



Date: 3/8/22

Virtual Meeting

LIFE RISK-BASED CAPITAL (E) WORKING GROUP

Thursday, March 10, 2022

12:00 – 1:00 p.m. ET / 11:00 a.m. – 12:00 p.m. CT / 10:00 – 11:00 a.m. MT / 9:00 – 10:00 a.m. PT

ROLL CALL

Philip Barlow, Chair	District of Columbia	William Leung	Missouri
Jennifer Li	Alabama	Derek Wallman	Nebraska
Thomas Reedy	California	Seong-min Eom	New Jersey
Wanchin Chou	Connecticut	Bill Carmello	New York
Sean Collins	Florida	Andrew Schallhorn	Oklahoma
Vincent Tsang	Illinois	Mike Boerner/Rachel Hemphill	Texas
Mike Yanacheak/Carrie Mears	Iowa	Tomasz Serbinowski	Utah
Fred Andersen	Minnesota		

NAIC Support Staff: Dave Fleming

AGENDA

1. Discuss the American Academy of Actuaries’ (Academy) C2 Mortality Work Group Recommendation—*Philip Barlow (DC)*
 - American Council of Life Insurer Comments Attachment 1
 - Proposed Structural Changes Attachment 2
2. Discuss Asset Valuation Reserve for Bond Factor Changes—*Philip Barlow (DC)* Attachment 3
3. Discuss Any Other Matters Brought Before the Working Group—*Philip Barlow (DC)*
4. Adjournment

[Agenda LRBC 3-10-22.docx](#)

Brian Bayerle
Senior Actuary

March 7, 2022

Mr. Philip Barlow
Chair, NAIC Life Risk-Based Capital (E) Working Group (Life RBC)

Re: C-2 Mortality Structure Proposal

Dear Mr. Barlow:

The American Council of Life Insurers (ACLI) appreciates the opportunity to submit the following comments on the American Academy of Actuaries (the Academy) C-2 mortality structure proposal.

ACLI is supportive of the efforts to get updated C-2 mortality factors in place for yearend 2022 based on the best available information we currently possess. We have the following comments:

- **Tiered Charges:** Under the current structure, only one grouping of tiered charges exist so companies receive the benefit of aggregation in the factor as they move up to the lower charges associated with the 3 tiers of charges. Under the proposed framework, companies would not see such benefit as there are three grouping of tiered charges. Today a company begins to receive the full benefit of tiering above \$25B NAR; under the proposed structure a company may need to have \$75B NAR before receiving the full benefit of the lower charges.

We suggest a structure similar to what is done for disability income factors whereby the product category with the highest risk charges is considered first, followed by the product category with the next highest risk charges but recognize the amount of NAR in the first category before determining which tiered charge to use for the second product category. Subsequently the third product category considers the amount of NAR in the first two categories. For ULSG, there will be no change of their values for the tiers; "First 500 Million; Next 24,500 Million; Over 25,000 Million". For Term, there would be recognition of the amount of ULSG NAR before determining the first charge to use for Term NAR. Similarly, All Other Life would recognize the amounts for both ULSG and Term before determining its first charge. For example, a company with \$20B in ULSG, and \$10B in Term: ULSG would use the factors as proposed, Term would apply \$5B NAR using the Next 24,500 Million Term risk charge and \$5B NAR at the Over 25,000 Million Term risk charge. Other approaches, such as pro-rata allocation by NAAR, could be developed as well.

American Council of Life Insurers | 101 Constitution Ave, NW, Suite 700 | Washington, DC 20001-2133

The American Council of Life Insurers (ACLI) is the leading trade association driving public policy and advocacy on behalf of the life insurance industry. 90 million American families rely on the life insurance industry for financial protection and retirement security. ACLI's member companies are dedicated to protecting consumers' financial wellbeing through life insurance, annuities, retirement plans, long-term care insurance, disability income insurance, reinsurance, and dental, vision and other supplemental benefits. ACLI's 280 member companies represent 94 percent of industry assets in the United States.

- Clarification of definitions: We would appreciate greater clarification of relevant category definitions, particularly as it relates to pre-PBR business. We would like to understand if the definitions being proposed in the RBC instructions are consistent with definitions underlying the Academy's analysis. We would suggest explicitly defining the terms (particularly UL with secondary guarantees) in the instructions, rather than referencing another source.
- Improved tie-out: We believe that for greater consistency, it would be beneficial to develop tie-outs to the Annual Statement. Given our assumption in the prior comment, we believe it would be beneficial to update another Annual Statement component so the reported net amount of risk values can tie to something explicitly (perhaps on the Analysis of Increase or Exhibit of Life). We suggest that given the timing this change be contemplated for 2023 Annual Statement reporting, with appropriate changes made to the C-2 mortality instructions for the 2023 RBC reporting.
- Support Option 1: ACLI supports the Academy recommendation of "Option 1". We believe this approach fosters greater transparency and avoids confusion of business shifting between categories.

We appreciate the consideration of our comments and look forward to discussing on a future call. Thank you.

Sincerely,

A handwritten signature in cursive script, appearing to read "B. Banerji".

cc: Dave Fleming, NAIC



AMERICAN ACADEMY *of* ACTUARIES

Objective. Independent. Effective.™

January 20, 2022

Mr. Philip Barlow
Chair, Life Risk-Based Capital (E) Working Group
National Association of Insurance Commissioners (NAIC)

Via e-mail: Dave Fleming (dfleming@naic.org)

Re: Structural Updates to Life RBC C-2 Mortality

Dear Philip,

On behalf of the C-2 Mortality Work Group of the American Academy of Actuaries¹, we are providing two options for structural updates to the Life RBC C-2 Mortality factors for consideration to be exposed by 1/31/2022. Also included are draft instructions for informational purposes which are subject to a different exposure deadline of 4/30/2022.

Sincerely,

Chris Trost, MAAA, FSA
Chairperson, C-2 Mortality Work Group
Ryan Fleming, MAAA, FSA
Vice Chairperson, C-2 Mortality Work Group
American Academy of Actuaries

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.

Capital Adequacy (E) Task Force

RBC Proposal Form

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

DATE: <u>1/20/22</u>	<u>FOR NAIC USE ONLY</u>
CONTACT PERSON: <u>Ryan Fleming, MAAA, FSA</u>	Agenda Item # _____
TELEPHONE: <u>(414) 665-5020</u>	Year <u>2022</u>
EMAIL ADDRESS: <u>ryanfleming@northwesternmutual.com</u>	<u>DISPOSITION</u>
ON BEHALF OF: <u>AAA C-2 Mortality Work Group</u>	<input type="checkbox"/> ADOPTED _____
NAME: <u>Ryan Fleming, MAAA, FSA</u>	<input type="checkbox"/> REJECTED _____
TITLE: <u>Vice Chairperson</u>	<input type="checkbox"/> DEFERRED TO _____
AFFILIATION: <u>American Academy of Actuaries</u>	<input type="checkbox"/> REFERRED TO OTHER NAIC GROUP _____
ADDRESS: <u>1850 M Street NW, Suite 300</u>	<input type="checkbox"/> EXPOSED _____
<u>Washington, DC 20036</u>	<input type="checkbox"/> OTHER (SPECIFY) _____

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

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

DESCRIPTION OF CHANGE(S)

Updated blank for C2 Life Mortality on LR025, LR030 and LR031. Draft instructions are included for informational purposes and are subject to a different exposure deadline of 4/30/22.

REASON OR JUSTIFICATION FOR CHANGE **

Structural changes necessary to facilitate the implementation of updated C2 life mortality factors and expanded categories.

Additional Staff Comments:

** This section must be completed on all forms.

Revised 2-2019

LIFE INSURANCE
DRAFT - OPTION 1

	Annual Statement Source	(1) Statement Value	Factor	(2) RBC Requirement
<u>Individual & Industrial Life Net Amount at Risk</u>				
(1) Ordinary Life In Force	Exhibit of Life Insurance Column 4 Line 23 x 1000			
(2)-(3) Plus Industrial Life In Force	Exhibit of Life Insurance Column 2 Line 23 x 1000			
(3) Total Individual & Industrial Life In Force	Lines (1) + (2)			
(4)-(2) Less Ordinary Life Reserves	Exhibit 5 Column 4 Line 0199999			
(5)-(4) Less-Plus Industrial Life Reserves	Exhibit 5 Column 3 Line 0199999			
(6)-(5) Less-Plus Ordinary Life Separate Accounts	Separate Accounts Exhibit 3 Column 3 Line 0199999			
(7)-(6) Less-Plus Ordinary & Industrial Life Modified Coinsurance Assumed Reserves	Schedule S Part 1 Section 1 Column 12, in part ‡			
(8)-(7) Plus-Less Ordinary & Industrial Life Modified Coinsurance Ceded Reserves	Schedule S Part 3 Section 1 Column 14, in part ‡			
(9) Total Individual & Industrial Life Reserves	Lines (4) + (5) + (6) + (7) - (8)			
(10)-(9) Total Individual and Industrial Life Net Amount at Risk	Lines (1)+(3)+(7)-(2)-(4)-(5)-(6) (3) - (9)		X ‡ =	
Risk				
(11) Universal Life with Secondary Guarantees In Force	Company Records*			
(12) Less Universal Life with Secondary Guarantees Reserves	Analysis of Increase in Reserves During the Year - Individual Life Insurance Column 7 Line 15			
(13) Total Universal Life with Secondary Guarantees Net Amount at Risk	Lines (11) - (12)		X † =	
(14) Term Life In Force	Company Records*			
(15) Less Term Life Reserves	Analysis of Increase in Reserves During the Year - Individual Life Insurance Column 4 Line 15			
(16) Total Term Life Net Amount at Risk	Lines (14) - (15)		X † =	
(17) All Other Life In Force	Lines (3) - (11) - (14)			
(18) Less All Other Life Reserves	Lines (9) - (12) - (15)			
(19) All Other Life Net Amount at Risk	Lines (17) - (18)		X † =	
(20) Total Individual & Industrial Life	Lines (13) + (16) + (19)			
<u>Group and Credit Life Net Amount at Risk</u>				
(21)-(9) Group Life In Force	Exhibit of Life Insurance Column 9 Line 23 x 1000			
(22)-(13) Plus Credit Life In Force	Exhibit of Life Insurance Column 6 Line 23 x 1000			
(23)-(10) Less Group FEGLI In Force	Exhibit of Life Insurance Column 4 Line 43 x 1000			
(24)-(11) Less Group SGLI In Force	Exhibit of Life Insurance Column 4 Line 44 x 1000			
(25)-(14) Less Credit FEGLI In Force	Exhibit of Life Insurance Column 2 Line 43 x 1000			
(26)-(15) Less Credit SGLI In Force	Exhibit of Life Insurance Column 2 Line 44 x 1000			
(27) Total Group & Credit Life In Force excluding FEGLI/SGLI	Lines (21) + (22) - (23) - (24) - (25) - (26)			
(28)-(12) Less Group Life Reserves	Exhibit 5 Column 6 Line 0199999			
(29)-(12) Less-Plus Credit Life Reserves	Exhibit 5 Column 5 Line 0199999			
(30)-(17) Less-Plus Group Life Separate Accounts	Separate Accounts Exhibit 3 Column 4 Line 0199999			
(31)-(18) Less-Plus Group & Credit Life Modified Coinsurance Assumed Reserves	Schedule S Part 1 Section 1 Column 12, in part ‡			
(32)-(19) Plus-Less Group & Credit Life Modified Coinsurance Ceded Reserves	Schedule S Part 3 Section 1 Column 14, in part ‡			
(33) Total Group & Credit Life Reserves	Lines (28) + (29) + (30) + (31) - (32)			
(34)-(20) Total Group and Credit Life Net Amount at Risk excluding FEGLI/SGLI	Lines (9)+(13)+(19)-(10)-(11)-(12)-(14)-(15) (27) - (33) -(16)-(17)-(18)		X ‡ =	
(35) Group & Credit Life In Force with Remaining Rate Terms 36 Months and Under	Company Records*			
(36) Less Group & Credit Life Reserves with Remaining Rate Terms 36 Months and Under	Company Records*			
(37) Group & Credit Life Net Amount at Risk with Remaining Rate Terms 36 Months and Under	Lines (35) - (36)		X † =	
(38) Group & Credit Life In Force with Remaining Rate Terms Over 36 Months	Lines (27) - (35)			
(39) Less Group & Credit Life Reserves with Remaining Rate Terms Over 36 Months	Lines (33) - (36)			
(40) Group & Credit Life Net Amount at Risk with Remaining Rate Terms Over 36 Months	Lines (38) - (39)		X † =	
(41)-(21) FEGLI/SGLI In Force	Exhibit of Life Insurance Sum of Column 2 and 4 Line 43 and 44 x 1000 44 x 1000		X 0.0008 =	
(42) Total Group & Credit Life	Lines (37) + (40) + (41)			
(43)-(22) Total Life	Lines (8)+(20)+(21) (20) + (42)			

* The definitions are specified in the Life Insurance section of the risk-based capital instructions
 † The tiered calculation is illustrated in the Life Insurance section of the risk-based capital instructions.
 ‡ Include only the portion which relates to policy reserves that, if written on a direct basis, would be included on Exhibit 5.

