application, enhance transparency in financial reporting, and better align classification outcomes with the underlying economic risk of mortgage loan exposures.

The Investment Analysis (E) Working Group support staff are available to provide additional background, data, or analysis as needed to assist with the Statutory Accounting Principles (E) Working Group or the Life Risk-Based Capital (E) Working Group's evaluation of this matter. Please contact NAIC staff, Jim Pinegar (jpinegar@naic.org), if you have any questions.

Cc: Jim Pinegar, Dimitris Karapiperis, Topher Hughes, Julie Gann, Robin Marcotte, Jake Stultz, Wil Oden, Jason Farr, Maggie Chang, Kazeem Okosun.

NAIC NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

MEMORANDUM

TO: Ben Slutsker, Chair, Life Risk-Based Capital (E) Working Group
Philip Barlow, Vice Chair, Life Risk-Based Capital (E) Working Group

FROM: Kevin Clark, Chair, Statutory Accounting Principles (E) Working Group
Dale Bruggeman, Vice Chair, Statutory Accounting Principles (E) Working Group

DATE: May 29, 2026

RE: Agenda item 2026-07: Referral on AVR affiliated common stock

At its May 18 call, the Statutory Accounting Principles (E) Working Group exposed agenda item 2026-07: Referral on AVR affiliated common stock (attachment) for a comment period ending June 22 and directed that the Life Risk-Based Capital (E) Working Group be notified of the exposure. The agenda item was developed to respond to a referral from the Life Risk-Based Capital (E) Working Group which was received at the 2025 Summer National Meeting. The referral forwarded comments received on life risk-based capital proposal 2025-04-L Other Long-Term Assets (LR008). Specifically, the American Council of Life Insurers (ACLI) raised questions on the asset valuation reserve (AVR) equity reporting lines for subsidiary, controlled or affiliated (SCA) common stock on the AVR reporting schedule in the Life, Accident & Health/ Fraternal Annual Statement and requested clarifications to the AVR blanks and instructions.

The following four AVR equity schedule lines were highlighted in the referral for clarification:

Maximum Reserve Factor	2025 AVR Schedule Line Number and Name
.1580	15 - Subsidiary, Controlled or Affiliated Common Stocks – Certain Other Subsidiaries (See SVO Purposes & Procedures Manual)
	68 - Investments with the Underlying Characteristics of Common Stock – Affiliated Certain Other (See SVO Purposes & Procedures Manual)
.1945	16 - Subsidiary, Controlled or Affiliated Common Stocks – Other.
	69 - Investments with the Underlying Characteristics of Common Stock – Affiliated Other – All Other7

The exposure contains recommendations for the Life, Accident & Health/ Fraternal Annual Statement AVR blanks and instructions to include SCAs with statutory accounting principles valuations i.e. SSAP No. 97, paragraph 8bi and 8bii (excluding life SCAs that have an AVR) in line 15, receiving a lower RBC charge as the "SCA – Certain Other" category, and all other SCAs in line 16. Comments, if any, are requested by June 22 and should be addressed to Kevin Clark and submitted to NAIC staff of the Working Group. A related annual statement blanks proposal with a 2027 effective date is also being developed.

Cc: Robin Marcotte rmarcotte@naic.org; Jake Stultz Jstultz@naic.org; Julie Gann jgann@naic.org; Jason Farr jfarr@naic.org; Wil Oden woden@naic.org; Maggie Chang mchang@naic.org ; Kazeem Okosun kokosun@naic.org

Statutory Accounting Principles (E) Working Group
Maintenance Agenda Submission Form
Form A

Issue: Referral on AVR affiliated common stock

Check (applicable entity):

	P/C	Life	Health
Modification of Existing SSAP	☐	☒	☒
New Issue or SSAP	☐	☐	☐
Interpretation	☐	☐	☐

Description of Issue:
This agenda item is to respond to a referral from the Life Risk-Based Capital (E) Working Group which was received at the 2025 Summer National Meeting. The referral forwarded comments received on life risk-based capital proposal 2025-04-L Other Long-Term Assets (LR008). Specifically, the American Council of Life Insurers (ACLI) raised questions on the asset valuation reserve (AVR) equity reporting lines for subsidiary, controlled or affiliated (SCA) common stock on the AVR reporting schedule in the Life, Accident & Health/ Fraternal Annual Statement and requested clarifications to the AVR blanks and instructions.

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AVR was first applicable in 1992, and the original instructions and line names included references to specific SCA valuation categories for the SCA common stock lines for "affiliated – certain other. " However over time specific references to SCA valuations associated with the "affiliated – certain other" were removed from the AVR schedule and instructions which caused the distinction between the line categories for "affiliated certain other" and "affiliated other" to become unclear.

This agenda item provides a recommendation to clarify the reporting for these categories based on an overview of key research points from using the NAIC library resources, to review historical AVR instructions and schedules and the references to the SCA valuation methods previously within in the *Securities Valuation Office (SVO) Purpose & Procedures Manual* (P&P Manual) and the guidance currently in the *Accounting Practices and Procedures Manual*.

