NAIC NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

Date: 6/20/22

Virtual Meeting

CAPITAL ADEQUACY (E) TASK FORCE
Thursday, June 30, 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

Judith L. French, Chair	Ohio	Kathleen A. Birrane	Maryland
Doug Ommen, Vice Chair	Iowa	Chlora Lindley-Myers	Missouri
Jim L. Ridling	Alabama	Troy Downing	Montana
Lori K. Wing-Heier	Alaska	Edward M. Deleon Guerrero	N. Mariana Islands
Peni Itula Sapini Teo	American Samoa	Eric Dunning	Nebraska
Ricardo Lara	California	Marlene Caride	New Jersey
Andrew N. Mais	Connecticut	Mike Causey	North Carolina
Trinidad Navarro	Delaware	Elizabeth Kelleher Dwyer	Rhode Island
Karima M. Woods	District of Columbia	Michael Wise	South Carolina
David Altmaier	Florida	Cassie Brown	Texas
Dana Popish Severinghaus	Illinois	Mike Kreidler	Washington
Vicki Schmidt	Kansas	Nathan Houdek	Wisconsin
Sharon P. Clark	Kentucky		

NAIC Support Staff: Eva Yeung

AGENDA

1. Consider Adoption of Proposal 2022-02-P (Underwriting Risk Line 1 Factors)—*Tom Botsko (OH)* — Attachment A

2. Consider Adoption of Proposal 2022-05-L (Residual) —*Philip Barlow (DC)* — Attachment B

3. Consider Adoption of Proposal 2022-06-L (C-2 Mortality Instructions) —*Philip Barlow (DC)* — Attachment C

4. Discuss Any Other Matters Brought Before the Task Force —*Tom Botsko (OH)*

5. Adjournment

Capital Adequacy (E) Task Force

RBC Proposal Form

[ ] Capital Adequacy (E) Task Force
[ ] Catastrophe Risk (E) Subgroup
[ ] C3 Phase II/ AG43 (E/A) Subgroup
[ ] Health RBC (E) Working Group
[ ] Investment RBC (E) Working Group
[x] P/C RBC (E) Working Group
[ ] Life RBC (E) Working Group
[ ] Operational Risk (E) Subgroup
[ ] Longevity Risk (A/E) Subgroup

DATE:	**4/26/22**
CONTACT PERSON:	**Eva Yeung**
TELEPHONE:	**816-783-8407**
EMAIL ADDRESS:	**eyeung@naic.org**
ON BEHALF OF:	**P/C RBC (E) Working Group**
NAME:	**Tom Botsko**
TITLE:	**Chair**
AFFILIATION:	**Ohio Department of Insurance**
ADDRESS:	**50 West Town Street, Suite 300**
	Columbus, OH 43215

FOR NAIC USE ONLY

Agenda Item # 2022-02-P

Year 2022

DISPOSITION

[ ] ADOPTED _____
[ ] REJECTED _____
[ ] DEFERRED TO _____
[ ] REFERRED TO OTHER NAIC GROUP
[x] EXPOSED 4/26/22
[x] OTHER (SPECIFY) Re-exposed 6/7/22

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

[ ] Health RBC Blanks
[x] Property/Casualty RBC Blanks
[ ] Life and Fraternal RBC Instructions
[ ] Health RBC Instructions
[ ] Property/Casualty RBC Instructions
[ ] Life and Fraternal RBC Blanks
[ ] OTHER _____

DESCRIPTION OF CHANGE(S)

The proposed change would update the Line 1 Factors for PR017 and PR018.

REASON OR JUSTIFICATION FOR CHANGE **

The proposed change would provide routine annual update of the industry underwriting factors (premium and reserve) in the PCRBC formula.

Additional Staff Comments:

4/26/22 – the Working Group exposed this proposal for a 30-day public comment period ending 5/26.
5/22/22 – CT submitted alternative proposal.
6/7/22 – the Working Group re-exposed this proposal with CT alternative factors for a 10-day public comment period ending 6/16.
6/24/22 – the Working Group adopted the proposal.

