

Conference Call

HEALTH RISK-BASED CAPITAL (E) WORKING GROUP

Friday, September 11, 2020

2:00 p.m. ET / 1:00 p.m. CT / 12:00 p.m. MT / 11:00 p.m. PT / 10:00 a.m. AT / 8:00 a.m. HT

ROLL CALL

Steve Drutz, Chair	Washington	Rhonda Ahrens/ Michael Muldoon	Nebraska
Steve Ostlund	Alabama		
Eric Unger/Rolf Kaumann	Colorado	Kelsey Barlow	Nevada
Wanchin Chou	Connecticut	Tom Dudek	New York
Carolyn Morgan/Kyle Collins	Florida	Kimberly Rankin	Pennsylvania
Tish Becker	Kansas	Mike Boerner/Aaron Hodges	Texas

NAIC Support Staff: Crystal Brown

AGENDA

1. Receive Comments on Referral Letter to American Academy of Actuaries on Investment Income in Underwriting Risk—*Steve Drutz (WA)* Attachment A
 - a. UnitedHealth Group—*Jim Braue* Attachment B
 - b. Revised Referral Letter—*Steve Drutz (WA)* Attachment C
2. Discuss Use of Two and Five-Year Proposed Bond Factors in Impact Analysis—*Steve Drutz (WA)* Attachment D
3. Consider Updates to the 2020 Working Agenda—*Steve Drutz (WA)* Attachment E
4. Consider Exposure of Proposal 2020-07-H—Bonds and Miscellaneous Assets onto Separate Pages—*Steve Drutz (WA)* Attachment F
5. Discuss Any Other Matters Brought Before the Working Group—*Steve Drutz (WA)*
6. Adjournment

W:\QA\RBC\HRBC\2020\Calls and Meetings\9-11-20 HRBC Call\Agenda.docx



TO: Derek Skoog, Chair of the Health Solvency Subcommittee of the American Academy of Actuaries

FROM: Steve Drutz, Chair of the Health Risk-Based Capital (E) Working Group

Date: September ____, 2020

RE: Request for Analysis to Incorporate Investment Income into the Underwriting Risk Component of the Health Risk-Based Capital Formula

On July 30, 2020 the Health Risk-Based Capital (E) Working Group agreed to request assistance from the Health Solvency Subcommittee of the American Academy of Actuaries (Academy) to evaluate incorporating and including investment income into the Underwriting Risk component of the Health RBC formula. In a letter sent to the Working Group dated March 4, 2020, the Academy responded to comments made requesting that investment income be included in the proposed bond factors for the new 20 designations. The Academy noted that they did not believe it would be appropriate to ascribe all investment income to offset default risk and suggested utilizing investment income to offset specific risk charges, such as in Underwriting Risk.

The Health Risk-Based Capital (E) Working Group requests that the Health Solvency Subcommittee evaluate including investment income in the Underwriting Risk factors. Please notify the Working Group by ____, 2020 if the Academy can move forward with this project and provide an estimated timeline for completion.

Please forward a copy of your analysis to Crystal Brown via email cbrown@naic.org.

cc: Devin Boerm, Staff Support- Health Solvency Subcommittee of the American Academy of Actuaries

UNITEDHEALTH GROUP

Corporate Finance – Actuarial Services Division
185 Asylum Street, CityPlace I • Hartford, CT 06103

August 31, 2020

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

Via electronic mail to Crystal Brown.

Re: Referral Letter to Academy to add Investment Income to Underwriting Risk

Dear Mr. Drutz:

I am writing on behalf of UnitedHealth Group in regard to your working group's draft referral letter to the American Academy of Actuaries ("the Academy"), exposed for comment on August 18, 2020. The draft referral letter asks the Academy to address the subject of reflecting investment income in the Risk-Based Capital (RBC) charges for health underwriting risk.