As detailed below in the "Key Points in Historical Research" NAIC staff has identified that the historical intent of what is "line 15 - Subsidiary, Controlled or Affiliated Common Stocks – Certain Other Subsidiaries" is most similar to the current methods of SCA valuation in *SSAP No. 97—Investments in Subsidiary Controlled and Affiliated Entities* described below. Note that because of existing "Line 4 - Subsidiary, Controlled or Affiliated Common Stocks – Life Insurers with an AVR" are excluded from line 15:

1. U.S. insurance companies using the methodology detailed in SSAP No. 97, paragraph 8.b.i. This is an equity method using audited statutory accounting principles valuation. The historical wording referenced in the in the SVO P&P Manual for this line was book equity of common stock issued by a U.S. insurer.

2. Non-insurance companies (foreign and domestic) using the methodology detailed in SSAP No. 97, paragraph 8.bii. This is an equity method using audited generally accepted accounting principles (GAAP) with limited statutory adjustments. The historical wording for this line initially noted non-insurance companies and the value of assets if the held directly by an insurer. The historical intent of this wording is to arrive at either a statutory accounting valuation or a SAP like valuation for the assets.

Key Points in Historical Research

1. **1992 - the AVR schedule begins and the equity section has 3 key SCA common stock lines:**
   - **Line 3 - Subsidiary, Controlled or Affiliated Common Stock – Life Insurer with an AVR**
     - Affiliated life with AVR maximum reserve factor of 0.00
     - <u>This line is relevant as it scopes out life insurance SCAs out of other SCA common stock lines. In 2025, line 4 has the same name and the scope of this line is unchanged.</u>
   - **Line 4 - Subsidiary, Controlled or Affiliated Common Stock – Certain Non-Life or Investment Subsidiaries** Part of this line was later scoped out Investment SCAs and the remainder became line 15 SCA Common Stock- Certain Other (lower factor of .20) P&P Manual references were to (see excerpt in authoritative literature):
     - Section 4 (B) (a)(i) (value of assets if held directly by the insurer) is akin to current day SSAP No. 97, 8.b.ii. and
     - Section 4(B) (a) (iii) is book equity value that cannot be applied to non-insurers and is akin to present day SSAP No. 97 8.b.i. It applies to non AVR holding insurers as SCA Life insurers with AVR are on line 3.
   - **Line 5 - Subsidiary, Controlled or Affiliated Common Stock –Other** (higher factor of .25) became line 16 with the same name and the scope which represents common stock in SCAs that are not in other lines. This line has been maintained through 2025.

2. **1994 - Investment subsidiaries are divided out of line 4 into separate lines 4-14 (AVR look-through charges by asset category) and other line numbers shift down.**
   - The remaining part of line 4 becomes **Line 15 Affiliated - Other Section 5(B) (a)(i) or (iii)**. With the move in the P&P Manual from Part Four to Part Five, the SVO P&P Manual reference was updated from Section 4 to 5 but there were no SVO valuation changes.
     - Section 5 (B) (a)(i) (value of assets if held directly by the insurer) is akin to current day SSAP No. 97, 8.b.ii. and
     - Section 5(B) (a) (iii) is book equity value that cannot be applied to non-insurers is akin to present day SSAP No. 97 8.b.i. Therefore it applies to non AVR holding insurers.
   - Prior AVR line 5 is now **Line 16 - Affiliated –Other (c)** AVR schedule footnote (c) Represents “Affiliated Common Stock-Other” Investments not allocated to another line within this section. This footnote was moved to the instructions in 1995.
3. **1996 - AVR schedule line names change – SVO Manual references are generic.**

- Line 15 -AVR Schedule name changed to "**Affiliate - Certain Other (See SVO Purposes & Procedures Manual)**" **<u>This is when the specific reference to the SVO section was removed from the line name.</u>**
- Line 15 - **ASI only include a generic reference to SVO P&P Manual.**
- Line 16 - AVR Schedule name changed to **" Affiliated – All Other"**

4. 1997 - AVR schedule contribution changes and SVO Manual moves guidance to Part Eight

- AVR schedule updates to add columns for the "Basic Contribution and Reserve Objective," but the Factor for line 15 remains 0.2 for Affiliate - Certain Other
- SVO moves the guidance from Part Five to Part Eight.
  - Section 3 (a) – admitted asset equivalent for non-insurers (like SSAP No. 97, 8.b.ii.)
  - Section 3 (c)- Book value of Insurer's Common Stock (like SSAP No. 97 8.b.i.)

5. 1998 - Line 15 ASI updated to include specific SVO references again

- The ASI for line 15 referenced specific parts of the SVO P&P Manual, Part Eight, section 3 (a) (Admitted asset equivalent) [for non-insurers] and 3 (c) (Book Value of Insurer's Common Stock). (See authoritative literature section).

6. **1999 -** SVO P&P Manual no longer requires insurer book values in Part Eight, Section 3 (c) to be filed with the SVO beginning Jan. 1, 1999.