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

LIFE INSURANCE
DRAFT - OPTION 2

	Annual Statement Source	(1) Statement Value	Factor	(2) RBC Requirement
<u>Individual & Industrial Life Net Amount at Risk</u>				
(1)	Ordinary Life In Force	Exhibit of Life Insurance Column 4 Line 23 x 1000		
(2)-(3)	Plus Industrial Life In Force	Exhibit of Life Insurance Column 2 Line 23 x 1000		
(3)	Total Individual & Industrial Life In Force	Lines (1) + (2)		
(4)-(2)	Less Ordinary Life Reserves	Exhibit 5 Column 4 Line 0199999		
(5)-(4)	Less Plus Industrial Life Reserves	Exhibit 5 Column 3 Line 0199999		
(6)-(5)	Less Plus Ordinary Life Separate Accounts	Separate Accounts Exhibit 3 Column 3 Line 0199999		
(7)-(6)	Less Plus Ordinary & Industrial Life Modified Coinsurance Assumed Reserves	Schedule S Part 1 Section 1 Column 12, in part ‡		
(8)-(7)	Plus-Less Ordinary & Industrial Life Modified Coinsurance Ceded Reserves	Schedule S Part 3 Section 1 Column 14, in part ‡		
(9)	Total Individual & Industrial Life Reserves	Lines (4) + (5) + (6) + (7) - (8)		
(10)-(9)	Total Individual and Industrial Life Net Amount at Risk	Lines (1)+(3)+(7)-(2)-(4)-(5)-(6) (3) - (9)	X	‡ =
Risk				
(11)	Life Policies with Pricing Flexibility In Force	Company Records*		
(12)	Less Life Policies with Pricing Flexibility In Force Reserves	Company Records*		
(13)	Total Life Policies with Pricing Flexibility Net Amount at Risk	Lines (11) - (12)	X	† =
(14)	Term Life Policies without Pricing Flexibility In Force	Company Records*		
(15)	Less Term Life Policies without Pricing Flexibility Reserves	Company Records*		
(16)	Total Term Life Policies without Pricing Flexibility Net Amount at Risk	Lines (14) - (15)	X	† =
(17)	Permanent Life Policies without Pricing Flexibility In Force	Lines (3) - (11) - (14)		
(18)	Less Permanent Life Policies without Pricing Flexibility Reserves	Lines (9) - (12) - (15)		
(19)	Permanent Life Policies without Pricing Flexibility Net Amount at Risk	Lines (17) - (18)	X	† =
(20)	Total Individual & Industrial Life	Lines (13) + (16) + (19)		
<u>Group and Credit Life Net Amount at Risk</u>				
(21)-(9)	Group Life In Force	Exhibit of Life Insurance Column 9 Line 23 x 1000		
(22)-(13)	Plus Credit Life In Force	Exhibit of Life Insurance Column 6 Line 23 x 1000		
(23)-(10)	Less Group FEGLI In Force	Exhibit of Life Insurance Column 4 Line 43 x 1000		
(24)-(11)	Less Group SGLI In Force	Exhibit of Life Insurance Column 4 Line 44 x 1000		
(25)-(14)	Less Credit FEGLI In Force	Exhibit of Life Insurance Column 2 Line 43 x 1000		
(26)-(15)	Less Credit SGLI In Force	Exhibit of Life Insurance Column 2 Line 44 x 1000		
(27)	Total Group & Credit Life In Force excluding FEGLI/SGLI	Lines (21) + (22) - (23) - (24) - (25) - (26)		
(28)-(12)	Less Group Life Reserves	Exhibit 5 Column 6 Line 0199999		
(29)-(12)	Less Plus Credit Life Reserves	Exhibit 5 Column 5 Line 0199999		
(30)-(17)	Less Plus Group Life Separate Accounts	Separate Accounts Exhibit 3 Column 4 Line 0199999		
(31)-(18)	Less Plus Group & Credit Life Modified Coinsurance Assumed Reserves	Schedule S Part 1 Section 1 Column 12, in part ‡		
(32)-(19)	Plus-Less Group & Credit Life Modified Coinsurance Ceded Reserves	Schedule S Part 3 Section 1 Column 14, in part ‡		
(33)	Total Group & Credit Life Reserves	Lines (28) + (29) + (30) + (31) - (32)		
(34)-(20)	Total Group and Credit Life Net Amount at Risk excluding FEGLI/SGLI	Lines (9)+(13)+(19)-(10)-(11)-(12)-(14)-(15) (27) - (33) - (16)-(17)-(18)	X	‡ =
(35)	Group & Credit Life In Force with Remaining Rate Terms 36 Months and Under	Company Records*		
(36)	Less Group & Credit Life Reserves with Remaining Rate Terms 36 Months and Under	Company Records*		
(37)	Group & Credit Life Net Amount at Risk with Remaining Rate Terms 36 Months and Under	Lines (35) - (36)	X	† =
(38)	Group & Credit Life In Force with Remaining Rate Terms Over 36 Months	Lines (27) - (35)		
(39)	Less Group & Credit Life Reserves with Remaining Rate Terms Over 36 Months	Lines (33) - (36)		
(40)	Group & Credit Life Net Amount at Risk with Remaining Rate Terms Over 36 Months	Lines (38) - (39)	X	† =
(41)-(21)	FEGLI/SGLI In Force	Exhibit of Life Insurance Sum of Column 2 and 4 Line 43 and 44 x 1000 44 x 1000	X	0.0008 =
(42)	Total Group & Credit Life	Lines (37) + (40) + (41)		
(43)-(22)	Total Life	Lines (8)+(20)+(21) (20) + (42)		

* The definitions are specified in the Life Insurance section of the risk-based capital instructions
 † The tiered calculation is illustrated in the Life Insurance section of the risk-based capital instructions.
 ‡ Include only the portion which relates to policy reserves that, if written on a direct basis, would be included on Exhibit 5.

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

Company Name

Confidential when Completed

NAIC Company Code

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

	Source	(1) RBC Amount	Tax Factor	(2) RBC Tax Effect
<u>ASSET RISKS</u>				
<u>Bonds</u>				
(001) Long-term Bonds – NAIC 1	LR002 Bonds Column (2) Line (2.8) + LR018 Off-Balance Sheet Collateral Column (3) Line (2.8)	_____	X 0.1680	= _____
(002) Long-term Bonds – NAIC 2	LR002 Bonds Column (2) Line (3.4) + LR018 Off-Balance Sheet Collateral Column (3) Line (3.4)	_____	X 0.1680	= _____
(003) Long-term Bonds – NAIC 3	LR002 Bonds Column (2) Line (4.4) + LR018 Off-Balance Sheet Collateral Column (3) Line (4.4)	_____	X 0.1680	= _____
(004) Long-term Bonds – NAIC 4	LR002 Bonds Column (2) Line (5.4) + LR018 Off-Balance Sheet Collateral Column (3) Line (5.4)	_____	X 0.1680	= _____
(005) Long-term Bonds – NAIC 5	LR002 Bonds Column (2) Line (6.4) + LR018 Off-Balance Sheet Collateral Column (3) Line (6.4)	_____	X 0.1680	= _____
(006) Long-term Bonds – NAIC 6	LR002 Bonds Column (2) Line (7) + LR018 Off-Balance Sheet Collateral Column (3) Line (7)	_____	X 0.2100	= _____
(007) Short-term Bonds – NAIC 1	LR002 Bonds Column (2) Line (10.8)	_____	X 0.1680	= _____
(008) Short-term Bonds – NAIC 2	LR002 Bonds Column (2) Line (11.4)	_____	X 0.1680	= _____
(009) Short-term Bonds – NAIC 3	LR002 Bonds Column (2) Line (12.4)	_____	X 0.1680	= _____
(010) Short-term Bonds – NAIC 4	LR002 Bonds Column (2) Line (13.4)	_____	X 0.1680	= _____
(011) Short-term Bonds – NAIC 5	LR002 Bonds Column (2) Line (14.4)	_____	X 0.1680	= _____
(012) Short-term Bonds – NAIC 6	LR002 Bonds Column (2) Line (15)	_____	X 0.2100	= _____
(013) Credit for Hedging - NAIC 1 Through 5 Bonds	LR014 Hedged Asset Bond Schedule Column (13) Line (0199999)	_____	X 0.1680	= _____ †
(014) Credit for Hedging - NAIC 6 Bonds	LR014 Hedged Asset Bond Schedule Column (13) Line (0299999)	_____	X 0.2100	= _____ †
(015) Bond Reduction - Reinsurance	LR002 Bonds Column (2) Line (19)	_____	X 0.2100	= _____ †
(016) Bond Increase - Reinsurance	LR002 Bonds Column (2) Line (20)	_____	X 0.2100	= _____
(017) Non-Exempt NAIC 1 U.S. Government Agency	LR002 Bonds Column (2) Line (22)	_____	X 0.1680	= _____
(018) Bonds Size Factor	LR002 Bonds Column (2) Line (26) - LR002 Bonds Column (2) Line (21)	_____	X 0.1680	= _____
<u>Mortgages</u>				
<u>In Good Standing</u>				
(019) Residential Mortgages - Insured	LR004 Mortgages Column (6) Line (1)	_____	X 0.1575	= _____
(020) Residential Mortgages - Other	LR004 Mortgages Column (6) Line (2)	_____	X 0.1575	= _____
(021) Commercial Mortgages - Insured	LR004 Mortgages Column (6) Line (3)	_____	X 0.1575	= _____
(022) Total Commercial Mortgages - All Other	LR004 Mortgages Column (6) Line (9)	_____	X 0.1575	= _____
(023) Total Farm Mortgages	LR004 Mortgages Column (6) Line (15)	_____	X 0.1575	= _____
<u>90 Days Overdue</u>				
(024) Farm Mortgages	LR004 Mortgages Column (6) Line (16)	_____	X 0.1575	= _____
(025) Residential Mortgages - Insured	LR004 Mortgages Column (6) Line (17)	_____	X 0.1575	= _____
(026) Residential Mortgages - Other	LR004 Mortgages Column (6) Line (18)	_____	X 0.1575	= _____
(027) Commercial Mortgages - Insured	LR004 Mortgages Column (6) Line (19)	_____	X 0.1575	= _____
(028) Commercial Mortgages - Other	LR004 Mortgages Column (6) Line (20)	_____	X 0.1575	= _____
<u>In Process of Foreclosure</u>				
(029) Farm Mortgages	LR004 Mortgages Column (6) Line (21)	_____	X 0.1575	= _____