The subject of reflecting investment income in the Health RBC formula was raised in our October 4, 2018, comment letter to your working group and the Investment RBC Working Group, and addressed further in a November 13, 2018, follow-up letter to the Investment RBC Working Group. Our recommendation at the time was that investment income should be reflected in the factors being developed for bond default risk. The response from the Academy was that investment income would be more appropriately reflected in the factors for underwriting risk, similar to how investment income is treated in the property/casualty RBC formula.

We believe that such an approach would be acceptable. As we explained at the July 30, 2020, virtual meeting of your working group, there would be advantages to reflecting investment income in the bond factors as we originally proposed; however, reflecting investment income in the underwriting risk factors is an acceptable alternative. Therefore, we support the referral letter, with the caveat (also expressed at the July 30 meeting) that if the Academy ultimately deems it impractical to appropriately reflect investment income in the underwriting risk factors, we would want to return to the subject of reflecting investment income in the bond factors.

We will note one point about the referral letter as exposed. The letter does not explicitly state whether the Academy is being asked simply to revise the existing underwriting risk factors to

include investment income, not altering the methodology or assumptions underlying those factors in any other way; or whether your working group expects that the factors will be updated more broadly. While presumably the former is intended, a clarification of that point would be desirable.

We appreciate your consideration of these comments, and we would be happy to discuss this matter further with the Working Group.



James R. Braue
Director, Actuarial Services
UnitedHealth Group

cc: Crystal Brown, NAIC
Randi Reichel, UnitedHealth Group



TO: Derek Skoog, Chair of the Health Solvency Subcommittee of the American Academy of Actuaries

FROM: Steve Drutz, Chair of the Health Risk-Based Capital (E) Working Group

Date: September ____, 2020

RE: Request for Analysis to Incorporate Investment Income into the Underwriting Risk Component of the Health Risk-Based Capital Formula

On July 30, 2020 the Health Risk-Based Capital (E) Working Group agreed to request assistance from the Health Solvency Subcommittee of the American Academy of Actuaries (Academy) to evaluate incorporating and including investment income into the Underwriting Risk component of the Health RBC formula. In a letter sent to the Working Group dated March 4, 2020, the Academy responded to comments made requesting that investment income be included in the proposed bond factors for the new 20 designations. The Academy noted that they did not believe it would be appropriate to ascribe all investment income to offset default risk and suggested utilizing investment income to offset specific risk charges, such as in Underwriting Risk.

The Health Risk-Based Capital (E) Working Group requests that the Health Solvency Subcommittee evaluate including investment income in the existing Underwriting Risk factors and not alter the existing methodology or assumptions underlying those factors in any other way. Please notify the Working Group by ____, 2020 if the Academy can move forward with this project and provide an estimated timeline for completion.

Please forward a copy of your analysis to Crystal Brown via email cbrown@naic.org.

cc: Devin Boerm, Staff Support- Health Solvency Subcommittee of the American Academy of Actuaries



 AMERICAN ACADEMY of ACTUARIES

Objective. Independent. Effective.™

June 24, 2020

Steve Drutz
 Chair, Health Risk-Based Capital (E) Working Group
 National Association of Insurance Commissioners (NAIC)

Re: Draft Bond Structure and Instructions

Dear Mr. Drutz:

On behalf of the American Academy of Actuaries¹ Health Solvency Subcommittee, I am pleased to provide this response letter to the NAIC Health Risk-Based Capital (HRBC) Working Group. This letter is in response to the request from the HRBC Working Group to provide the health bond factors over both a two-year and five-year time horizon.

The table below shows the health base risk factors over a two-year and five-year time horizon before any adjustments have been made to account for minimum risk factors.

Moody's Rating Class	S&P Rating Class	Indicated Base Risk Factors	
		2Yr	5Yr
Aaa	AAA	0.0%	0.3%
Aa1	AA+	0.0%	0.5%
Aa2	AA	0.1%	0.8%
Aa3	AA-	0.2%	1.1%
A1	A+	0.3%	1.4%
A2	A	0.5%	1.6%
A3	A-	0.7%	1.9%
Baa1	BBB+	1.0%	2.2%
Baa2	BBB	1.2%	2.5%
Baa3	BBB-	1.5%	3.1%

¹ The American Academy of Actuaries is a 19,500-member professional association whose mission is to serve the public and the U.S. actuarial profession. For more than 50 years, the Academy has assisted public policymakers on all levels by providing leadership, objective expertise, and actuarial advice on risk and financial security issues. The Academy also sets qualification, practice, and professionalism standards for actuaries in the United States.