7. **2001 - SAP codification- SVO P&P Manual adds reference to *SSAP No. 46*—***Investments in Subsidiary, Controlled, and Affiliated Entities***, and ASI have a generic SVO ref.**

- The 2001 ASI line 15 instructions replaces the specific reference to sections of the SVO P&P Manual and adds a generic reference. **<u>This is when the specific reference to the P&P Manual section was removed from the ASI and replaced with a generic P&P Manual reference.</u>** This generic reference to the P&P Manual continues through 2024.
- SVO P&P Manual Part Eight was updated to reflect codification and begins referencing SSAP No. 46
- The special insert (See p.45) to the 2000 publication includes tracked changes for the Jan. 1, 2001, for codification and the fling instructions begins referencing SSAP No. 46. Other sections of Part Eight, Section 3 note updates to the prior line fifteen references
  - Moved Part Eight, Section 3 (c) to Part Eight, Section 3 (b) (ii) A (This is a domestic insurer).
  - Information that matches the SSAP No. 46 valuation methods was added.
    - Part Eight Section 3(b)(i) Market with a discount rate, which is similar to current SSAP No. 97, paragraph 8.a.
    - Part Eight Section 3(b)(ii) equity Methods **<u>(A) and (B) are what was previously referenced for line 15</u>**
      - (A) investment in U.S. insurance SCA entities using SAP equity adjusted for goodwill - similar to SSAP No. 97 paragraph 8.b.i
      - (B) Investments in noninsurance SCA entities – no significant ongoing operations use an adjusted SAP basis that is an early version of what became SSAP No. 97 paragraph 8.b.ii.
      - (C) Investments in noninsurance SCA entities with significant ongoing operations – Use audited GAAP statements this is similar to SSAP No. 97 paragraph 8.b.iii.

8. 2003 - Changes for Line numbers and AVR Factors

- New row line 3 for FHLB was added to AVR common stock table, <u>so the key lines are now 16 and 17.</u>

- Instructions are unchanged except for the line numbers.
  AVR factors changes to .13 line 16/ line 59 Affiliated Certain Other and .16 for line 17 / line 60 Affiliated-Other this is due to implementation of Tax Effect Calculation page in RBC (one year delay in AVR changes, the RBC changes were effective 2002).

9. **2005 – SVO P&P Manual Updated to conform with SSAP No. 88**
   - SVO Purposes and Procedures Manual Part Eight was amended to bring it into conformity with new *SSAP No. 88—Subsidiary, Controlled and Affiliated Investments* (effective 2005). This added more sections to be consistent with SSAP No. 88.
     - Market value is essentially the same as current SSAP No. 97, paragraph 8a.
     - (A) US Insurance SCA is essentially the same as current SSAP No. 97, paragraph 8bi
     - (B) Investments in NON insurance SCAs includes the activity and revenue test like current SSAP No. 97, paragraph 8.b.ii.
     - (C) Investments in non-insurance SCA like current SSAP No. 97, paragraph 8.b.iii
     - (D) Investments in Foreign Insurance SCA use audited US GAAP with SAP adjustments for US business like current SSAP No. 97, paragraph 8.b.iv.
     - (E) investments in Foreign Non insurance SCA are allowed to used market, or activity or revenue test
   - No blanks or instruction changes for line 16 and 17

10. **2006 – Additional clarifications to SVP P&P Manual to match SSAP No. 88 better**.
    - 2006 SVO P&P Manual Part Eight guidance added more paragraphs references from SSAP No. 88 about holding companies and elements of the equity method like pick up and not double counting preferred stock etc.

11. **2008 - SVO P&P Manual added references to SSAP No. 97, which replaced SSAP No. 88 and added Tokyo Stock Exchange**
    - SVO P&P Manual Part Eight references updated from SSAP No. 88 to *SSAP No. 97—Investments in Subsidiary Controlled and Affiliated Entities* explicitly reference the activity test in SSAP No. 97, paragraph 8.b.ii.
    - Added Tokyo Stock exchange for the market method (SSAP No. 97, paragraph 8.a.)
    - No blanks changes for lines 16 and 17
    - No instruction changes for lines 16 and 17

12. **2014 – AVR Blank removed line 14 mortgages in the affiliated investment subsidiary section and the key lines are back to lines 15 - Affiliated Certain Other and 16 - Affiliated Othe**r. No other changes to the instructions or reporting line instructions.

13. **2017 – SCA valuation moved from SVO P&P Manual to SSAP No. 97 and FRS**
    - The instructions for valuation of SCA investments were deleted from SVO P&P Manual. The deletion of the valuation instructions for SCA investments was accompanied by a decision of the Valuation of Securities (E) Task Force to transfer oversight of this activity to the Statutory Accounting Principles (E) Working Group and the Financial Regulatory Services Division.
    - **The AVR instructions were not updated because of this transfer of valuation function.** The AVR Instruction and Blanks continue to reference the SVO P&P Manual
    - SSAP No. 97 had an Exhibit A – SCA Reporting Process added for the filing instructions.