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

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

Company Name

Confidential when Completed

NAIC Company Code

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

		Source	(1) RBC Amount	Tax Factor	(2) RBC Tax Effect	
(030)	Residential Mortgages - Insured	LR004 Mortgages Column (6) Line (22)		X 0.1575	=	
(031)	Residential Mortgages - Other	LR004 Mortgages Column (6) Line (23)		X 0.1575	=	
(032)	Commercial Mortgages - Insured	LR004 Mortgages Column (6) Line (24)		X 0.1575	=	
(033)	Commercial Mortgages - Other	LR004 Mortgages Column (6) Line (25)		X 0.1575	=	
(034)	Due & Unpaid Taxes Mortgages	LR004 Mortgages Column (6) Line (26)		X 0.1575	=	
(035)	Due & Unpaid Taxes - Foreclosures	LR004 Mortgages Column (6) Line (27)		X 0.1575	=	
(036)	Mortgage Reduction - Reinsurance	LR004 Mortgages Column (6) Line (29)		X 0.2100	=	†
(037)	Mortgage Increase - Reinsurance	LR004 Mortgages Column (6) Line (30)		X 0.2100	=	
	<u>Preferred Stock</u>					
(038)	Unaffiliated Preferred Stock NAIC 1	LR005 Unaffiliated Preferred and Common Stock Column (5) Line (1) + LR018 Off-Balance Sheet Collateral Column (3) Line (9)		X 0.1575	=	
(039)	Unaffiliated Preferred Stock NAIC 2	LR005 Unaffiliated Preferred and Common Stock Column (5) Line (2) + LR018 Off-Balance Sheet Collateral Column (3) Line (10)		X 0.1575	=	
(040)	Unaffiliated Preferred Stock-NAIC 3	LR005 Unaffiliated Preferred and Common Stock Column (5) Line (3) + LR018 Off-Balance Sheet Collateral Column (3) Line (11)		X 0.1575	=	
(041)	Unaffiliated Preferred Stock NAIC 4	LR005 Unaffiliated Preferred and Common Stock Column (5) Line (4) + LR018 Off-Balance Sheet Collateral Column (3) Line (12)		X 0.1575	=	
(042)	Unaffiliated Preferred Stock NAIC 5	LR005 Unaffiliated Preferred and Common Stock Column (5) Line (5) + LR018 Off-Balance Sheet Collateral Column (3) Line (13)		X 0.1575	=	
(043)	Unaffiliated Preferred Stock NAIC 6	LR005 Unaffiliated Preferred and Common Stock Column (5) Line (6) + LR018 Off-Balance Sheet Collateral Column (3) Line (14)		X 0.2100	=	
(044)	Preferred Stock Reduction-Reinsurance	LR005 Unaffiliated Preferred and Common Stock Column (5) Line (8)		X 0.2100	=	†
(045)	Preferred Stock Increase-Reinsurance	LR005 Unaffiliated Preferred and Common Stock Column (5) Line (9)		X 0.2100	=	
	<u>Separate Accounts</u>					
(046)	Guaranteed Index	LR006 Separate Accounts Column (3) Line (1)		X 0.1575	=	
(047)	Nonindex-Book Reserve	LR006 Separate Accounts Column (3) Line (2)		X 0.1575	=	
(048)	Separate Accounts Nonindex-Market Reserve	LR006 Separate Accounts Column (3) Line (3)		X 0.1575	=	
(049)	Separate Accounts Reduction-Reinsurance	LR006 Separate Accounts Column (3) Line (5)		X 0.2100	=	†
(050)	Separate Accounts Increase-Reinsurance	LR006 Separate Accounts Column (3) Line (6)		X 0.2100	=	
(051)	Synthetic GICs	LR006 Separate Accounts Column (3) Line (8)		X 0.1575	=	
(052)	Separate Account Surplus	LR006 Separate Accounts Column (3) Line (13)		X 0.1575	=	
	<u>Real Estate</u>					
(053)	Company Occupied Real Estate	LR007 Real Estate Column (3) Line (3)		X 0.2100	=	
(054)	Foreclosed Real Estate	LR007 Real Estate Column (3) Line (6)		X 0.2100	=	
(055)	Investment Real Estate	LR007 Real Estate Column (3) Line (9)		X 0.2100	=	
(056)	Real Estate Reduction - Reinsurance	LR007 Real Estate Column (3) Line (11)		X 0.2100	=	†
(057)	Real Estate Increase - Reinsurance	LR007 Real Estate Column (3) Line (12)		X 0.2100	=	
	<u>Schedule BA</u>					
(058)	Sch BA Real Estate Excluding Low Income Housing Tax Credits	LR007 Real Estate Column (3) Line (16)		X 0.2100	=	
(059)	Guaranteed Low Income Housing Tax Credits	LR007 Real Estate Column (3) Line (17) + Line (19)		X 0.0000	=	
(060)	Non-Guaranteed and All Other Low Income Housing Tax Credits	LR007 Real Estate Column (3) Line (18) + Line (20) + Line (21)		X 0.0000	=	
(061)	Sch BA Real Estate Reduction - Reinsurance	LR007 Real Estate Column (3) Line (23)		X 0.2100	=	†
(062)	Sch BA Real Estate Increase - Reinsurance	LR007 Real Estate Column (3) Line (24)		X 0.2100	=	

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

			(1)		(2)	
			RBC Amount	Tax Factor	RBC Tax Effect	
(063)	Sch BA Bond NAIC 1	LR008 Other Long-Term Assets Column (5) Line (2)		X 0.1575	=	
(064)	Sch BA Bond NAIC 2	LR008 Other Long-Term Assets Column (5) Line (3)		X 0.1575	=	
(065)	Sch BA Bond NAIC 3	LR008 Other Long-Term Assets Column (5) Line (4)		X 0.1575	=	
(066)	Sch BA Bond NAIC 4	LR008 Other Long-Term Assets Column (5) Line (5)		X 0.1575	=	
(067)	Sch BA Bond NAIC 5	LR008 Other Long-Term Assets Column (5) Line (6)		X 0.1575	=	
(068)	Sch BA Bond NAIC 6	LR008 Other Long-Term Assets Column (5) Line (7)		X 0.2100	=	
(069)	BA Bond Reduction - Reinsurance	LR008 Other Long-Term Assets Column (5) Line (9)		X 0.2100	=	†
(070)	BA Bond Increase - Reinsurance	LR008 Other Long-Term Assets Column (5) Line (10)		X 0.2100	=	
(071)	BA Preferred Stock NAIC 1	LR008 Other Long-Term Assets Column (5) Line (12.3)		X 0.1575	=	
(072)	BA Preferred Stock NAIC 2	LR008 Other Long-Term Assets Column (5) Line (13)		X 0.1575	=	
(073)	BA Preferred Stock NAIC 3	LR008 Other Long-Term Assets Column (5) Line (14)		X 0.1575	=	
(074)	BA Preferred Stock NAIC 4	LR008 Other Long-Term Assets Column (5) Line (15)		X 0.1575	=	
(075)	BA Preferred Stock NAIC 5	LR008 Other Long-Term Assets Column (5) Line (16)		X 0.1575	=	
(076)	BA Preferred Stock NAIC 6	LR008 Other Long-Term Assets Column (5) Line (17)		X 0.2100	=	
(077)	BA Preferred Stock Reduction-Reinsurance	LR008 Other Long-Term Assets Column (5) Line (19)		X 0.2100	=	†
(078)	BA Preferred Stock Increase - Reinsurance	LR008 Other Long-Term Assets Column (5) Line (20)		X 0.2100	=	
(079)	Rated Surplus Notes	LR008 Other Long-Term Assets Column (5) Line (31)		X 0.1575	=	
(080)	Rated Capital Notes	LR008 Other Long-Term Assets Column (5) Line (41)		X 0.1575	=	
(081)	BA Common Stock Affiliated	LR008 Other Long-Term Assets Column (5) Line (48.3)		X 0.2100	=	
(082)	BA Collateral Loans	LR008 Other Long-Term Assets Column (5) Line (50)		X 0.1575	=	
(083)	Other BA Assets	LR008 Other Long-Term Assets Column (5) Line (52.3) + LR018 Off-Balance Sheet Collateral Column (3) Line (17) + Line (18)		X 0.2100	=	
(084)	Other BA Assets Reduction-Reinsurance	LR008 Other Long-Term Assets Column (5) Line (54)		X 0.2100	=	†
(085)	Other BA Assets Increase - Reinsurance	LR008 Other Long-Term Assets Column (5) Line (55)		X 0.2100	=	
(086)	BA Mortgages - In Good Standing	LR009 Schedule BA Mortgages Column (6) Line (11)		X 0.1575	=	
(087)	BA Mortgages - 90 Days Overdue	LR009 Schedule BA Mortgages Column (6) Line (15)		X 0.1575	=	
(088)	BA Mortgages - In Process of Foreclosure	LR009 Schedule BA Mortgages Column (6) Line (19)		X 0.1575	=	
(089)	Reduction - Reinsurance	LR009 Schedule BA Mortgages Column (6) Line (21)		X 0.2100	=	†
(090)	Increase - Reinsurance	LR009 Schedule BA Mortgages Column (6) Line (22)		X 0.2100	=	
<u>Miscellaneous</u>						
(091)	Asset Concentration Factor	LR010 Asset Concentration Factor Column (6) Line (62) Grand Total Page		X 0.1575	=	
(092)	Miscellaneous Assets	LR012 Miscellaneous Assets Column (2) Line (7)		X 0.1575	=	
(093)	Derivatives - Collateral and Exchange Traded	LR012 Miscellaneous Assets Column (2) Lines (8) + (9) + (10)		X 0.1575	=	
(094)	Derivatives NAIC 1	LR012 Miscellaneous Assets Column (2) Line (11)		X 0.1575	=	
(095)	Derivatives NAIC 2	LR012 Miscellaneous Assets Column (2) Line (12)		X 0.1575	=	
(096)	Derivatives NAIC 3	LR012 Miscellaneous Assets Column (2) Line (13)		X 0.1575	=	
(097)	Derivatives NAIC 4	LR012 Miscellaneous Assets Column (2) Line (14)		X 0.1575	=	
(098)	Derivatives NAIC 5	LR012 Miscellaneous Assets Column (2) Line (15)		X 0.1575	=	
(099)	Derivatives NAIC 6	LR012 Miscellaneous Assets Column (2) Line (16)		X 0.2100	=	
(100)	Miscellaneous Assets Reduction-Reinsurance	LR012 Miscellaneous Assets Column (2) Line (19)		X 0.2100	=	†
(101)	Miscellaneous Assets Increase-Reinsurance	LR012 Miscellaneous Assets Column (2) Line (20)		X 0.2100	=	