**** This section must be completed on all forms.** **Revised 2-2019**

Attachment A

Schedule P Line of Business	LOB	Proposed for adoption - 2022 Industry Average Development Ratio	2021 Industry Average Development	2020 Industry Average Development	2019 Industry Average Development	2018 Industry Average Development	2017 Industry Average Development	2016 Industry Average Development	2015 Industry Average Development	2014 Industry Average Development	2013 Industry Average Development	2012 Industry Average Development	2011 Industry Average Development	2010 Industry Average Development	2009 Industry Average Development	2008 Industry Average Development	2007 Industry Average Development
H/F	A	**1.001**	0.998	0.993	0.989	0.989	0.984	0.972	0.962	0.967	0.960	0.949	0.962	0.984	0.983	0.983	0.995
PPA	B	**1.022**	1.025	1.035	1.026	1.022	1.012	1.002	1.002	0.994	0.986	0.991	0.989	0.992	0.998	1.003	1.007
CA	C	**1.082**	1.083	1.078	1.087	1.060	1.034	1.015	0.987	0.979	0.986	0.998	0.992	1.015	1.031	1.045	1.062
WC	D	**0.906**	0.912	0.916	0.955	0.952	0.971	0.971	0.961	0.986	0.980	0.990	0.999	1.005	1.016	1.033	1.051
CMP	E	**1.037**	0.999	1.016	0.992	0.967	0.956	0.942	0.938	0.941	0.927	0.932	0.952	0.962	0.993	1.034	1.037
MM Occurrence	F1	**0.887**	0.874	0.861	0.864	0.871	0.868	0.841	0.966	0.966	0.991	1.072	1.048	1.213	1.251	1.343	1.333
MM Clms Made	F2	**0.983**	0.973	0.940	0.907	0.886	0.854	0.822	0.839	0.808	0.824	0.887	0.925	0.981	1.033	1.083	1.140
SL	G	**0.990**	0.976	0.963	0.938	0.933	0.926	0.919	0.975	0.990	0.954	0.942	0.931	0.998	1.043	1.060	1.108
OL	H	**0.995**	0.964	0.968	0.971	0.966	0.952	0.929	0.923	0.916	0.919	0.914	0.954	0.959	0.963	1.006	1.015
Fidelity / Surety	K	**0.842**	0.915	0.907	0.995	0.996	1.016	1.035	1.016	1.050	1.126	1.194	1.191	1.253	1.247	1.290	1.274
Special Property	I	**0.993**	0.978	0.977	0.972	0.971	0.982	0.973	0.991	0.992	1.035	1.113	1.097	1.144	1.097	1.102	1.102
Auto Physical Damage	J	**1.011**	0.989	0.993	0.996	1.000	1.001	0.995	0.995	1.005	1.054	1.105	1.105	1.155	1.107	1.110	1.106
Other (Credut, A&H)	L	**0.955**	0.965	0.971	0.973	0.976	0.981	0.986	1.041	1.061	1.113	1.138	1.177	1.277	1.262	1.325	1.282
Financial / Mortgage Guaranty	S	**0.694**	0.723	0.682	0.788	0.870	0.820	0.853	1.185	1.444	1.256	1.087	1.276	0.841	0.893	1.483	1.495
Intl	M	**3.041**	1.104	1.162	1.037	0.851	0.855	0.897	1.350	0.742	0.813	0.869	1.015	1.102	1.181	1.175	1.291
Rein. Property & Financial Lines	NP	**0.917**	0.893	0.886	0.872	0.834	0.814	0.814	1.002	0.976	0.934	0.921	0.937	0.965	0.969	1.025	1.048
Rein. Liability	O	**1.008**	0.989	0.985	0.955	0.945	0.914	0.896	0.938	0.905	1.009	1.089	1.169	1.304	1.259	1.314	1.296
PL	R	**0.867**	0.879	0.900	0.913	0.921	0.935	0.937	1.072	1.018	0.981	0.978	1.009	1.063	1.073	1.109	1.112
Warranty	T	**0.998**	1.007	1.013	1.017	1.015	0.989	0.977	0.994	1.040	1.082	1.197	1.268	1.717	1.634	n/a	n/a