14. 2019 – AVR factors updated for tax changes

- AVR Factors refreshed to reflect Tax Changes (TCJA) (one year delay in AVR changes, RBC changes in 2018) AVR Equity line 15/line 68 (.1580) & line 16/ line 69 (.1945)
- Instructions for lines 15 still reference SVO no changes to lines 15 and 16 instructions

15. 2025 – Current Status

- Blank is the same still has SVO reference for line 15 Affiliated -Certain Other (See SVO Purposes and Procedures Manual)
- AVR Factors for SCA related lines (AVR Equity line 15 / line 68 (.1580) and for line 16/ line 69 (.1945) remain the same as 2019's
- The prior year (2024) instructions reference the SVO P&P Manual for line 15 has been updated to reference SSAP No. 97, this must have been an editorial change as it is not tracked.
- The prior year (2024) instructions reference to SVO P&P Manual for line 68 has been updated to reference SSAP No. 48, this must have been an editorial change as it is not tracked.

Existing Authoritative Literature:

1. The NAIC library website contains historical publications.
   - Life, Accident and Health/ Fraternal Annual Statement Instructions
   - Life, Accident and Health/ Fraternal Blanks
   - SVO P&P Manual

2. 2025 AVR line names and Life, Accident & Health/ Fraternal Annual Statement instructions (ASI) Lines 15 and 68 include generic references to SSAP No. 97:

AVR Equity Line	Instructions (Excerpt and emphasis added)
Line 4 – Subsidiary, Controlled or Affiliated Common Stocks – Life Insurer with an AVR	Report the book/adjusted carrying value of all common stocks owned in a controlled or affiliated company, or a subsidiary that is a life or fraternal insurance company that holds an AVR, in Columns 1 and 4. **These companies are required to carry their own asset valuation reserve or an equivalent, and therefore the common stocks are not required to be included in the asset valuation reserve of an affiliated company.**
Line 15 - Subsidiary, Controlled or Affiliated Common Stocks – Certain Other Subsidiaries	Report the book/adjusted carrying value of all subsidiary, controlled or affiliated company common stocks owned that have been valued **according to the SSAP No. 97—Investments in Subsidiary, Controlled and Affiliated Entities** in Columns 1 and 4. Multiply Column 4 by the reserve factors provided in Columns 5, 7 and 9 and report the products in Columns 6, 8 and 10, respectively.
Line 16 - Subsidiary, Controlled or Affiliated Common Stocks – Other	Report that portion of the book/adjusted carrying value of all common stocks of all subsidiary, controlled or affiliated companies, **that have not been included on Lines 4 through 15,** in Columns 1 and 4. Multiply Column 4 by the reserve factors provided in Columns 5, 7 and 9 and report the products in Columns 6, 8 and 10, respectively

Line 68 – Investments with the Underlying Characteristics of Common Stock – Affiliated Certain Other (See SVO Purposes & Procedures Manual)	…Line 68 should show all Schedule BA assets owned where the characteristics of the underlying investments are similar to subsidiary, controlled or affiliated company common stocks owned and these assets should be valued according to the **SSAP No. 48—Joint Ventures, Partnerships or Limited Liability Companies**. Categorize these assets consistent with the directions for Pages 32 and 33, Lines 1 through 4, 15 and 16…
Line 69 - Investments with the Underlying Characteristics of Common Stock – Affiliated Other – All Other	…. Categorize these assets consistent with the directions for Pages 32 and 33, Lines 1 through 4, 15 and 16…

3. **Excerpt from 1992 SVO P&P Manual referenced on valuations of SCA common stock is below, the full 1992 Manual is at this link: 1992 SVO**

SVO P&P Manual Part 4(B)(a)(i)	SVO P&P Manual Part 4(B)(a)(iii)
*…**the value of only such of the assets** of such company as would constitute lawful investments for the insurer if acquired or held directly by the insurer.*	***book value**, defined as in Section 4 (A)(c)*, provided, however, that the common stock of a non-insurance company may not be valued on the basis of this subsection (iii);* ** 4(A)(c) states: Association Values for common stocks which are not publicly traded which are issued by insurance companies will be equal to book value, which shall be calculated as follows: by dividing the amount of its capital and surplus as shown in its last annual statement or subsequent report of examination (excluding from surplus, reserves required by statute and any portion of surplus properly allocable to policyholders, rather than stockholders) less the value (par or redemption value, whichever is the greater) of all of its preferred stock, if any, outstanding, by the number of shares of its common stock issued and outstanding.*

4. **1998 SVO Manual move guidance to Part Eight SVO instructions (bolding added)**

Section 3. Valuation Methods In fulfilling the requirements of Sections 1 and 2 above, insurance companies may use any of the following valuation methods:

(a) **Admitted Asset Equivalent** Pursuant to this method, which may only be used for non-insurance SCA companies, the value of the common stock is limited to the value of those assets of the SCA company that would constitute lawful investments for the insurance company, if acquired or held directly by the insurance company. **This is the sole valuation method that permits submission and use of an unaudited financial statement.**

(c) **Book Value of Insurer's Common Stock** Pursuant to this method, the value of the **common stock of an insurance company** is derived by reference to the insurance company's book value, calculated by dividing the company's NAIC Financial Statement Blank capital and surplus less the value of its preferred stock and surplus notes, by the number of shares of its issued and outstanding common stock. The insurance company is required to submit the NAIC Financial Statement Blank to the SVO. A noninsurance company may not use this valuation method.