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

			(1)		(2)	
			RBC Amount	Tax Factor	RBC Tax Effect	
(102)	Replications	LR013 Replication (Synthetic Asset) Transactions and Mandatory Convertible Securities Column (7) Line (9999999)	X	0.1575	=	
(103)	Reinsurance	LR016 Reinsurance Column (4) Line (17)	X	0.2100	=	
(104)	Investment Affiliates	LR042 Summary for Affiliated Investments Column (4) Line (6)	X	0.2100	=	
(105)	Investment in Parent	LR042 Summary for Affiliated Investments Column (4) Line (10)	X	0.2100	=	
(106)	Other Affiliate: Property and Casualty Insurers not Subject to Risk-Based Capital	LR042 Summary for Affiliated Investments Column (4) Line (11)	X	0.2100	=	
(107)	Other Affiliate: Life Insurers not Subject to Risk-Based Capital	LR042 Summary for Affiliated Investments Column (4) Line (12)	X	0.2100	=	
(108)	Publicly Traded Insurance Affiliates	LR042 Summary for Affiliated Investments Column (4) Line (14)	X	0.2100	=	
(109)	Subtotal for C-1o Assets	Sum of Lines (001) through (108), Recognizing the Deduction of Lines (013), (014), (015), (036), (044), (049), (056), (061), (069), (077), (084), (089) and (100)			=	
<u>C-0 Affiliated Common Stock</u>						
(110)	Off-Balance Sheet and Other Items	LR017 Off-Balance Sheet and Other Items Column (5) Line (27)	X	0.1575	=	
(111)	Off-Balance Sheet Items Reduction - Reinsurance	LR017 Off-Balance Sheet and Other Items Column (5) Line (28)	X	0.2100	=	†
(112)	Off-Balance Sheet Items Increase - Reinsurance	LR017 Off-Balance Sheet and Other Items Column (5) Line (29)	X	0.2100	=	
(113)	Affiliated US Property - Casualty Insurers Directly Owned	LR042 Summary for Affiliated Investments Column (4) Line (1)	X	0.2100	=	
(114)	Affiliated US Life Insurers Directly Owned	LR042 Summary for Affiliated Investments Column (4) Line (2)	X	0.2100	=	
(115)	Affiliated US Health Insurers Directly and Indirectly Owned	LR042 Summary for Affiliated Investments Column (4) Line (3)	X	0.2100	=	
(116)	Affiliated US Property - Casualty Insurers Indirectly Owned	LR042 Summary for Affiliated Investments Column (4) Line (4)	X	0.2100	=	
(117)	Affiliated US Life Insurers Indirectly Owned	LR042 Summary for Affiliated Investments Column (4) Line (5)	X	0.2100	=	
(118)	Affiliated Alien Life Insurers - Canadian	LR042 Summary for Affiliated Investments Column (4) Line (8)	X	0.2100	=	
(119)	Affiliated Alien Life Insurers - All Others	LR042 Summary for Affiliated Investments Column (4) Line (9)	X	0.0000	=	
(120)	Subtotal for C-0 Affiliated Common Stock	Lines (110)-(111)+(112)+(113)+(114)+(115)+(116)+(117)+(118)+(119)			=	
<u>Common Stock</u>						
(121)	Unaffiliated Common Stock	LR005 Unaffiliated Preferred and Common Stock Column (5) Line (17) + LR018 Off-Balance Sheet Collateral Column (3) Line (16)	X	0.2100	=	
(122)	Credit for Hedging - Common Stock	LR015 Hedged Asset Common Stock Schedule Column (10) Line (0299999)	X	0.2100	=	†
(123)	Stock Reduction - Reinsurance	LR005 Unaffiliated Preferred and Common Stock Column (5) Line (19)	X	0.2100	=	†
(124)	Stock Increase - Reinsurance	LR005 Unaffiliated Preferred and Common Stock Column (5) Line (20)	X	0.2100	=	
(125)	BA Common Stock Unaffiliated	LR008 Other Long-Term Assets Column (5) Line (47)	X	0.2100	=	
(126)	BA Common Stock Affiliated - C-1cs	LR008 Other Long-Term Assets Column (5) Line (49.2)	X	0.2100	=	
(127)	Common Stock Concentration Factor	LR011 Common Stock Concentration Factor Column (6) Line (6)	X	0.2100	=	
(128)	NAIC 01 Working Capital Finance Notes	LR008 Other Long-Term Assets Column (5) Line (51.1)	X	0.1575	=	
(129)	NAIC 02 Working Capital Finance Notes	LR008 Other Long-Term Assets Column (5) Line (51.2)	X	0.1575	=	
(130)	Affiliated Preferred Stock and Common Stock - Holding Company in Excess of Indirect Subs	LR042 Summary for Affiliated Investments Column (4) Line (7)	X	0.2100	=	
(131)	Affiliated Preferred Stock and Common Stock - All Other	LR042 Summary for Affiliated Investments Column (4) Line (13)	X	0.2100	=	
(132)	Total for C-1cs Assets	Lines (121)-(122)-(123)+(124)+(125)+(126)+(127)+(128)+(129)+(130)+(131)			=	
<u>Insurance Risk</u>						
(133)	Disability Income Premium	LR019 Health Premiums Column (2) Lines (21) through (27)	X	0.2100	=	

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

			(1) RBC Amount		Tax Factor		(2) RBC Tax Effect
(134)	Long-Term Care	LR019 Health Premiums Column (2) Line (28) + LR023 Long-Term Care Column (4) Line (7)		X	0.2100	=	
(135)	Individual & Industrial Life Insurance C-2 Risk	LR025 Life Insurance Column (2) Line (8) (20)		X	0.2100	=	
(136)	Group & Credit Life Insurance C-2 Risk	LR025 Life Insurance Column (2) Lines (20) and (21) (42)		X	0.2100	=	
(136b)	Longevity C-2 Risk	LR025-A Longevity Risk Column (2) Line (5)		X	0.2100	=	
(137)	Disability and Long-Term Care Health Claim Reserves	LR024 Health Claim Reserves Column (4) Line (9) + Line (15)		X	0.2100	=	
(138)	Premium Stabilization Credit	LR026 Premium Stabilization Reserves Column (2) Line (10)		X	0.0000	=	
(139)	Total C-2 Risk	L(133) + L(134) + L(137) + L(138) + Greatest of [Guardrail Factor * (L(135)+L(136)), Guardrail Factor * L(136b), Square Root of [(L(135) + L(136)) ² + L(136b) ² + 2 * (Correlation Factor) * (L(135) + L(136)) * L(136b)]]				=	
(140)	Interest Rate Risk	LR027 Interest Rate Risk Column (3) Line (36)		X	0.2100	=	
(141)	Health Credit Risk	LR028 Health Credit Risk Column (2) Line (7)		X	0.0000	=	
(142)	Market Risk	LR027 Interest Rate Risk Column (3) Line (37)		X	0.2100	=	
(143)	Business Risk	LR029 Business Risk Column (2) Line (40)		X	0.2100	=	
(144)	Health Administrative Expenses	LR029 Business Risk Column (2) Line (57)		X	0.0000	=	
(145)	Total Tax Effect	Lines (109) + (120) + (132) + (139) + (140) + (141) + (142) + (143) + (144)				=	

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CALCULATION OF AUTHORIZED CONTROL LEVEL RISK-BASED CAPITAL

Confidential when Completed

NAIC Company Code

Company Name	Source	(1) RBC Requirement
<u>Insurance Affiliates and Misc. Other Amounts (C-0)</u>		
(1) Affiliated US Property-Casualty Insurers Directly Owned	LR042 Summary for Affiliated Investments Column (4) Line (1)	_____
(2) Affiliated US Life Insurers Directly Owned	LR042 Summary for Affiliated Investments Column (4) Line (2)	_____
(3) Affiliated US Health Insurers Directly and Indirectly Owned	LR042 Summary for Affiliated Investments Column (4) Line (3)	_____
(4) Affiliated US Property-Casualty Insurers Indirectly Owned	LR042 Summary for Affiliated Investments Column (4) Line (4)	_____
(5) Affiliated US Life Insurers Indirectly Owned	LR042 Summary for Affiliated Investments Column (4) Line (5)	_____
(6) Affiliated Alien Life Insurers - Canadian	LR042 Summary for Affiliated Investments Column (4) Line (8)	_____
(7) Affiliated Alien Life Insurers - All Others	LR042 Summary for Affiliated Investments Column (4) Line (9)	_____
(8) Off-Balance Sheet and Other Items	LR017 Off-Balance Sheet and Other Items Column (5) Line (34)	_____
(9) Total (C-0) - Pre-Tax	Sum of Lines (1) through (8)	_____
(10) (C-0) Tax Effect	LR030 Calculation of Tax Effect for Life and Fraternal Risk-Based Capital Column (2) Line (120)	_____
(11) Net (C-0) - Post-Tax	Line (9) - Line (10)	=====
<u>Asset Risk – Unaffiliated Common Stock and Affiliated Non-Insurance Stock (C-1cs)</u>		
(12) Schedule D Unaffiliated Common Stock	LR005 Unaffiliated Common Stock Column (5) Line (21) + LR018 Off-Balance Sheet Collateral Column (3) Line (16)	_____
(13) Schedule BA Unaffiliated Common Stock	LR008 Other Long-Term Assets Column (5) line (47)	_____
(14) Schedule BA Affiliated Common Stock - C-1cs	LR008 Other Long-Term Assets Column (5) line (49.2)	_____
(15) Common Stock Concentration Factor	LR011 Common Stock Concentration Factor Column (6) Line (6)	_____
(16) Affiliated Preferred Stock and Common Stock - Holding Company in Excess of Indirect Subsidiaries	LR042 Summary for Affiliated Investments Column (4) Line (7)	_____
(17) Affiliated Preferred Stock and Common Stock - All Other	LR042 Summary for Affiliated Investments Column (4) Line (13)	_____
(18) Total (C-1cs) - Pre-Tax	Sum of Lines (12) through (17)	_____
(19) (C-1cs) Tax Effect	LR030 Calculation of Tax Effect for Life and Fraternal Risk-Based Capital Column (2) Line (132)	_____
(20) Net (C-1cs) - Post-Tax	Line (18) - Line (19)	=====
<u>Asset Risk - All Other (C-1o)</u>		
(21) Bonds after Size Factor	LR002 Bonds Column (2) Line (27) + LR018 Off-Balance Sheet Collateral Column (3) Line (8)	_____
(22) Mortgages (including past due and unpaid taxes)	LR004 Mortgages Column (6) Line (31)	_____
(23) Unaffiliated Preferred Stock	LR005 Unaffiliated Preferred and Common Stock Column (5) Line (10) + LR018 Off-Balance Sheet Collateral Column (3) Line (15)	_____
(24) Affiliated Preferred Stock and Common Stock - Investment Subsidiaries	LR042 Summary for Affiliated Investments Column (4) Line (6)	_____
(25) Affiliated Preferred Stock and Common Stock - Parent	LR042 Summary for Affiliated Investments Column (4) Line (10)	_____
(26) Affiliated Preferred Stock and Common Stock - Property and Casualty Insurers not Subject to Risk-Based Capital	LR042 Summary for Affiliated Investments Column (4) Line (11)	_____
(27) Affiliated Preferred Stock and Common Stock - Life Insurers not Subject to Risk-Based Capital	LR042 Summary for Affiliated Investments Column (4) Line (12)	_____
(28) Affiliated Preferred Stock and Common Stock - Publicly Traded Insurers Held at Fair Value (excess of statement value over book value)	LR042 Summary for Affiliated Investments Column (4) Line (14)	_____
(29) Separate Accounts with Guarantees	LR006 Separate Accounts Column (3) Line (7)	_____

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CALCULATION OF AUTHORIZED CONTROL LEVEL RISK-BASED CAPITAL (CONTINUED)