Attachment A

Schedule P Line of Business	LOB	Proposed 2022 Industry Average Loss & Expense Ratio	2021 Industry Average Loss & Expense Ratio	2020 Industry Average Loss & Expense Ratio	2019 Industry Average Loss & Expense Ratio	2018 Industry Average Loss & Expense Ratio	2017 Industry Average Loss & Expense Ratio	2016 Industry Average Loss & Expense Ratio	2015 Industry Average Loss & Expense Ratio	2014 Industry Average Loss & Expense Ratio	2013 Industry Average Loss & Expense Ratio	2012 Industry Average Loss & Expense Ratio	2011 Industry Average Loss & Expense Ratio	2010 Industry Average Loss & Expense Ratio	2009 Industry Average Loss & Expense Ratio	2008 Industry Average Loss & Expense Ratio	2007 Industry Average Loss & Expense Ratio
H/F	A	**0.665**	0.681	0.678	0.681	0.687	0.688	0.701	0.701	0.713	0.725	0.728	0.726	0.736	0.737	0.742	0.750
PPA	B	**0.793**	0.795	0.810	0.810	0.806	0.800	0.792	0.786	0.780	0.784	0.792	0.804	0.815	0.821	0.831	0.836
CA	C	**0.761**	0.761	0.759	0.737	0.724	0.706	0.689	0.684	0.676	0.668	0.669	0.679	0.705	0.737	0.763	0.784
WC	D	**0.664**	0.682	0.705	0.726	0.744	0.751	0.752	0.751	0.749	0.750	0.755	0.766	0.78	0.805	0.83	0.847
CMP	E	**0.661**	0.673	0.672	0.666	0.664	0.647	0.648	0.655	0.652	0.653	0.644	0.654	0.674	0.695	0.710	0.727
MM Occurrence	F1	**0.750**	0.731	0.726	0.730	0.780	0.777	0.767	0.880	0.883	0.874	0.916	0.952	1.031	1.104	1.195	1.231
MM Clms Made	F2	**0.829**	0.821	0.797	0.768	0.747	0.722	0.691	0.697	0.680	0.695	0.718	0.771	0.860	0.928	1.003	1.091
SL	G	**0.585**	0.593	0.603	0.593	0.569	0.567	0.572	0.630	0.645	0.649	0.597	0.599	0.582	0.673	0.709	0.732
OL	H	**0.637**	0.635	0.639	0.638	0.633	0.629	0.618	0.616	0.617	0.620	0.637	0.662	0.687	0.714	0.738	0.758
Fidelity / Surety	K	**0.366**	0.394	0.384	0.399	0.417	0.430	0.464	0.462	0.473	0.496	0.528	0.555	0.584	0.586	0.583	0.582
Special Property	I	**0.547**	0.559	0.553	0.554	0.563	0.555	0.559	0.571	0.572	0.574	0.562	0.559	0.565	0.575	0.590	0.568
Auto Physical Damage	J	**0.718**	0.726	0.732	0.730	0.732	0.727	0.711	0.703	0.686	0.681	0.683	0.681	0.692	0.697	0.705	0.716
Other (Credit, A&H)	L	**0.698**	0.693	0.684	0.682	0.709	0.712	0.699	0.706	0.754	0.778	0.794	0.786	0.691	0.697	0.737	0.789
Financial / Mortgage Guaranty	S	**0.203**	0.252	0.513	0.811	1.099	1.175	1.293	1.096	1.242	1.271	1.206	1.142	0.738	0.605	0.805	0.827
Intl	M	**1.166**	0.769	0.758	0.795	0.584	0.565	0.607	1.150	1.131	1.093	0.931	0.937	0.954	0.956	0.930	0.874
Rein. Property & Financial Lines	NP	**0.566**	0.558	0.534	0.522	0.486	0.459	0.512	0.723	0.764	0.766	0.757	0.805	0.828	0.924	0.977	0.994
Rein. Liability	O	**0.725**	0.713	0.708	0.679	0.666	0.609	0.600	0.749	0.748	0.782	0.841	0.915	1.010	1.107	1.165	1.164
PL	R	**0.601**	0.617	0.645	0.656	0.671	0.670	0.684	0.715	0.716	0.683	0.697	0.714	0.747	0.780	0.802	0.822
Warranty	T	**0.665**	0.681	0.691	0.695	0.732	0.645	0.611	0.799	0.789	0.864	0.862	0.916	0.860	0.800	n/a	n/a