5. 2001- Life Fraternal Annual Statement instructions for AVR equity line 15 – has a generic SVO reference.

Line 15 – Subsidiary, Controlled or Affiliated Common Stocks – Certain Other Subsidiaries Report the book/adjusted carrying value of all subsidiary, controlled or affiliated company common stocks owned that have been valued according to the **Purposes and Procedures Manual of the Securities Valuation Office of the NAIC** in Columns 1 and 4. Multiply Column 4 by the reserve factors provided in Columns 5, 7 and 9 and report the products in Columns 6, 8 and 10 respectively.

6. SVO P&P Manual Instructions 2008 Part Eight, Section 3 Valuation methods
Note (a) (i) describes the market valuation methods and is omitted. Underline was in the P&P Manual.

(ii) Equity Methods If a SCA investment does not meet the requirements for the market valuation approach in Section 3 (a) (i) of this Part, or if the requirements are met, but a reporting entity elects not to use the market valuation approach, the reporting entity's proportionate share of its investments in SCAs shall be recorded as follows:

(A) Investments in U.S. Insurance SCA Entities
Investments in U.S. insurance SCA entities shall be recorded based on the underlying audited statutory equity (where equity is defined as net of preferred stock and surplus notes of the investee) of the respective entity's financial statements, adjusted for any unamortized goodwill as provided for in SSAP No. 68.

(B) Investments in Non-Insurance SCA Entities Statutory Basis
Investments in non-insurance SCA entities engaged in the activities described in SSAP No. 97, paragraph 8b.ii. shall be adjusted to an audited statutory basis of accounting, if 20% or more of the SCA's revenue is generated from the reporting entities and its affiliates. For purposes of this section, revenue means GAAP revenue reported in the audited GAAP financial statements, excluding realized and unrealized capital gains and losses. Statutory basis of accounting shall be based on the underlying audited U.S. GAAP equity of the respective entity with the adjustments required by paragraph 9 of SSAP No. 97. If the reporting entity also holds an investment in preferred stock and or surplus notes refer to paragraphs 23 through 27 of SSAP No. 97. For guidance on investments in downstream holding companies refer to paragraphs 17-19 of SSAP No. 97.

(C) Investments in Non-Insurance SCA Entities GAAP Basis
Investments in non-insurance SCA entities that do not qualify under the preceding subparagraph (B) shall be recorded based on the audited GAAP equity of the investee.

(D) Investments in Foreign Insurance SCA Entities
Investments in foreign insurance SCA entities shall be recorded based on the underlying audited U.S. GAAP equity of the respective entity adjusted to a statutory basis of accounting, for reserves of the foreign insurance SCA with respect to the business it assumes directly and indirectly from an US insurer using the statutory accounting principles promulgated in the NAIC Accounting Practices and Procedures Manual and for any audit adjustments resulting from the annual GAAP

audit. Statutory basis of accounting shall be based on the underlying U.S. GAAP equity of the respective entity with the adjustments required by paragraph 9 of SSAP No. 97. GAAP is defined as those pronouncements included in the United States GAAP Hierarchy as described in *AICPA Statement of Auditing Standard No. 69*, The Meaning of Present Fairly in Conformity With GAAP. Foreign SCA entities are defined as those entities incorporated or otherwise legally formed under the laws of a foreign country. Foreign insurance SCA entities are defined as alien insurers formed according to the legal requirements of a foreign country.

(E) Investments in Foreign Non-Insurance SCA Entities
Investments in foreign non-insurance SCA entities shall follow the guidance in this Part Eight, Section 3(a)(ii)(B) or (C) based on the revenue and activity criteria noted above, which requires that accounting be based on the underlying adjusted audited U.S. GAAP equity of the respective entity. Statutory basis of accounting shall be based on the underlying audited U.S. GAAP equity of the respective entity with the adjustments required by paragraph 9 of SSAP No. 97.

(F) Investments in the Preferred Stock of an SCA
Investments in the preferred stock of an SCA shall be accounted for in accordance with the provisions of SSAP No. 32. If in addition to preferred stock the reporting entity also holds an investment in common stock and/or surplus notes refer to paragraphs 23 through 27 of SSAP No. 97 and paragraph 10 of SSAP No. 41.