No adjustments have been made to the bond risk factor model utilized to develop the original results,² beyond adjusting the time horizon to illustrate bond factors for the two-year and five-year time horizons.

We appreciate the opportunity to provide this analysis and would welcome the opportunity to speak with you regarding these comments in more detail and answer any questions you might have. If you have any questions or would like to discuss further, please contact Devin Boerm (boerm@actuary.org) or Craig Hanna (hanna@actuary.org) at 202-223-8196.

Sincerely,

Derek Skoog, MAAA, FSA
Chairperson
Health Solvency Subcommittee
American Academy of Actuaries

Cc: Crystal Brown: Senior Insurance Reporting Analyst

² See Academy report titled “An Update to the Property & Casualty and Health Risk-Based Capital Bond Factors: Report to the NAIC Investment Risk-Based Capital (E) Working Group, Health Risk-Based Capital (E) Working Group, and Property and Casualty Risk-Based Capital (E) Working Group.

Priority 1 – High priority
 Priority 2 – Medium priority
 Priority 3 – Low priority

**CAPITAL ADEQUACY (E) TASK FORCE
 WORKING AGENDA ITEMS FOR CALENDAR YEAR 2020**

2020 #	Owner	2020 Priority	Expected Completion Date	Working Agenda Item	Date Added to Agenda Source	Comments	Proposal Number
Ongoing Items – Health RBC							
23	Health RBC WG	3	Year-end 2021 RBC or later	Evaluate the impact of Federal Health Care Law on the Health RBC Formulas	4/13/2010 CATF Call	Adopted 2014-01H Adopted 2014-02H Adopted 2014-05H Adopted 2014-06H Adopted 2014-24H Adopted 2014-25H Adopted 2016-01-H Adopted 2017-09-CA Adopted 2017-10-H The Working Group will continually evaluate any changes to the health formula as a result of ongoing federal discussions and legislation. Consider and refer proposal to the TF for the deletion of the ACA Fee Sensitivity Test.	2020-02-CA
		1	2021 Spring Meeting		07/30/2020		
24	Health RBC WG	3	Year-end 2021 RBC or later	Discuss and monitor the development of federal level programs and actions and the potential impact of these changes to the HRBC formula: - Development of the state reinsurance programs; - Association Health Plans; - Cross-border sales	1/11/2018	Discuss and monitor the development of federal level programs and the potential impact on the HRBC formula.	
Carry-Over Items Currently being Addressed – Health RBC							
25	Health RBC WG	3	Year-End 2023 RBC or Later	Consider changes for stop-loss insurance or reinsurance.	AAA Report at Dec. 2006 Meeting	(Based on Academy report expected to be received at YE-2016) 2016-17-CA	
26	Health RBC WG	2	Year-end 2023 RBC or later	Review the individual factors for each health care receivables line within the Credit Risk H3 component of the RBC formula.	HRBC WG	Adopted 2016-06-H Rejected 2019-04-H	
27	Health RBC WG	1	Year-end 2022 or later	Establish an Ad Hoc Group to review the Health Test and annual statement changes for reporting health business in the Life and P/C Blanks	8/4/2018	Evaluate the applicability of the current Health Test in the Annual Statement instructions in today's health insurance market. Discuss ways to gather additional information for health business reported in other blanks.	
28	Health RBC WG	1	Year-end 2020 RBC or later	Review the Managed Care Credit calculation in the Health RBC formula - specifically Category 2a and 2b.	12/3/2018	Review the Managed Care Category and the credit calculated, more specifically the credit calculated when moving from Category 0 & 1 to 2a and 2b.	
29	Health RBC WG	1	Year-end 2020 or later	Review referral letter from the Operational Risk (E) Subgroup on the excessive growth charge and the development of an Ad Hoc group to charge.	4/7/2019	Review if changes are required to the Health RBC Formula	
30	Health RBC WG	1	2021 Spring Meeting	Review and consider the formula for the MAX function in Line 17 of the Excessive Growth Charge.	4/3/2020		2020-04-H
31	Health RBC WG	1	Year-End 2021 or later	Consider impact of COVID-19 and pandemic risk in the Health RBC formula.	7/30/2020		
New Items – Health RBC							
32	Health RBC WG	1	Year-End 2021 or later	Work with the Academy to evaluate incorporating and including investment income in the Underwriting Risk component of the Health RBC formula.	7/30/2020	Referral letter drafted to be sent to the Academy for assistance. Letter will be exposed on 8/18/2020 HRBC call.	
33	Health RBC WG	1	2021	Discuss and determine the bond factors for the 20 designations.	Referral from Investment RBC July/2020		