Capital Adequacy (E) Task Force

RBC Proposal Form

[ ] Capital Adequacy (E) Task Force [ ] Health RBC (E) Working Group [X] Life RBC (E) Working Group
[ ] Catastrophe Risk (E) Subgroup [ ] Investment RBC (E) Working Group [ ] Operational Risk (E) Subgroup
[ ] C3 Phase II/ AG43 (E/A) Subgroup [ ] P/C RBC (E) Working Group [ ] Longevity Risk (A/E) Subgroup

	DATE: 4/22/2022	**FOR NAIC USE ONLY**
CONTACT PERSON:	Dave Fleming	Agenda Item # 2022-05-L
TELEPHONE:	816-783-8121	Year 2022
EMAIL ADDRESS:	dfleming@naic.org	**DISPOSITION**
ON BEHALF OF:	Life Risk-Based Capital (E) Working Group	[X] ADOPTED 6/3/22
NAME:	Philip Barlow, Chair	[ ] REJECTED
TITLE:	Associate Commissioner of Insurance	[ ] DEFERRED TO
AFFILIATION:	District of Columbia	[ ] REFERRED TO OTHER NAIC GROUP
ADDRESS:	1050 First Street, NE Suite 801	[ ] EXPOSED
	Washington, DC 20002	[ ] OTHER (SPECIFY)

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

[ ] Health RBC Blanks [ ] Property/Casualty RBC Blanks [x] Life and Fraternal RBC Instructions
[ ] Health RBC Instructions [ ] Property/Casualty RBC Instructions [ ] Life and Fraternal RBC Blanks
[ ] OTHER _____

DESCRIPTION OF CHANGE(S)

This proposal adds instruction for line 49.2 on LR008 to include the total of residual tranches.

REASON OR JUSTIFICATION FOR CHANGE **

Schedule BA and the Asset Valuation Reserve (AVR) were both modified for year end 2022 to isolate residual tranches. This proposal adds instruction to include the total of those reported in the AVR in line 49.2 on LR008.

Additional Staff Comments:

- 4/22/22: Proposal was exposed for comments (DBF)
- 6/3/22 : Adopted by the Working Group.

** **This section must be completed on all forms.** **Revised 2-2019**

OTHER LONG-TERM ASSETS

LR008

Basis of Factors

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

Specific Instructions for Application of the Formula

Line (49.1)
Schedule BA affiliated common stock – all other should be included in C-1cs. Specifically this means that all subs with an affiliate code 13 in the current life-based framework and "holding company in excess of indirect subsidiaries" or subsidiaries with affiliate code 7 are to be included in C-1cs.

Line (49.2)
New lines were added for yearend 2022 reporting to Schedule BA and the AVR Equity Component to capture amounts related to residual tranches or interest. For yearend 2022 life RBC reporting, AVR Equity Component, Column 1, Line 93 will be included in Line (49.2).

Line (57)
Total Schedule BA assets [LR008 Other Long-Term Assets Column (1) Line (57) plus LR007 Real Estate Column (1) Line (14) plus Lines (17) through Line (21) plus LR009 Schedule BA Mortgages Column (1) Line (20)] should equal the total Schedule BA assets reported in the Annual Statement Page 2, Column 3, Line 8.