7. *SSAP No. 48—Joint Ventures, Partnerships or Limited Liability Companies* (Bolding added):

7. Investments in these ventures, except for joint ventures, partnerships and limited liability companies with a minor ownership interest[1], shall be reported using an equity method as defined in *SSAP* ***No. 97—Investments in Subsidiary, Controlled and Affiliated Entities*****, paragraphs 8.b.i. through 8.b.iv.** (The equity method calculation may result with a negative valuation of the investment; therefore, the SSAP No. 97 equity method calculation shall occur regardless of whether the investment is supported by an audit and the reporting entity will nonadmit the investment.) A reporting entity whose shares of losses in a SSAP No. 48 entity exceeds its investment in the SSAP No. 48 entity shall disclose the information required by SSAP No. 97, paragraph 35.a.

Footnote[1] With the identification of whether the reporting entity has a minor ownership interest, reporting entities must also identify whether the investment is a related-party transaction. Pursuant to the concepts reflected in *SSAP No. 25—Affiliates and Other Related Parties*, consideration shall be given to the substance of the transaction and the parties whose action or performance materially impacts the insurance reporting entity holding the security. For example, if the underlying assets within a SSAP No. 48 entity represent assets issued by an affiliate, then the SSAP No. 48 entity shall be considered a related party (affiliate) investment, with the transaction subject to the accounting and reporting provisions of SSAP No. 25. As identified in SSAP No. 25, it is erroneous to conclude that the inclusion of a non-related intermediary, or the presence of non-related assets in a structure predominantly comprised of related party investments, eliminates the requirement to identify and assess the investment transaction as a related party arrangement.

8. SSAP No. 97

Applying the Market Valuation, Audited Statutory Equity and Audited GAAP Equity Methods

8. The admitted investments in SCA entities shall be valued using either the market valuation approach (as described in paragraph 8.a.), or one of the equity methods (as described in paragraph 8.b.) adjusted as appropriate in accordance with the guidance in *SSAP No. 25—Affiliates and Other Related Parties*, paragraph 18.d.

a. **Market valuation (Omitted for brevity)**

b. If a SCA investment does not meet the requirements for the market valuation approach in paragraph 8.a. or, if the requirements are met but a reporting entity elects not to use that approach, the reporting entity's proportionate share of its investments in SCAs shall be recorded as follows:

i. Investments in U.S. insurance SCA entities shall be recorded based on either 1) the underlying audited statutory equity of the respective entity's financial statements, adjusted for any unamortized goodwill as provided for in *SSAP No. 68—Business Combinations and Goodwill*[2] or 2) the underlying audited statutory equity of the respective entity's financial statements, adjusted for any unamortized goodwill, modified to remove the impact of any permitted or prescribed accounting practices that depart from the NAIC *Accounting Practices and Procedures Manual*. Reporting entities shall record investments in U.S. insurance SCA entities on at least a quarterly basis, and shall base the investment value on the most recent quarterly information available from the SCA. Entities may recognize their investment in U.S. insurance SCA entities based on the unaudited statutory equity in the SCAs year-end annual statement if the annual SCA audited financial statements are not complete as of the filing deadline. The recorded statutory equity shall be adjusted for audit adjustments, if any, as soon as the annual audited financial statements have been completed. Annual consolidated or combined audits are allowed if completed in accordance with the Model Regulation Requiring Annual Audited Financial Reports as adopted by the SCA's domiciliary state;

ii. Investments in both U.S. and foreign noninsurance SCA entities that are engaged in the following transactions or activities:

(a) Collection of balances as described in *SSAP No. 6—Uncollected Premium Balances, Bills Receivable for Premiums, and Amounts Due From Agents and Brokers*

(b) Sale/lease or rental of EDP Equipment and Software as described in *SSAP No. 16—Electronic Data Processing Equipment and Software*

(c) Sale/lease or rental of furniture, fixtures, equipment or leasehold improvements as described in *SSAP No. 19—Furniture, Fixtures, Equipment and Leasehold Improvements*

(d) Loans to employees, agents, brokers, representatives of the reporting entity or SCA as described in *SSAP No. 20—Nonadmitted Assets*

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[2] If the insurance SCA employs accounting practices that depart from the NAIC accounting practices and procedures, and the reporting insurance entity has not adjusted the valuation of the insurance SCA to be consistent with the NAIC accounting practices and procedures, (i.e., retains the effect of the permitted or prescribed practice in its valuation), disclosure about those accounting practices that affect the insurance SCA's net income and surplus shall be made pursuant to paragraph 37. If the reporting entity has adjusted the investment in the insurance SCA with the resulting valuation being consistent with the accounting principles of the AP&P Manual, the disclosures in paragraph 37 are not required.

(e) Sale/lease or rental of automobiles, airplanes and other vehicles as described in *SSAP No. 20—Nonadmitted Assets*

(f) Providing insurance services on behalf of the reporting entity including but not limited to accounting, actuarial, auditing, data processing, underwriting, collection of premiums, payment of claims and benefits, policyowner services

(g) Acting as an insurance or administrative agent or an agent for a government instrumentality performing an insurance function (e.g. processing of state workers compensations plans, managing assigned risk plans, Medicaid processing etc.)