Capital Adequacy (E) Task Force**RBC Proposal Form**

- | | | |
|-----------------------------------------------------------|------------------------------------------------------------------|------------------------------------------------------|
| <input type="checkbox"/> Capital Adequacy (E) Task Force | <input checked="" type="checkbox"/> Health RBC (E) Working Group | <input type="checkbox"/> Life RBC (E) Working Group |
| <input type="checkbox"/> Catastrophe Risk (E) Subgroup | <input type="checkbox"/> Investment RBC (E) Working Group | <input type="checkbox"/> SMI RBC (E) Subgroup |
| <input type="checkbox"/> C3 Phase II/ AG43 (E/A) Subgroup | <input type="checkbox"/> P/C RBC (E) Working Group | <input type="checkbox"/> Stress Testing (E) Subgroup |

DATE: <u>08/31/2020</u>	<u>FOR NAIC USE ONLY</u>
CONTACT PERSON: <u>Crystal Brown</u>	Agenda Item # <u>2020-07-H</u>
TELEPHONE: <u>816-783-8146</u>	Year <u>2021</u>
EMAIL ADDRESS: <u>cbrown@naic.org</u>	<u>DISPOSITION</u>
ON BEHALF OF: <u>Health RBC (E) Working Group</u>	<input type="checkbox"/> ADOPTED _____
NAME: <u>Steve Drutz</u>	<input type="checkbox"/> REJECTED _____
TITLE: <u>Chief Financial Analyst/Chair</u>	<input type="checkbox"/> DEFERRED TO _____
AFFILIATION: <u>WA Office of Insurance Commissioner</u>	<input type="checkbox"/> REFERRED TO OTHER NAIC GROUP
ADDRESS: <u>5000 Capitol Blvd SE</u>	<input type="checkbox"/> EXPOSED _____
<u>Tumwater, WA 98501</u>	<input type="checkbox"/> OTHER (SPECIFY) _____

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

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

DESCRIPTION OF CHANGE(S)

Split the Bonds and Misc. Fixed Income Assets into separate pages (Page XR007 and XR008).

REASON OR JUSTIFICATION FOR CHANGE **

Currently the Bonds and Misc. Fixed Income Assets are included on page XR007 of the Health RBC formula. With the implementation of the 20 bond designations and the electronic only tables, the Bonds and Misc. Fixed Income Assets were split between two tabs in the excel file for use of the electronic only tables and ease of printing. However, for increased transparency and system requirements, it is suggested that these pages be split into separate page numbers beginning with year-2021. Bonds would remain on page XR007 and Misc. Fixed Income Assets would move to page XR008. All remaining page numbers and references to the page numbers would be incorporated into the Blank and instructions.