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NAIC Company Code

Company Name	Source	(1) RBC Requirement
(30) Synthetic GIC's (C-1o)	LR006 Separate Accounts Column (3) Line (8)	
(31) Surplus in Non-Guaranteed Separate Accounts	LR006 Separate Accounts Column (3) Line (13)	
(32) Real Estate (gross of encumbrances)	LR007 Real Estate Column (3) Line (13)	
(33) Schedule BA Real Estate (gross of encumbrances)	LR007 Real Estate Column (3) Line (25)	
(34) Other Long-Term Assets	LR008 Other Long-Term Assets Column (5) Line (56) + LR018 Off-Balance Sheet Collateral Column (3) Line (17) + Line (18)	
(35) Schedule BA Mortgages	LR009 Schedule BA Mortgages Column (6) Line (23)	
(36) Concentration Factor	LR010 Asset Concentration Factor Column (6) Line (62) Grand Total Page	
(37) Miscellaneous	LR012 Miscellaneous Assets Column (2) Line (21)	
(38) Replication Transactions and Mandatory Convertible Securities	LR013 Replication (Synthetic Asset) Transactions and Mandatory Convertible Securities Column (7) Line (9999999)	
(39) Reinsurance	LR016 Reinsurance Column (4) Line (17)	
(40) Total (C-1o) - Pre-Tax	Sum of Lines (21) through (39)	
(41) (C-1o) Tax Effect	LR030 Calculation of Tax Effect for Life and Fraternal Risk-Based Capital Column (2) Line (109)	
(42) Net (C-1o) - Post-Tax	Line (40) - Line (41)	
<u>Insurance Risk (C-2)</u>		
(43) Individual and & Industrial Life Insurance	LR025 Life Insurance Column (2) Line (8) -(20)	
(44) Group and & Credit Life Insurance and FEGLI/SGLI	LR025 Life Insurance Column (2) Lines (20) and (21) (42)	
(44b) Longevity Risk	LR025-A Longevity Risk Column (2) Line (5)	
(45) Total Health Insurance	LR024 Health Claim Reserves Column (4) Line (18)	
(46) Premium Stabilization Reserve Credit	LR026 Premium Stabilization Reserves Column (2) Line (10)	
(47) Total (C-2) - Pre-Tax	L(45) + L(46) + Greatest of [Guardrail Factor * (L(43)+L(44)), Guardrail Factor * L(44b), Square Root of [(L(43) + L(44)) ² + L(44b) ² + 2 * (Correlation Factor) * (L(43) + L(44)) * L(44b)]]	
(48) (C-2) Tax Effect	LR030 Calculation of Tax Effect for Life and Fraternal Risk-Based Capital Column (2) Line (139)	
(49) Net (C-2) - Post-Tax	Line (47) - Line (48)	
<u>Interest Rate Risk (C-3a)</u>		
(50) Total Interest Rate Risk - Pre-Tax	LR027 Interest Rate Risk Column (3) Line (36)	
(51) (C-3a) Tax Effect	LR030 Calculation of Tax Effect for Life and Fraternal Risk-Based Capital Column (2) Line (140)	
(52) Net (C-3a) - Post-Tax	Line (50) - Line (51)	
<u>Health Credit Risk (C-3b)</u>		
(53) Total Health Credit Risk - Pre-Tax	LR028 Health Credit Risk Column (2) Line (7)	
(54) (C-3b) Tax Effect	LR030 Calculation of Tax Effect for Life and Fraternal Risk-Based Capital Column (2) Line (141)	
(55) Net (C-3b) - Post-Tax	Line (53) - Line (54)	
<u>Market Risk (C-3c)</u>		
(56) Total Market Risk - Pre-Tax	LR027 Interest Rate Risk Column (3) Line (37)	
(57) (C-3c) Tax Effect	LR030 Calculation of Tax Effect for Life and Fraternal Risk-Based Capital Column (2) Line (142)	
(58) Net (C-3c) - Post-Tax	Line (56) - Line (57)	


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CALCULATION OF AUTHORIZED CONTROL LEVEL RISK-BASED CAPITAL (CONTINUED)

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Company Name	Source	(1) RBC Requirement
<u>Business Risk (C-4a)</u>		
(59) Premium Component	LR029 Business Risk Column (2) Lines (12) + (24) + (36)	_____
(60) Liability Component	LR029 Business Risk Column (2) Line (39)	_____
(61) Subtotal Business Risk (C-4a) - Pre-Tax	Lines (59) + (60)	_____
(62) (C-4a) Tax Effect	LR030 Calculation of Tax Effect for Life and Fraternal Risk-Based Capital Column (2) Line (143)	_____
(63) Net (C-4a) - Post-Tax	Line (61) - Line (62)	=====
<u>Business Risk (C-4b)</u>		
(64) Health Administrative Expense Component of Business Risk (C-4b) - Pre-Tax	LR029 Business Risk Column (2) Line (57)	_____
(65) (C-4b) Tax Effect	LR030 Calculation of Tax Effect for Life and Fraternal Risk-Based Capital Column (2) Line (144)	_____
(66) Net (C-4b) - Post-Tax	Line (64) - Line (65)	=====
<u>Total Risk-Based Capital After Covariance Before Basic Operational Risk</u>		
(67) $C-0 + C-4a + \text{Square Root of } [(C-1o + C-3a)^2 + (C-1cs + C-3c)^2 + (C-2)^2 + (C-3b)^2 + (C-4b)^2]$	REPORT AMOUNT ON PARENT COMPANY'S RBC IF APPLICABLE $L(11)+L(63) + \text{Square Root of } [(L(42) + L(52))^2 + (L(20) + L(58))^2 + L(49)^2 + L(55)^2 + L(66)^2]$	=====
(68) Gross Basic Operational Risk	$0.03 \times L(67)$	_____
(69) C-4a of U.S. Life Insurance Subsidiaries	Company Records	_____
(70) Net Basic Operational Risk	Line (68) - (Line (63) + Line (69)) (Not less than zero)	_____
(71) Primary Security Shortfall Calculated in Accordance With Actuarial Guideline XLVIII Multiplied by 2	LR036 XXX/AXXX Reinsurance Primary Security Shortfall by Cession Column (7) Line (9999999) Multiplied by 2	_____
(72) Total Risk-Based Capital After Covariance (Including Basic Operational Risk and Primary Security Shortfall multiplied by 2)	Line (67) + Line (70) + Line (71)	=====
<u>Authorized Control Level Risk-Based Capital (After Covariance Adjustment and Shortfall)</u>		
(73) Total Risk-Based Capital After Covariance Times Fifty Percent	Line (72) x 0.50	=====
<u>Tax Sensitivity Test</u>		
(74) Tax Sensitivity Test: Total Risk-Based Capital After Covariance	$L(9)+L(61) + \text{Square Root of } [(L(40) + L(50))^2 + (L(18) + L(56))^2 + L(47)^2 + L(53)^2 + L(64)^2]$	_____
(75) Tax Sensitivity Test: Authorized Control Level Risk-Based Capital	Line (74) x 0.50	_____

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LIFE INSURANCE - OPTION 1 - DRAFT
LR025

Basis of Factors

The factors chosen developed represent surplus needed to provide for excess claims over life insurance mortality risk, which is defined as adverse variance in life insurance deaths (i.e., insureds dying sooner than expected, both from random fluctuations and from inaccurate pricing for future levels) over the remaining lifetime of claims. For a large number block of trials, each insured either lives or dies based on a “roll of the dice” business while appropriately reflecting the probability of death from both normal and excess claims pricing flexibility to adjust current mortality rates for emerging experience. The present value of mortality risks included in the claims generated by this process, less expected claims, will be the amount of surplus needed under that trial development of the factors were volatility, level, trend, and catastrophe. The factors chosen under were developed by stochastically simulating the formula produce a level of surplus at least as much run-off of in force life insurance blocks typical of U.S. life insurers.

The capital need, expressed as needed in 95 percent of a dollar amount, is determined as the trials-greatest present value of accumulated deficiencies at the 95th percentile of the stochastic distribution of scenarios over the remaining lifetime of a block of business while appropriately reflecting the pricing flexibility to adjust current mortality rates. Statutory losses are defined as the after-tax quantification of gross death benefits minus reserves released minus mortality margin present in reserves. The after-tax statutory losses are discounted to the present by using 20-year averages for U.S. swap rates. By selecting the largest present value accumulated loss across all projection years, the solved for capital ensures non-negative capital at all projection periods. Earlier period losses are not allowed to be offset by later period gains to reduce capital. The 95th percentile is the commonly accepted statistical safety level used for Life RBC C-2 mortality risk to identify weakly capitalized companies. The after-tax capital needs are translated to a factor expressed as a percentage of the net amount at risk (NAR). The pre-tax factor is determined by taking the after-tax factor divided by (1 minus the tax rate).

The model was developed for portfolios of 10,000, 100,000 and one million lives, and it was found that the surplus needs decreased with larger portfolios, consistent with the law of large numbers.

Net amount at risk was chosen as a base because expected claims are difficult to calculate on a consistent basis from company to company. The factors are differentiated between individual & industrial life and group & credit life, and by in force block size. Within individual & industrial life, the factors are differentiated into categories for universal life with secondary guarantees (ULSG), term life, and all other life. Within group & credit life, the factors are differentiated into categories by the remaining length of the premium rate term by group contract. There are distinct factors for contracts that have remaining premium rate terms 36 months and under and for contracts that have remaining premium rate terms over 36 months. The Federal Employees’ Group Life Insurance (FEGLI) and Servicemembers’ Group Life Insurance (SGLI) receive a separate factor applied to the amounts in force.

Specific Instructions for Application of the Formula

Lines 3, 42, 5 and 9-21-41 are not applicable to Fraternal Benefit Societies.

Annual statement reference is for the total net amount at risk for the category (e.g., Individual & Industrial is one category). The net amount at risk is then further broken down by size as in a tax table to reflect the decrease in risk for larger blocks of life insurance. This breakdown will not appear on the RBC filing software or on the printed copy, as the application of factors to amounts in force is completed automatically. The calculation is as follows:

The NAR is derived for each of the factor categories using annual statement sources and company records. In Force and Reserves amounts are net of reinsurance throughout.

Line (11) ULSG In Force is derived from company records. The amount classified as ULSG needs to be consistent with the Exhibit of Life Insurance and the same block of policies as the ULSG reserves recorded in Line (12) which is sourced to the Analysis of Increase in Reserves During the Year – Individual Life Insurance Column 7 Line 15. The table below illustrates the RBC requirement calculation embedded in Line (13) for ULSG.

Line	(1)	Factor	(2)
<u>Individual & Industrial ULSG</u>	<u>Statement Value</u>		<u>RBC Requirement</u>

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<u>(813)</u>	First 500 Million	_____	X 0.0022300390	_____
			=	
	Next 424,500 Million	_____	X 0.0014600165	_____
			=	
	Next 20,000 Million	=====	X 0.00116=	=====
	Over 25,000 Million	_____	X 0.0008700110	_____
			=	

Total ~~Individual & Industrial~~ULSG Net Amount at Risk _____

<u>Line (20)</u>	<u>Group & Credit</u>	<u>Statement Value</u>	<u>Factor</u>	<u>RBC Requirement</u>
	First 500 Million	_____	X 0.00175 =	_____
	Next 4,500 Million	_____	X 0.00116 =	_____
	Next 20,000 Million	_____	X 0.00087 =	_____
	Over 25,000 Million	_____	X 0.00078 =	_____

Line (14) Term Life In Force is derived from company records. The amount classified as Term Life needs to be consistent with the Exhibit of Life Insurance and the same block of policies as the Term reserves recorded in Line (15) which is sourced to the Analysis of Increase in Reserves During the Year – Individual Life Insurance Column 4 Line 15. The table below illustrates the RBC requirement calculation embedded in Line (16) for Term Life.