Capital Adequacy (E) Task Force

RBC Proposal Form

[ ] Capital Adequacy (E) Task Force [ ] Health RBC (E) Working Group [X] Life RBC (E) Working Group
[ ] Catastrophe Risk (E) Subgroup [ ] Investment RBC (E) Working Group [ ] Longevity Risk (A/E) Subgroup
[ ] C3 Phase II/ AG43 (E/A) Subgroup [ ] P/C RBC (E) Working Group

DATE:	**4/22/22**
CONTACT PERSON:	**Ryan Fleming, MAAA, FSA**
TELEPHONE:	**(414) 665-5020**
EMAIL ADDRESS:	**ryanfleming@northerstermutual.com**
ON BEHALF OF:	**AAA C-2 Mortality Work Group**
NAME:	**Ryan Fleming, MAAA, FSA**
TITLE:	**Vice Chairperson**
AFFILIATION:	**American Academy of Actuaries**
ADDRESS:	**1850 M Street NW, Suite 300**
	Washington, DC 20036

FOR NAIC USE ONLY

Agenda Item # 2022-06-L

Year 2022

DISPOSITION

[X]	ADOPTED	6/17/22
[ ]	REJECTED	
[ ]	DEFERRED TO	
[ ]	REFERRED TO OTHER NAIC GROUP	
[X]	EXPOSED	4/22/22
[ ]	OTHER (SPECIFY)	

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

[ ] Health RBC Blanks [ ] Property/Casualty RBC Blanks [X] Life and Fraternal RBC Instructions
[ ] Health RBC Instructions [ ] Property/Casualty RBC Instructions [ ] Life and Fraternal RBC Blanks
[ ] OTHER _____

DESCRIPTION OF CHANGE(S)

Instructional changes and factors for LR025.

REASON OR JUSTIFICATION FOR CHANGE **

Structural changes necessary to facilitate the implementation of updated C-2 life mortality factors and expanded categories were adopted by the Working Group 4/22/22. This proposal provides the instruction and factor changes to complete implementation of the update to the treatment of C-2.

Additional Staff Comments:

Exposed for comment by the Working Group 4/22/22
Re-exposed for comment by the Working Group along with an alternative version with modified factors 6/3/22
Adopted with the alternative factors by the Working Group 6/17/22

**** This section must be completed on all forms.** **Revised 2-2019**

LIFE INSURANCE - OPTION 2

LR025

Basis of Factors

The factors developed represent surplus needed to provide for life insurance mortality risk, which is defined as adverse variance in life insurance deaths (i.e., insureds dying sooner than expected) over the remaining lifetime of a block of business while appropriately reflecting the pricing flexibility to adjust current mortality rates for emerging experience. The mortality risks included in the development of the factors were volatility, level, trend, and catastrophe. The factors were developed by stochastically simulating the run-off of in force life insurance blocks typical of U.S. life insurers.

The capital need, expressed as a dollar amount, is determined as the 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 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 (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 2, 5 and 21-41 are not applicable to Fraternal Benefit Societies.

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.

The NAR size bands apply to the total amounts for individual & industrial life and group term & credit life. The size bands are allocated proportionately to the NAR for each of the factor categories. Size band 1 is for NAR amounts up to $500 million. Size band 2 is for NAR amounts greater than $500 million and up to $25 billion. Size band 3 is for NAR amounts greater than $25 billion.