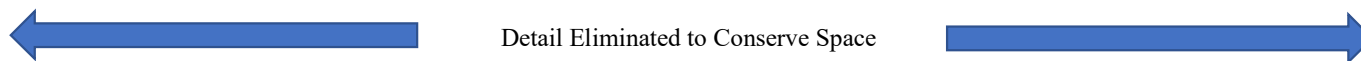
Additional Staff Comments:

** This section must be completed on all forms.

Revised 11-2013

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 Fixed Income Assets – Bonds – XR007 8
~~Replication (Synthetic Asset) Transactions and Mandatory Convertible Securities~~ Fixed Income Assets – Miscellaneous – XR008 ~~9~~ 10



FIXED INCOME ASSETS
XR007 AND XR008

The RBC requirement for fixed income assets is largely driven by the default risk on those assets. There are two major subcategories: Bonds and Miscellaneous. Bonds are obligations issued by business units, governmental units, and certain nonprofit units, having a fixed schedule for one or more future payments of money. This definition includes commercial paper, negotiable certificates of deposit, repurchase agreements, and equipment trust certificates. Miscellaneous fixed income assets are other assets with fixed repayments schedules, such as mortgages and collateral loans.

BONDS

The bond factors are based on cash flow modeling using historically adjusted default rates for each bond category. For each of 2,000 trials, annual economic conditions were generated for the ten-year modeling period. Each bond of a 400-bond portfolio was annually tested for default (based on a “roll of the dice”) where the default probability varies by designation category and that year’s economic environment. When a default takes place, the actual loss considers the expected principal loss by category, the time until the sale actually occurs, and the assumed tax consequences. Only default risk is recognized in the RBC factors because, under statutory accounting, bonds are generally carried at their amortized value on the statutory annual statement, so changes in the market value of the bonds following swings in interest rates do not, as a general rule, affect the capital and surplus of the regulated entities unless the bonds are actually sold. The accounting for reporting entities can be substantially different from other regulated entities, but the RBC formula continues to recognize only default risk.

There is no RBC requirement for bonds guaranteed by the full faith and credit of the United States because there is virtually no default risk associated with these securities.

The factor for NAIC 06 bonds recognizes that the book/adjusted carrying value of these bonds reflects a loss of value upon default by being marked to market.

The book/adjusted carrying value of all bonds and related fixed income investments should be reported in Column (1). The bonds are split into seven different risk classifications. These risk classifications are based on the NAIC designations assigned. For long-term bonds, these classifications are found on Lines 11.1 through 11.6 less the hybrids Lines 7.1 through 7.6 of Schedule D, Part 1A, Section 1 of the annual statement.

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Enter the book/adjusted carrying value of the bonds, by NAIC designation category, in Column (1). The RBC requirement will be automatically calculated in Column (2).

MISCELLANEOUS FIXED INCOME ASSETS

The factor for cash is 0.3 percent. It is recognized that there is a small risk related to possible insolvency of the bank where cash deposits are held. This factor, equivalent to an unaffiliated NAIC 01 bond, reflects the short-term nature of this risk. The required risk-based capital for cash will not be less than zero, even if the company’s cash position is negative.

The Short-Term Investments to be included in this section are those short-term investments not reflected elsewhere in the formula. The 0.3 percent factor is equal to the factor for cash. The amount entered here should equal the total short-term investments found in Schedule DA, Part 1, Column 7, Line 8399999 less bonds that are contained in Schedule D, Part 1A, Section 1.

Collateral loans and mortgage loans are generally a small portion of the total portfolio value. A factor of 5 percent is consistent with other risk-based capital formulas studied by the working group.

The book adjusted carrying value of NAIC 01 and 02 Working Capital Finance Investments, Lines (23) and (24), should equal the Notes to Financial Statement, Lines 5M(01a) and 5M(01b), Column 3 of the annual statement.

Other Long-Term Invested Assets are those that are listed in Schedule BA and are somewhat more speculative and risky than most other investments. Therefore, a 20 percent factor is consistent with other risk-based capital formulas studied by the working group.

Low income housing tax credit investments are reported in Column (1) in accordance with *SSAP No. 93—Low Income Housing Tax Credit Property Investments*.

Federal Guaranteed Low-Income Housing Tax Credit (LIHTC) investments are to be included in Line (26). There must be an all-inclusive guarantee from an ARO-rated entity that guarantees the yield on the investment.