<u>Line (16)</u>	<u>Term Life</u>	<u>(1)</u> <u>Statement Value</u>	<u>Factor</u>	<u>(2)</u> <u>RBC Requirement</u>
	First 500 Million	_____	X 0.00270 =	_____
	Next 24,500 Million	_____	X 0.00110 =	_____
	Over 25,000 Million	_____	X 0.00075 =	_____
	Total Group & Credit Term Life Net Amount at Risk (less	_____		_____
	FEGLI & SGLI in force)			

Lines (17) and (18) All Other Life In Force and Reserves are derived from the aggregate amounts derived in lines (1) to (10) minus the ULSG amounts in lines (11) to (12) and term life amounts in lines (14) to (15). In force business not classified as ULSG or term life is assigned to all other life. The table below illustrates the RBC requirement calculation embedded in Line (19) for All Other Life.

<u>Line (19)</u>	<u>All Other Life</u>	<u>(1)</u> <u>Statement Value</u>	<u>Factor</u>	<u>(2)</u> <u>RBC Requirement</u>
	First 500 Million	_____	X 0.00190 =	_____
	Next 24,500 Million	_____	X 0.00075 =	_____
	Over 25,000 Million	_____	X 0.00050 =	_____
	<u>Total All Other Life Net Amount at Risk</u>	_____		_____

Lines (35) and (36) Group & Credit Life In Force and Reserves with Remaining Rate Terms 36 Months and Under are derived from company records. This category includes group contracts where the premium terms have 36 months or fewer until expiration or renewal. The in force amount classified in this category needs to be consistent with the Exhibit of Life Insurance. The reserves amount classified in this category needs to be consistent with Exhibit 5 used for Lines (28) and (29). Separate Accounts Exhibit used for Line (30), and Schedule S used for Lines (31) and (32). Federal Employees' Group Life Insurance (FEGLI) and Servicemembers' Group Life Insurance (SGLI) contracts are

excluded. The table below illustrates the RBC requirement calculation embedded in Line (37) for Group & Credit Life Net Amount at Risk with Remaining Rate Terms 36 Months and Under.

Line (37)		(1) Statement Value	Factor	(2) RBC Requirement
	<u>Group & Credit Life with Remaining Rate Terms 36 Months and Under</u>			
	First 500 Million		X 0.00130 =	
	Next 24,500 Million		X 0.00045 =	
	Over 25,000 Million		X 0.00030 =	
	<u>Total Group & Credit Life Net Amount at Risk with Remaining Rate Terms 36 Months and Under</u>			

Lines (38) and (39) Group & Credit Life In Force and Reserves with Remaining Rate Terms Over 36 Months are derived from the aggregate amounts derived in lines (21) to (34) minus the Group & Credit Life In Force and Reserves with Remaining Rate Terms 36 Months and Under in lines (35) and (36). FEGLI and SGLI contracts are excluded. The table below illustrates the RBC requirement calculation embedded in Line (40) for Group & Credit Life Net Amount at Risk with Remaining Rate Terms Over 36 Months.

Line (40)		(1) Statement Value	Factor	(2) RBC Requirement
	<u>Group & Credit Life with Remaining Rate Terms Over 36 Months</u>			
	First 500 Million		X 0.00180 =	
	Next 24,500 Million		X 0.00070 =	
	Over 25,000 Million		X 0.00045 =	
	<u>Total Group & Credit Life Net Amount at Risk with Remaining Rate Terms Over 36 Months</u>			

Line (41) FEGLI/SGLI In Force amounts are retrieved from the Exhibit of Life Insurance. The capital factor assigned is the same as the largest size band for group & credit life contracts with remaining rate terms 36 months and under

Line (41)		(1) Statement Value	Factor	(2) RBC Requirement
	<u>FEGLI/SGLI In Force</u>		X 0.00030 =	

All amounts should be entered as required. The risk-based capital software will calculate the RBC requirement for individual and industrial and for group and credit.

LIFE INSURANCE - OPTION 2 - DRAFT

LR025

Basis of Factors

The factors chosen developed represent surplus needed to provide for excess claims over life insurance mortality risk, which is defined as adverse variance in life insurance deaths (i.e., insureds dying sooner than expected, both from random fluctuations and from inaccurate pricing for future levels) over the remaining lifetime of claims. For a large number block of trials, each insured either lives or dies based on a "roll of the dice" business while appropriately reflecting the probability of death from both normal and excess claims pricing flexibility to adjust current mortality rates for emerging experience. The present value of mortality risks included in the claims generated by this process, less expected claims, will be the amount of surplus needed under that trial development of the factors were volatility, level, trend, and catastrophe. The factors chosen were developed by stochastically simulating the formula produce a level of surplus at least as much run-off of in force life insurance blocks typical of U.S. life insurers.

The capital need, expressed as needed in 95 percent of a dollar amount, is determined as the trials-greatest present value of accumulated deficiencies at the 95th percentile of the stochastic distribution of scenarios over the remaining lifetime of a block of business while appropriately reflecting the pricing flexibility to adjust current mortality rates. Statutory losses are defined as the after-tax quantification of gross death benefits minus reserves released minus mortality margin present in reserves. The after-tax statutory losses are discounted to the present by using 20-year averages for U.S. swap rates. By selecting the largest present value accumulated loss across all projection years, the solved for capital ensures non-negative capital at all projection periods. Earlier period losses are not allowed to be offset by later period gains to reduce capital. The 95th percentile is the commonly accepted statistical safety level used for Life RBC C-2 mortality risk to identify weakly capitalized companies. The after-tax capital needs are translated to a factor expressed as a percentage of the net amount at risk (NAR). The pre-tax factor is determined by taking the after-tax factor divided by (1 minus the tax rate).

The model was developed for portfolios of 10,000, 100,000 and one million lives, and it was found that the surplus needs decreased with larger portfolios, consistent with the law of large numbers.

Net amount at risk was chosen as a base because expected claims are difficult to calculate on a consistent basis from company to company. The factors are differentiated between individual & industrial life and group & credit life, and by in force block size. Within individual & industrial life, the factors are differentiated into categories by contract type depending on the degree of pricing flexibility. Within group & credit life, the factors are differentiated into categories by the remaining length of the premium rate term by group contract. There are distinct factors for contracts that have remaining premium rate terms 36 months and under and for contracts that have remaining premium rate terms over 36 months. The Federal Employees' Group Life Insurance (FGLI) and Servicemembers' Group Life Insurance (SGLI) receive a separate factor applied to the amounts in force.

Specific Instructions for Application of the Formula

Lines 3, 42, 5 and 9-21-41 are not applicable to Fraternal Benefit Societies.

Annual statement reference is for the total net amount at risk for the category (e.g., Individual & Industrial is one category). The net amount at risk is then further broken down by size as in a tax table to reflect the decrease in risk for larger blocks of life insurance. This breakdown will not appear on the RBC filing software or on the printed copy, as the application of factors to amounts in force is completed automatically. The calculation is as follows:

The NAR is derived for each of the factor categories using annual statement sources and company records. In Force and Reserves amounts are net of reinsurance throughout. The In Force amounts throughout derived from company records need to be consistent with the Exhibit of Life Insurance. The Reserves amounts throughout derived from company records need to be consistent with Exhibit 5, Separate Accounts Exhibit, and Schedule S.

Pricing Flexibility for Individual Life Insurance is defined as the ability to materially adjust rates on in force contracts through changing premiums and/or non-guaranteed elements as of the valuation date and within the next 5 policy years. A material rate adjustment is defined as the ability to recover, on a present value basis, the difference in mortality provided for in the factors below for contracts with and without pricing flexibility.

Lines (11) and (12) Life Policies with Pricing Flexibility In Force and Reserves are derived from company records. Examples of products intended for this category include, but aren't limited to, participating whole life insurance, universal life insurance without secondary guarantees, and yearly renewable term insurance where scheduled premiums may be changed. The table below illustrates the RBC requirement calculation embedded in Line (13) for Life Policies with Pricing Flexibility.

Line (813)	Individual & Industrial Life Policies with Pricing Flexibility	(1)		(2)
		Statement Value	Factor	RBC Requirement
	First 500 Million	_____	X 0.0022300190	_____
			=	
	Next 424,500 Million	_____	X 0.0014600075	_____
			=	
	Next 20,000 Million	=====	X 0.00116=	=====
	Over 25,000 Million	_____	X 0.0008700050	_____
			=	
	Total Individual & Industrial Life Policies with Pricing Flexibility Net Amount at Risk	=====		=====

Line (20)	Group & Credit	Statement Value	Factor	RBC Requirement
	First 500 Million	=====	X 0.00175 =	=====
	Next 4,500 Million	=====	X 0.00116=	=====
	Next 20,000 Million	=====	X 0.00087 =	=====
	Over 25,000 Million	=====	X 0.00078=	=====

Lines (14) and (15) Term Life Policies without Pricing Flexibility In Force and Reserves are derived from company records. Examples of products intended for this category include, but aren't limited to, level term insurance with guaranteed level premiums and yearly renewable term insurance where scheduled premiums may not be changed. The table below illustrates the RBC requirement calculation embedded in Line (16) for Term Life Policies without Pricing Flexibility.

Line (16)	Term Life Policies without Pricing Flexibility	(1)		(2)
		Statement Value	Factor	RBC Requirement
	First 500 Million	_____	X 0.00270 =	_____
	Next 24,500 Million	_____	X 0.00110 =	_____
	Over 25,000 Million	_____	X 0.00075 =	_____
	Total Group & Credit Term Life Policies without Pricing Flexibility Net Amount at Risk (less FEGLI & SGLI in force)	=====		=====

Lines (17) and (18) Permanent Life Policies without Pricing Flexibility In Force and Reserves are derived from the aggregate amounts derived in lines (1) to (10) minus the amounts recorded in the other individual life categories. Examples of products intended for this category include, but aren't limited to, universal life with secondary guarantees and non-participating whole life insurance. Policies that aren't recorded in the other individual life categories default to this category which has the highest factors. The table below illustrates the RBC requirement calculation embedded in Line (19) for Permanent Life Policies without Pricing Flexibility.

Line (19)	Permanent Life Policies without Pricing Flexibility	(1)		(2)
		Statement Value	Factor	RBC Requirement
	First 500 Million	_____	X 0.00390 =	_____

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NAIC BLANKS (E) WORKING GROUP

Blanks Agenda Item Submission Form

<p style="text-align: right;">DATE: <u>3/10/2022</u></p> <p>CONTACT PERSON: <u>Dave Fleming</u></p> <p>TELEPHONE: <u>816-783-8121</u></p> <p>EMAIL ADDRESS: <u>dfleming@naic.org</u></p> <p>ON BEHALF OF: <u>Life Risk-Based Capital (E) Working Group</u></p> <p>NAME: <u>Philip Barlow</u></p> <p>TITLE: <u>Chair</u></p> <p>AFFILIATION: <u>District of Columbia</u></p> <p>ADDRESS: _____</p>	<p style="text-align: center;">FOR NAIC USE ONLY</p> <p>Agenda Item # _____</p> <p>Year <u>2022</u></p> <p>Changes to Existing Reporting [X]</p> <p>New Reporting Requirement []</p> <hr/> <p style="text-align: center;">REVIEWED FOR ACCOUNTING PRACTICES AND PROCEDURES IMPACT</p> <p>No Impact []</p> <p>Modifies Required Disclosure []</p> <hr/> <p style="text-align: center;">DISPOSITION</p> <p>[] Rejected For Public Comment</p> <p>[] Referred To Another NAIC Group</p> <p>[] Received For Public Comment</p> <p>[] Adopted Date _____</p> <p>[] Rejected Date _____</p> <p>[] Deferred Date _____</p> <p>[] Other (Specify) _____</p>
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BLANK(S) TO WHICH PROPOSAL APPLIES

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

Anticipated Effective Date: Annual 2022

IDENTIFICATION OF ITEM(S) TO CHANGE

Update the AVR factors to correspond with the adopted RBC factors for the expanded bond designation categories.