(h) Purchase or securitization of acquisition costs

and if 20% or more of the SCA's revenue is generated from the reporting entity and its affiliates, then the underlying equity of the respective entity's audited U.S. Generally Accepted Accounting Principles (GAAP) financial statements shall be adjusted to a limited statutory basis of accounting in accordance with paragraph 9. For purposes of this section, revenue means GAAP revenue reported in the audited U.S. GAAP financial statements excluding realized and unrealized capital gains/losses. Foreign SCA entities are defined as those entities incorporated or otherwise legally formed under the laws of a foreign country. Paragraphs 22-27 provide guidance for investments in holding companies;

Activity to Date (issues previously addressed by the Working Group, Emerging Accounting Issues (E) Working Group, SEC, FASB, other State Departments of Insurance or other NAIC groups): None

Information or issues (included in *Description of Issue*) not previously contemplated by the Working Group:
The Working Group received this referral from the Life Risk-based Capital (E) Working Group at the 2025 Summer National Meeting.

Convergence with International Financial Reporting Standards (IFRS): None

Staff Review Completed by: Robin Marcotte – NAIC Staff

Staff Recommendation: NAIC staff recommend that the Working Group move this item to the active listing, categorized as a SAP clarification, and expose revisions to the Life, Accident & Health/ Fraternal Annual Statement blank and instructions as described below. In addition, the Life Risk-based Capital (E) Working Group should be notified of the exposure. No revisions to statements of statutory accounting principles are recommended. After exposure of this agenda item, NAIC staff recommend that the Working Group sponsor a blanks proposal to incorporate instruction changes to the noted AVR reporting lines, as well as to review other AVR reporting lines to ensure the instructions are accurate.

The proposed revisions detailed below include SCAs with statutory accounting impacted valuations (excluding life SCAs that have an AVR) in line 15, receiving a lower RBC charge as the "SCA – Certain Other" category, and all other SCAs captured in line 16.

1. Line 15 - Subsidiary, Controlled or Affiliated Common Stocks – Certain Other Subsidiaries be updated to include:

    a. Remove the reference to the SVO Purposes & Procedures Manual in the line name in the annual statement.

b. Add references to SSAP No. 97, paragraph 8.b.i (audited U.S. Insurers SAP equity) and paragraph 8.b.ii (audited GAAP for a non-insurance entity with limited SAP adjustments) to the instructions. This is consistent with specific historical SVO references that the line includes valuations with statutory adjustments. Note that historical information did not include foreign insurance entities.

c. Note that because of existing AVR Common Stock Line 4 - Affiliated Life insurance with AVR are excluded from line 15 and NAIC staff recommend that this be stated.

2. Line 68 - Investments with the Underlying Characteristics of Common Stock – Affiliated Certain Other (See SVO Purposes & Procedures Manual)

   a. Remove the reference to the SVO Purposes & Procedures Manual in the line name in the annual statement. Add SAP equity to line 15 name.

   b. Include in line 68 investments with more than a minor ownership interest as described in SSAP No. 48 which are valued in accordance with SSAP No. 97, paragraph 8.b.i.; or paragraph 8.b.ii. and explicitly note that this line does not include life entities with AVR which are reported in line 67.

   c. Note that the instructions for lines 65-68 are quite brief, so NAIC staff would recommend further instructions to these lines. With the sponsored blanks proposal for this item, NAIC staff will work with the Blanks team to propose clarifying edits to these lines, as well as the corresponding common stock lines.

   d. The currently exposed blanks proposal number 2025-27BWG affects the AVR schedule and instructions to add a section on collateralized loan obligations (CLO), collateralized bond obligations (CBO) and collateralized debt obligations (CDO). This will require section and line renumbering of the AVR schedule and lines. For ease of review the following is a cross reference of current line numbers and the proposed line numbers in 2025-27BWG.

Current line number	Line number in 2025-27BWG
Line 4	Section A, Line 4
Line 15	Section A, Line 15
Line 16	Section A, Line 16
Line 65	Section F, Line 1
Line 66	Section F, Line 2
Line 67	Section F, Line 3
Line 68	Section F, Line 4
Line 69	Section F, Line 5

3. Line 69 - Investments with the Underlying Characteristics of Common Stock – Affiliated Other – All Other revisions have been proposed to add instruction for line 69 that parallels the guidance for line 16 - Subsidiary, Controlled or Affiliated Common Stocks – Other.

Proposed revisions for exposure consideration

The line numbers that will match the line numbers if proposal 2025-27BWG is adopted are shown in item 2 d above for ease of review to allow for coordination with other ongoing projects.