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~~.~~ and reflecting typical business practices. For the purposes of assessing whether business is categorized as having "Pricing Flexibility", grouping of gross amounts may be done at either the contract level or at a cohort level consistent with grouping for pricing purposes. ~~Direct insurers may assess pricing flexibility for gross amounts at either the contract level or at the cohort level used to make pricing decisions.~~ The categorization for ceded amounts for direct insurers should be based on the terms of each reinsurance treaty. Non-affiliated reinsurers are to assess the flexibility to adjust rates on in force contracts based on the terms of each reinsurance treaty and constraints based on typical business practices. For example, if a non-affiliated reinsurer has historical precedent for changing in force rates, then that may provide support for assigning policies to the category with pricing flexibility. Affiliated reinsurers are to assign the factor category based on the direct policies. In force contracts may move between categories throughout their remaining lifetime if the degree of pricing flexibility changes as of each valuation date. 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. These differences in factors are shown in the Line (13) table below in the Permanent Life Flexibility Factor and Term Life Flexibility Factor columns. The flexibility factor for each category multiplied by the NAR results in the minimum dollar margin needed for a material rate adjustment, which can then be compared against margins available to adjust rates. In force contracts that have margin available that is greater than or equal to the minimum dollar margin needed may be assigned to the category for policies with pricing flexibility. Insurers may choose to assign contracts to the categories without pricing flexibility if the evaluation of margins is not completed or if the degree of pricing flexibility is uncertain.

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 on an annual basis from the date of issue. The table below illustrates the RBC requirement calculation embedded in Line (13) for Life Policies with Pricing Flexibility.

Line (13)	Life Policies with Pricing Flexibility	(1) Statement Value	Factor	(2) RBC Requirement	Permanent Life Flexibility Factor	Term Life Flexibility Factor
	Allocation of First $500 Million		X 0.~~00190~~ .00220 =		0.~~0020~~0002~~3~~0	0.~~0008~~0001~~1~~0
	Allocation of Next $24,500 Million		X 0.~~00075~~ .00105 =		0.~~0009~~0001~~2~~0	0.~~0003~~00065
	Allocation of Over $25,000 Million		X 0.~~00050~~ .00080 =		0.~~0006~~00085	0.~~0002~~00055
	Total Life Policies with Pricing Flexibility Net Amount at Risk					

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) Statement Value	Factor	(2) RBC Requirement
	Allocation of First $500 Million		X 0.~~00270~~ 00280 =	
	Allocation of Next $24,500 Million		X 0.~~00110~~ 00120 =	
	Allocation of Over $25,000 Million		X 0.~~00075~~ 00085 =	
	Total Term Life Policies without Pricing Flexibility Net Amount at Risk			

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) Statement Value	Factor	(2) RBC Requirement
	Allocation of First $500 Million		X 0.~~00390~~	

Allocation of Next $24,500 Million		X 0.~~00165~~ 00400 =	
Allocation of Over $25,000 Million		X 0.~~00110~~ 00175 =	
Total Permanent Life Policies without Pricing Flexibility Net Amount at Risk		00120 =	

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. Insurers may choose to assign contracts to the category for remaining rate terms over 36 months if the evaluation of remaining rate terms is not completed. 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)	Group & Credit Life with Remaining Rate Terms 36 Months and Under	(1) Statement Value	Factor	(2) RBC Requirement
	Allocation of First $500 Million		X 0.~~00130~~ 00140 =	
	Allocation of Next $24,500 Million		X 0.~~00045~~ 00055 =	
	Allocation of Over $25,000 Million		X 0.~~00030~~ 00040 =	
	Total Group & Credit Life Net Amount at Risk with Remaining Rate Terms 36 Months and Under			

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)	Group & Credit Life with Remaining Rate Terms Over 36 Months	(1) Statement Value	Factor	(2) RBC Requirement
	Allocation of First $500 Million		X 0.~~00180~~ 00190 =	
	Allocation of Next $24,500 Million		X 0.~~00070~~ 00080 =	
	Allocation of Over $25,000 Million		X 0.~~00045~~ 00055 =	
	Total Group & Credit Life Net Amount at Risk with Remaining Rate Terms Over 36 Months			

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)	FEGLI/SGLI In Force	(1) Statement Value	Factor	(2) RBC Requirement
			X 0.~~00030~~ 00040 =	

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.