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

The AVR factors are linked to the after-tax RBC factors. The Life Risk-Based Capital (E) Working Group adopted changes to the life and fraternal RBC factors for the expanded NAIC Designation Categories for bonds for 2021 yearend reporting. The AVR factors will need to be adjusted where the RBC factors have been changed.

NAIC STAFF COMMENTS

Comment on Effective Reporting Date: _____

Other Comments:

A worksheet showing comparison of AVR and after-tax RBC factors for 2017, the changes made for the 2018 tax changes and the AVR factors being proposed for 2022 is posted at the Life Risk-Based Capital (E) Working Group website.

The AVR maximum reserve factors were updated to reflect the existing relationship to the RBC after-tax factors. The AVR basic contribution and reserve object factors were updated to reflect the existing relationships to the maximum reserve factors.

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

Revised 7/18/2018

ASSET VALUATION RESERVE

	Default Component			Equity Component			7 Total Amount (Cols. 3 + 6)
	1 Other Than Mortgage Loans	2 Mortgage Loans	3 Total (Cols. 1 + 2)	4 Common Stock	5 Real Estate and Other Invested Assets	6 Total (Cols. 4 + 5)	
1. Reserve as of December 31, prior year
2. Realized capital gains/(losses) net of taxes -General Account
3. Realized capital gains/(losses) net of taxes-Separate Accounts
4. Unrealized capital gains/(losses) net of deferred taxes-General Account
5. Unrealized capital gains/(losses) net of deferred taxes-Separate Accounts
6. Capital gains credited/(losses charged) to contract benefits, payments or reserves
7. Basic contribution
8. Accumulated balances (Lines 1 through 5 - 6 + 7)
9. Maximum reserve
10. Reserve objective
11. 20% of (Line 10 - Line 8)
12. Balance before transfers (Lines 8 + 11)
13. Transfers
14. Voluntary contribution
15. Adjustment down to maximum/up to zero
16. Reserve as of December 31, current year (Lines 12 + 13 + 14 + 15)

**ASSET VALUATION RESERVE
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)
LONG-TERM BONDS												
1		Exempt Obligations.....		XXX	XXX		0.0000		0.0000		0.0000	
2.1	1	NAIC Designation Category 1.A.....		XXX	XXX		0.00050.0002		0.00160.0007		0.00330.0013	
2.2	1	NAIC Designation Category 1.B.....		XXX	XXX		0.00050.0004		0.00160.0011		0.00330.0023	
2.3	1	NAIC Designation Category 1.C.....		XXX	XXX		0.00050.0006		0.00160.0018		0.00330.0035	
2.4	1	NAIC Designation Category 1.D.....		XXX	XXX		0.00050.0007		0.00160.0022		0.00330.0044	
2.5	1	NAIC Designation Category 1.E.....		XXX	XXX		0.00050.0009		0.00160.0027		0.00330.0055	
2.6	1	NAIC Designation Category 1.F.....		XXX	XXX		0.00050.0011		0.00160.0034		0.00330.0068	
2.7	1	NAIC Designation Category 1.G.....		XXX	XXX		0.00050.0014		0.00160.0042		0.00330.0085	
2.8		Subtotal NAIC 1 (2.1+2.2+2.3+2.4+2.5+2.6+2.7).....		XXX	XXX		XXX		XXX		XXX	
3.1	2	NAIC Designation Category 2.A.....		XXX	XXX		0.0021		0.00640.0063		0.01060.0105	
3.2	2	NAIC Designation Category 2.B.....		XXX	XXX		0.00240.0025		0.00640.0076		0.01060.0127	
3.3	2	NAIC Designation Category 2.C.....		XXX	XXX		0.00240.0036		0.00640.0108		0.01060.0180	
3.4		Subtotal NAIC 2 (3.1+3.2+3.3).....		XXX	XXX		XXX		XXX		XXX	
4.1	3	NAIC Designation Category 3.A.....		XXX	XXX		0.00990.0069		0.02630.0183		0.03760.0262	
4.2	3	NAIC Designation Category 3.B.....		XXX	XXX		0.0099		0.02630.0264		0.03760.0377	
4.3	3	NAIC Designation Category 3.C.....		XXX	XXX		0.00990.0131		0.02630.0350		0.03760.0500	
4.4		Subtotal NAIC 3 (4.1+4.2+4.3).....		XXX	XXX		XXX		XXX		XXX	
5.1	4	NAIC Designation Category 4.A.....		XXX	XXX		0.02450.0184		0.05720.0430		0.08170.0615	
5.2	4	NAIC Designation Category 4.B.....		XXX	XXX		0.02450.0238		0.05720.0555		0.08170.0793	
5.3	4	NAIC Designation Category 4.C.....		XXX	XXX		0.02450.0310		0.05720.0724		0.08170.1034	
5.4		Subtotal NAIC 4 (5.1+5.2+5.3).....		XXX	XXX		XXX		XXX		XXX	
6.1	5	NAIC Designation Category 5.A.....		XXX	XXX		0.06300.0472		0.11280.0846		0.18800.1410	
6.2	5	NAIC Designation Category 5.B.....		XXX	XXX		0.06300.0663		0.11280.1188		0.18800.1980	
6.3	5	NAIC Designation Category 5.C.....		XXX	XXX		0.06300.0836		0.11280.1498		0.18800.2496	
6.4		Subtotal NAIC 5 (6.1+6.2+6.3).....		XXX	XXX		XXX		XXX		XXX	
7	6	NAIC 6.....		XXX	XXX		0.0000		0.2370		0.2370	
8		Total Unrated Multi-Class Securities Acquired by Conversion.....		XXX	XXX		XXX		XXX		XXX	
9		Total Long-Term Bonds (Sum of Lines 1+2.8+3.4+4.4+5.4+6.4 +7+8)		XXX	XXX		XXX		XXX		XXX	
PREFERRED STOCKS												
10	1	Highest Quality.....		XXX	XXX		0.0005		0.0016		0.0033	
11	2	High Quality.....		XXX	XXX		0.0021		0.0064		0.0106	
12	3	Medium Quality.....		XXX	XXX		0.0099		0.0263		0.0376	
13	4	Low Quality.....		XXX	XXX		0.0245		0.0572		0.0817	
14	5	Lower Quality.....		XXX	XXX		0.0630		0.1128		0.1880	
15	6	In or Near Default.....		XXX	XXX		0.0000		0.2370		0.2370	
16		Affiliated Life with AVR.....		XXX	XXX		0.0000		0.0000		0.0000	
17		Total Preferred Stocks (Sum of Lines 10 through 16)		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)
SHORT-TERM BONDS												
18		Exempt Obligations.....		XXX	XXX		0.0000		0.0000		0.0000	
19.1	1	NAIC Designation Category 1.A.....		XXX	XXX		0.00050.0002		0.00160.0007		0.00330.0013	
19.2	1	NAIC Designation Category 1.B.....		XXX	XXX		0.00050.0004		0.00160.0011		0.00330.0023	
19.3	1	NAIC Designation Category 1.C.....		XXX	XXX		0.00050.0006		0.00160.0018		0.00330.0035	
19.4	1	NAIC Designation Category 1.D.....		XXX	XXX		0.00050.0007		0.00160.0022		0.00330.0044	
19.5	1	NAIC Designation Category 1.E.....		XXX	XXX		0.00050.0009		0.00160.0027		0.00330.0055	
19.6	1	NAIC Designation Category 1.F.....		XXX	XXX		0.00050.0011		0.00160.0034		0.00330.0068	
19.7	1	NAIC Designation Category 1.G.....		XXX	XXX		0.00050.0014		0.00160.0042		0.00330.0085	
19.8		Subtotal NAIC 1 (19.1+19.2+19.3+19.4+19.5+19.6+19.7).....		XXX	XXX		XXX		XXX		XXX	
20.1	2	NAIC Designation Category 2.A.....		XXX	XXX		0.0021		0.00640.0063		0.01060.0105	
20.2	2	NAIC Designation Category 2.B.....		XXX	XXX		0.00210.0025		0.00640.0076		0.01060.0127	
20.3	2	NAIC Designation Category 2.C.....		XXX	XXX		0.00210.0036		0.00640.0108		0.01060.0180	
20.4		Subtotal NAIC 2 (20.1+20.2+20.3).....		XXX	XXX		XXX		XXX		XXX	
21.1	3	NAIC Designation Category 3.A.....		XXX	XXX		0.00990.0069		0.02630.0183		0.03760.0262	
21.2	3	NAIC Designation Category 3.B.....		XXX	XXX		0.0099		0.02630.064		0.03760.0377	
21.3	3	NAIC Designation Category 3.C.....		XXX	XXX		0.00990.0131		0.02630.0350		0.03760.0500	
21.4		Subtotal NAIC 3 (21.1+21.2+21.3).....		XXX	XXX		XXX		XXX		XXX	
22.1	4	NAIC Designation Category 4.A.....		XXX	XXX		0.02450.0184		0.05720.0430		0.08170.0615	
22.2	4	NAIC Designation Category 4.B.....		XXX	XXX		0.02450.0238		0.05720.0555		0.08170.0793	
22.3	4	NAIC Designation Category 4.C.....		XXX	XXX		0.02450.0310		0.05720.0724		0.08170.1034	
22.4		Subtotal NAIC 4 (22.1+22.2+22.3).....		XXX	XXX		XXX		XXX		XXX	
23.1	5	NAIC Designation Category 5.A.....		XXX	XXX		0.06300.0472		0.11280.0846		0.18800.1410	
23.2	5	NAIC Designation Category 5.B.....		XXX	XXX		0.06300.06630		0.11280.1188		0.18800.1980	
23.3	5	NAIC Designation Category 5.C.....		XXX	XXX		0.06300.0836		0.11280.1498		0.18800.2496	
23.4		Subtotal NAIC 5 (23.1+23.2+23.3).....		XXX	XXX		XXX		XXX		XXX	
24	6	NAIC 6.....		XXX	XXX		0.0000		0.2370		0.2370	
25		Total Short-Term Bonds (18+19.8+20.4+21.4+22.4+23.4+24).....		XXX	XXX		XXX		XXX		XXX	
DERIVATIVE INSTRUMENTS												
26		Exchange Traded.....		XXX	XXX		0.0005		0.0016		0.0033	
27	1	Highest Quality.....		XXX	XXX		0.0005		0.0016		0.0033	
28	2	High Quality.....		XXX	XXX		0.0021		0.0064		0.0106	
29	3	Medium Quality.....		XXX	XXX		0.0099		0.0263		0.0376	
30	4	Low Quality.....		XXX	XXX		0.0245		0.0572		0.0817	
31	5	Lower Quality.....		XXX	XXX		0.0630		0.1128		0.1880	
32	6	In or Near Default.....		XXX	XXX		0.0000		0.2370		0.2370	
33		Total Derivative Instruments.....		XXX	XXX		XXX		XXX		XXX	
34		Total (Lines 9+ 17+ 25+ 33).....		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	2	3	4	Basic Contribution		Reserve Objective		Maximum Reserve	
			Book/ Adjusted Carrying Value	Reclassify Related Party Encumbrances	Add Third Party Encumbrances	Balance for AVR Reserve Calculations (Cols. 1+2+3)	5 Factor	6 Amount (Cols. 4x5)	7 Factor	8 Amount (Cols. 4x7)	9 Factor	10 Amount (Cols. 4x9)
		MORTGAGE LOANS										
		In Good Standing:										
35		Farm Mortgages – CM1 – Highest Quality			XXX		0.0011		0.0057		0.0074	
36		Farm Mortgages – CM2 – High Quality			XXX		0.0040		0.0114		0.0149	
37		Farm Mortgages – CM3 – Medium Quality			XXX		0.0069		0.0200		0.0257	
38		Farm Mortgages – CM4 – Low Medium Quality			XXX		0.0120		0.0343		0.0428	
39		Farm Mortgages – CM5 – Low Quality			XXX		0.0183		0.0486		0.0628	
40		Residential Mortgages – Insured or Guaranteed			XXX		0.0003		0.0007		0.0011	
41		Residential Mortgages – All Other			XXX		0.0015		0.0034		0.0046	
42		Commercial Mortgages – Insured or Guaranteed			XXX		0.0003		0.0007		0.0011	
43		Commercial Mortgages – All Other – CM1 – Highest Quality			XXX		0.0011		0.0057		0.0074	
44		Commercial Mortgages – All Other – CM2 – High Quality			XXX		0.0040		0.0114		0.0149	
45		Commercial Mortgages – All Other – CM3 – Medium Quality			XXX		0.0069		0.0200		0.0257	
46		Commercial Mortgages – All Other – CM4 – Low Medium Quality			XXX		0.0120		0.0343		0.0428	
47		Commercial Mortgages – All Other – CM5 – Low Quality			XXX		0.0183		0.0486		0.0628	
		Overdue, Not in Process:										
48		Farm Mortgages			XXX		0.0480		0.0868		0.1371	
49		Residential Mortgages – Insured or Guaranteed			XXX		0.0006		0.0014		0.0023	
50		Residential Mortgages - All Other			XXX		0.0029		0.0066		0.0103	
51		Commercial Mortgages - Insured or Guaranteed			XXX		0.0006		0.0014		0.0023	
52		Commercial Mortgages - All Other			XXX		0.0480		0.0868		0.1371	
		In Process of Foreclosure:										
53		Farm Mortgages			XXX		0.0000		0.1942		0.1942	
54		Residential Mortgages - Insured or Guaranteed			XXX		0.0000		0.0046		0.0046	
55		Residential Mortgages - All Other			XXX		0.0000		0.0149		0.0149	
56		Commercial Mortgages - Insured or Guaranteed			XXX		0.0000		0.0046		0.0046	
57		Commercial Mortgages - All Other			XXX		0.0000		0.1942		0.1942	
58		Total Schedule B Mortgages (Sum of Lines 35 through 57)			XXX		XXX		XXX		XXX	
59		Schedule DA Mortgages			XXX		0.0034		0.0114		0.0149	
60		Total Mortgage Loans on Real Estate (Lines 58 + 59)			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		Reserve Objective		Maximum Reserve	
							5 Factor	6 Amount (Cols. 4x5)	7 Factor	8 Amount (Cols. 4x7)	9 Factor	10 Amount (Cols. 4x9)
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).....					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 1 through 16)					XXX		XXX		XXX	
REAL ESTATE												
18		Home Office Property (General Account only).....					0.0000		0.0912		0.0912	
19		Investment Properties.....					0.0000		0.0912		0.0912	
20		Properties Acquired in Satisfaction of Debt.....					0.0000		0.1337		0.1337	
21		Total Real Estate (Sum of Lines 18 through 20)					XXX		XXX		XXX	
OTHER INVESTED ASSETS INVESTMENTS WITH THE UNDERLYING CHARACTERISTICS OF BONDS												
22		Exempt Obligations.....		XXX	XXX		0.0000		0.0000		0.0000	
23	1	Highest Quality.....		XXX	XXX		0.0005		0.0016		0.0033	
24	2	High Quality.....		XXX	XXX		0.0021		0.0064		0.0106	
25	3	Medium Quality.....		XXX	XXX		0.0099		0.0263		0.0376	
26	4	Low Quality.....		XXX	XXX		0.0245		0.0572		0.0817	
27	5	Lower Quality.....		XXX	XXX		0.0630		0.1128		0.1880	
28	6	In or Near Default.....		XXX	XXX		0.0000		0.2370		0.2370	
29		Total with Bond Characteristics (Sum of Lines 22 through 28)		XXX	XXX		XXX		XXX		XXX	