Life, Accident & Health/ Fraternal Annual Statement

Asset Valuation Reserve Equity And Other Invested Asset Component – Basic Contribution, Reserve Objective And Maximum Reserve Calculations

Current line #	Current line name
Line 15	Affiliated certain other SAP equity ~~(See SVO Purposes & Procedures Manual)~~
Line 68	Affiliated certain other ~~(See SVO Purposes & Procedures Manual)~~

Life, Accident & Health/ Fraternal Annual Statement Instructions
Asset Valuation Reserve Equity And Other Invested Asset Component – Basic Contribution, Reserve Objective And Maximum Reserve Calculations

Line 15 – Subsidiary, Controlled or Affiliated Common Stocks – Certain Other Subsidiaries

Report the book/adjusted carrying value of all subsidiary, controlled or affiliated company common stocks owned that have been valued according to SSAP No. 97—Investments in Subsidiary, Controlled and Affiliated Entities in paragraph 8.b.i and paragraph 8.b.ii in Columns 1 and 4. Multiply Column 4 by the reserve factors provided in Columns 5, 7 and 9 and report the products in Columns 6, 8 and 10, respectively. This line does not include common stock of subsidiary, controlled, or affiliated entities holding an AVR. Such entities are disclosed in line 4 - Subsidiary, Controlled or Affiliated Common Stocks – Life Insurer with an AVR.

Line 16 – Subsidiary, Controlled or Affiliated Common Stocks – Other

Report that portion of the book/adjusted carrying value of all common stocks of all subsidiary, controlled or affiliated companies, that have not been included on Lines 4 through 15, in Columns 1 and 4. Multiply Column 4 by the reserve factors provided in Columns 5, 7 and 9 and report the products in Columns 6, 8 and 10, respectively.

Lines 65 through 69 – Other Invested Assets with Underlying Characteristics of Common Stocks Report the book/adjusted carrying value of all Schedule BA assets owned where the characteristics of the underlying investments are similar to common stock (Lines 1999999 and 2099999) in Columns 1 and 4.

Categorize these assets consistent with the directions for Pages 32 and 33, the corresponding the common stock line have the underlying characteristics of Lines 1 through 4, 15 and 16.

Line 1- Unaffiliated public corresponds to line 65
Line 2 - Unaffiliated private corresponds to line 66
Line 4 – Affiliated Life with AVR corresponds to line 67
Line 15 Affiliated-certain other SAP Equity corresponds to line 68
Line 16 Affiliated all other corresponds to line 69

For Line 65, the reserve factor must be calculated on an individual company basis. It is equal to 15.8% times the beta factor as discussed in the Pages 32 and 33, Line 1 instructions, and must be at least 12.15% but not more than 24.31%. Multiply the amount in Column 4 by the calculated reserve factors in Columns 5, 7 and 9 and report the products in Columns 6, 8 and 10, respectively.

For Lines 66 through 69, multiply the amounts in Column 4 by the reserve factors provided in Columns 5, 7 and 9 and report the products in Columns 6, 8 and 10, respectively.

Line 67 should show Schedule BA assets with the underlying characteristics of common stocks for an affiliated life insurance entity carrying AVR.

Line 68 should show all Schedule BA assets owned where the characteristics of the underlying investments are similar to subsidiary, controlled or affiliated company common stocks owned and these assets which hold more than a minor ownership interest per ~~should be valued according to the~~ *SSAP No. 48—Joint Ventures, Partnerships or Limited Liability Companies* which are valued according to the requirements in *SSAP No. 97—Investments in Subsidiary, Controlled and Affiliated Entities* in paragraph 8.b.i and paragraph 8.b.ii. This line does not include assets with the underlying characteristics of common stocks of a life entity holding an AVR as such entities are disclosed in line 67.

Line 69 should show all Schedule BA assets owned where the characteristics of the underlying investments are similar to affiliated common stocks and these are the assets that are not included in lines 67 or 68.

~~Categorize these assets consistent with the directions for Pages 32 and 33, Lines 1 through 4, 15 and 16. For Line 65, the reserve factor must be calculated on an individual company basis. It is equal to 15.8% times the beta factor as discussed in the Pages 32 and 33, Line 1 instructions, and must be at least 12.15% but not more than 24.31%. Multiply the amount in Column 4 by the calculated reserve factors in Columns 5, 7 and 9 and report the products in Columns 6, 8 and 10, respectively. For Lines 66 through 69, multiply the amounts in Column 4 by the reserve factors provided in Columns 5, 7 and 9 and report the products in Columns 6, 8 and 10, respectively.~~

Status:
On May 18, 2026, the Statutory Accounting Principles (E) Working Group moved this item to the active listing, categorized as a SAP clarification, and exposed the above revisions to the Life, Accident & Health/Fraternal Annual Statement blank and instructions as described and illustrated above. In addition, the Life Risk-based Capital (E) Working Group will be notified of the exposure. No revisions to statements of statutory accounting principles are exposed. After exposure of this agenda item, NAIC staff recommend that the Working Group sponsor a blanks proposal to incorporate instruction changes to the noted AVR reporting lines, as well as to review other AVR reporting lines (particularly lines 65-69) to ensure the instructions are clear.

https://naiconline.sharepoint.com/teams/FRSStatutoryAccounting/National Meetings/A. National Meeting Materials/2026/05-18-2026/Exposures/26-07 - AVR referral on SCA.docx