Federal Non-Guaranteed LIHTC investments with the following risk mitigation factors are to be included in Line (27):

- a) A level of leverage below 50 percent. For a LIHTC Fund, the level of leverage is measured at the fund level.
- b) There is a tax credit guarantee agreement from general partner or managing member. This agreement requires the general partner or managing member to reimburse investors for any shortfalls in tax credits due to errors of compliance, for the life of the partnership. For an LIHTC fund, a tax credit guarantee is required from the developers of the lower-tier LIHTC properties to the upper-tier partnership.

State Guaranteed LIHTC investments that at a minimum meet the federal requirements for guaranteed LIHTC investments are to be included in Line (28).

State Non-Guaranteed LIHTC investments that at a minimum meet the federal requirements for non-guaranteed LIHTC investments are to be included on Line (29).

All Other LIHTC investments, state and federal LIHTC investments that do not meet the requirements of Lines (27) through (30) would be reported on Line (30).

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Detail Eliminated to Conserve Space



FIXED INCOME ASSETS

BONDS

	<u>Electronic Only Tables Source</u>	(1A) <u>Book/Adjusted Carrying Value</u>	Annual Statement Source: <u>Sch D Pt 1A Sn 1</u>	(1) <u>Book/Adjusted Carrying Value</u>	<u>Factor</u>	(2) <u>RBC Requirement</u>
(1) NAIC 1.A - U.S. Government -Direct and Guaranteed and NAIC U.S. Direct Obligations/Full Faith and Credit Exempt Money Market Funds List	Table A Column (4) Line (1)	0	Column 7, Line 1.1	0	0.0000	0
(2) NAIC Designation Category 1.A Bonds	Table A Column (4) Line (2)	0				
(3) NAIC Designation Category 1.B Bonds	Table A Column (4) Line (3)	0				
(4) NAIC Designation Category 1.C Bonds	Table A Column (4) Line (4)	0				
(5) NAIC Designation Category 1.D Bonds	Table A Column (4) Line (5)	0				
(6) NAIC Designation Category 1.E Bonds	Table A Column (4) Line (6)	0				
(7) NAIC Designation Category 1.F Bonds	Table A Column (4) Line (7)	0				
(8) NAIC Designation Category 1.G Bonds	Table A Column (4) Line (8)	0				
(9) Total NAIC 01 Bonds	Sum of Lines (1) through (8)	0	Column 7, Lines 11.1 - 7.1	0		
(9A) Total Other NAIC 01 Bonds	Table A Column (4) Line (9)	0	Lines (9) - (1)	0	0.0030	0
(10) NAIC Designation Category 2.A Bonds	Table A Column (4) Line (9)	0				
(11) NAIC Designation Category 2.B Bonds	Table A Column (4) Line (10)	0				
(12) NAIC Designation Category 2.C Bonds	Table A Column (4) Line (11)	0				
(13) Total NAIC 02 Bonds	Sum of Lines (10) through (12)	0	Column 7, Lines 11.2 - 7.2	0	0.0100	0
(14) NAIC Designation Category 3.A Bonds	Table A Column (4) Line (12)	0				
(15) NAIC Designation Category 3.B Bonds	Table A Column (4) Line (13)	0				
(16) NAIC Designation Category 3.C Bonds	Table A Column (4) Line (14)	0				
(17) Total NAIC 03 Bonds	Sum of Lines (14) through (16)	0	Column 7, Lines 11.3 - 7.3	0	0.0200	0
(18) NAIC Designation Category 4.A Bonds	Table A Column (4) Line (15)	0				
(19) NAIC Designation Category 4.B Bonds	Table A Column (4) Line (16)	0				
(20) NAIC Designation Category 4.C Bonds	Table A Column (4) Line (17)	0				
(21) Total NAIC 04 Bonds	Sum of Lines (18) through (20)	0	Column 7, Lines 11.4 - 7.4	0	0.0450	0
(22) NAIC Designation Category 5.A Bonds	Table A Column (4) Line (18)	0				
(23) NAIC Designation Category 5.B Bonds	Table A Column (4) Line (19)	0				
(24) NAIC Designation Category 5.C Bonds	Table A Column (4) Line (20)	0				
(25) Total NAIC 05 Bonds	Sum of Lines (22) through (24)	0	Column 7, Lines 11.5 - 7.5	0	0.1000	0
(26) Total NAIC 06 Bonds	Table A Column (4) Line (21)	0	Column 7, Lines 11.6 - 7.6	0	0.3000	0
(27) Total Bonds RBC = Lines (1) + (9A) + (13) + (17) + (21) + (25) + (26)						0