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

Line Number	NAIC Designation	Description	1 Book/ Adjusted Carrying Value	2 Reclassify Related Party Encumbrances	3 Add Third Party Encumbrances	4 Balance for AVR Reserve Calculations (Cols. 1+2+3)	Basic Contribution		Reserve Objective		Maximum Reserve	
							5 Factor	6 Amount (Cols.4x5)	7 Factor	8 Amount (Cols. 4x7)	9 Factor	10 Amount (Cols.4x9)
INVESTMENTS WITH THE UNDERLYING CHARACTERISTICS OF PREFERRED STOCKS												
30	1	Highest Quality		XXX	XXX		0.0005		0.0016		0.0033	
31	2	High Quality.....		XXX	XXX		0.0021		0.0064		0.0106	
32	3	Medium Quality.....		XXX	XXX		0.0099		0.0263		0.0376	
33	4	Low Quality		XXX	XXX		0.0245		0.0572		0.0817	
34	5	Lower Quality.....		XXX	XXX		0.0630		0.1128		0.1880	
35	6	In or Near Default.....		XXX	XXX		0.0000		0.2370		0.2370	
36		Affiliated Life with AVR.....		XXX	XXX		0.0000		0.0000		0.0000	
37		Total with Preferred Stock Characteristics (Sum of Lines 30 through 36)		XXX	XXX		XXX		XXX		XXX	
INVESTMENTS WITH THE UNDERLYING CHARACTERISTICS OF MORTGAGE LOANS												
In Good Standing Affiliated:												
38		Mortgages – CM1 – Highest Quality			XXX		0.0011		0.0057		0.0074	
39		Mortgages – CM2 – High Quality			XXX		0.0040		0.0114		0.0149	
40		Mortgages – CM3 – Medium Quality.....			XXX		0.0069		0.0200		0.0257	
41		Mortgages – CM4 – Low Medium Quality			XXX		0.0120		0.0343		0.0428	
42		Mortgages – CM5 – Low Quality			XXX		0.0183		0.0486		0.0628	
43		Residential Mortgages – Insured or Guaranteed.....			XXX		0.0003		0.0007		0.0011	
44		Residential Mortgages – All Other		XXX	XXX		0.0015		0.0034		0.0046	
45		Commercial Mortgages – Insured or Guaranteed.....			XXX		0.0003		0.0007		0.0011	
Overdue, Not in Process Affiliated:												
46		Farm Mortgages			XXX		0.0480		0.0868		0.1371	
47		Residential Mortgages – Insured or Guaranteed.....			XXX		0.0006		0.0014		0.0023	
48		Residential Mortgages – All Other			XXX		0.0029		0.0066		0.0103	
49		Commercial Mortgages – Insured or Guaranteed.....			XXX		0.0006		0.0014		0.0023	
50		Commercial Mortgages – All Other			XXX		0.0480		0.0868		0.1371	
In Process of Foreclosure Affiliated:												
51		Farm Mortgages			XXX		0.0000		0.1942		0.1942	
52		Residential Mortgages – Insured or Guaranteed.....			XXX		0.0000		0.0046		0.0046	
53		Residential Mortgages – All Other			XXX		0.0000		0.0149		0.0149	
54		Commercial Mortgages – Insured or Guaranteed.....			XXX		0.0000		0.0046		0.0046	
55		Commercial Mortgages – All Other			XXX		0.0000		0.1942		0.1942	
56		Total Affiliated (Sum of Lines 38 through 55).....			XXX		XXX		XXX		XXX	
57		Unaffiliated – In Good Standing With Covenants			XXX		(c)		(c)		(c)	
58		Unaffiliated – In Good Standing Defeased With Government Securities			XXX		0.0011		0.0057		0.0074	
59		Unaffiliated – In Good Standing Primarily Senior.....			XXX		0.0040		0.0114		0.0149	
60		Unaffiliated – In Good Standing All Other			XXX		0.0069		0.0200		0.0257	
61		Unaffiliated – Overdue, Not in Process.....			XXX		0.0480		0.0868		0.1371	
62		Unaffiliated – In Process of Foreclosure.....			XXX		0.0000		0.1942		0.1942	
63		Total Unaffiliated (Sum of Lines 57 through 62).....			XXX		XXX		XXX		XXX	
64		Total with Mortgage Loan Characteristics (Lines 56 + 63)			XXX		XXX		XXX		XXX	

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

Line Number	NAIC Designation	Description	1 Book/ Adjusted Carrying Value	2 Reclassify Related Party Encumbrances	3 Add Third Party Encumbrances	4 Balance for AVR Reserve Calculations (Cols. 1+2+3)	Basic Contribution		Reserve Objective		Maximum Reserve	
							5 Factor	6 Amount (Cols. 4x5)	7 Factor	8 Amount (Cols. 4x7)	9 Factor	10 Amount (Cols. 4x9)
INVESTMENTS WITH THE UNDERLYING CHARACTERISTICS OF COMMON STOCK												
65		Unaffiliated Public		XXX	XXX		0.0000		0.1580(a)		0.1580(a)	
66		Unaffiliated Private		XXX	XXX		0.0000		0.1945		0.1945	
67		Affiliated Life with AVR		XXX	XXX		0.0000		0.0000		0.0000	
68		Affiliated Certain Other (See SVO Purposes & Procedures Manual)		XXX	XXX		0.0000		0.1580		0.1580	
69		Affiliated Other - All Other		XXX	XXX		0.0000		0.1945		0.1945	
70		Total with Common Stock Characteristics (Sum of Lines 65 through 69)		XXX	XXX		XXX		XXX		XXX	
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 71 through 73)					XXX		XXX		XXX	
LOW INCOME HOUSING TAX CREDIT INVESTMENTS												
75		Guaranteed Federal Low-Income Housing Tax Credit					0.0003		0.0006		0.0010	
76		Non-guaranteed Federal Low-Income Housing Tax Credit					0.0063		0.0120		0.0190	
77		Guaranteed State Low Income Housing Tax Credit					0.0003		0.0006		0.0010	
78		Non-guaranteed State Low Income Housing Tax Credit					0.0063		0.0120		0.0190	
79		All Other Low-Income Housing Tax Credit					0.0273		0.0600		0.0975	
80		Total LIHTC (Sum of Lines 75 through 79)					XXX		XXX		XXX	
ALL OTHER INVESTMENTS												
81		NAIC 1 Working Capital Finance Investments		XXX			0.0000		0.0042		0.0042	
82		NAIC 2 Working Capital Finance Investments		XXX			0.0000		0.0137		0.0137	
83		Other Invested Assets - Schedule BA		XXX			0.0000		0.1580		0.1580	
84		Other Short-Term Invested Assets - Schedule DA		XXX			0.0000		0.1580		0.1580	
85		Total All Other (Sum of Lines 81, 82, 83 and 84)		XXX			XXX		XXX		XXX	
86		Total Other Invested Assets - Schedules BA & DA (Sum of Lines 29, 37, 64, 70, 74, 80 and 85)					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.