Page Number XR007

Denotes items will be used for internal analysis to determine the future RBC charge and will not be reflected in the RBC calculation.


Denotes items that must be manually entered on filing software.

FIXED INCOME ASSETS

MISCELLANEOUS FIXED INCOME ASSETS

	<u>Annual Statement Source</u>	(1) <u>Bk/Adj Carrying Value</u>	<u>Factor</u>	(2) <u>RBC Requirement</u>
(28) Cash	Page 2, Line 5, inside amount 1		0.0030	
(29) Cash Equivalents	Page 2, Line 5, inside amount 2			
(30) Less: Cash Equivalent, Bonds included in Schedule D, Part 1A	Schedule E, Part 2, Column 7, Line 8399999, in part			
(31) Less: Exempt Money Market Mutual Funds*	Schedule E, Part 2, Column 7, Line 8599999			
(32) Net Cash Equivalents	Line (29) - (30) - (31)		0.0030	
(33) Short-Term Investments	Page 2, Line 5, inside amount 3			
(34) Short-Term Bonds *	Schedule DA, Part 1, Column 7, Line 8399999			
(35) Total Other Short-Term Investments	Lines (33) - (34)		0.0030	
(36) Mortgage Loans - First Liens	Page 2, Column 3, Line 3.1		0.0500	
(37) Mortgage Loans - Other Than First Liens	Page 2, Column 3, Line 3.2		0.0500	
(38) Receivable for Securities	Page 2, Column 3, Line 9		0.0250	
(39) Aggregate Write-Ins for Invested Assets	Page 2, Column 3, Line 11		0.0500	
(40) Collateral Loans	Included in Page 2, Column 3, Line 8		0.0500	
(41) NAIC 01 Working Capital Finance Investments	Notes to Financial Statement 5M(01a), Column 3		0.0038	
(42) NAIC 02 Working Capital Finance Investments	Notes to Financial Statement 5M(01b), Column 3		0.0125	
(43) Other Long-Term Invested Assets Excluding Collateral Loans and Working Capital Finance Investments	Included in Page 2, Column 3, Line 8		0.2000	
(44) Federal Guaranteed Low Income Housing Tax Credits	Schedule BA Part 1, Column 12 Lines 3599999 + 3699999		0.0014	
(45) Federal Non-Guaranteed Low Income Housing Tax Credits	Schedule BA Part 1, Column 12 Lines 3799999 + 3899999		0.0260	
(46) State Guaranteed Low Income Housing Tax Credits	Schedule BA Part 1, Column 12 Lines 3999999 + 4099999		0.0014	
(47) State Non-Guaranteed Low Income Housing Tax Credits	Schedule BA Part 1, Column 12 Lines 4199999 + 4299999		0.0260	
(48) All Other Low Income Housing Tax Credits	Schedule BA Part 1, Column 12 Lines 4399999 + 4499999		0.1500	
(49) Total Other Long-Term Invested Assets (Page 2, Column 3, Line 8)	Lines (40) + (41) + (42) + (43) + (44) + (45) + (46) + (47) + (48)			
(50) Derivatives	Page 2, Column 3, Line 7		0.0500	
(51) Total Fixed Income Assets RBC	XR007 Line (27) + Lines (28) + (32) + (35) + (36) + (37) + (38) + (39) + (49) + (50)			

Page Number XR008

 Denotes items that must be manually entered on filing software.

* These bonds appear in Schedule D Part 1A Section 1 and are already recognized in the Bond portion of the formula.