

Draft date: 6/13/26

Virtual Meeting

CAPITAL ADEQUACY (E) TASK FORCE

Tuesday, June 30, 2026

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

ROLL CALL

NAIC Member	Representative	State/Territory
Grace Arnold, Chair	Ben Slutsker	Minnesota
Judith L. French, Vice Chair	Tom Botsko	Ohio
Mark Fowler	Charles Hale	Alabama
Heather Carpenter	David Phifer	Alaska
Peter M. Fuimaono	Elizabeth Perri	American Samoa
Ricardo Lara	Thomas Reedy	California
Michael Conway	Rolf Kaumann	Colorado
Joshua Hershman	Wanchin Chou	Connecticut
Karima M. Woods	Philip Barlow	District of Columbia
Michael Yaworsky	Bradley Trim	Florida
Ann Gillespie	Matt Cheung	Illinois
Holly W. Lambert	Roy Eft	Indiana
Doug Ommen	Mike Yanacheak	Iowa
Vicki Schmidt	Tish Becker	Kansas
Sharon P. Clark	Vicki Lloyd	Kentucky
Timothy J. Temple	Tom Travis	Louisiana
Michael T. Caljouw	John Turchi	Massachusetts
Angela L. Nelson	John F. Rehagen	Missouri
Eric Dunning	Andrea Johnson	Nebraska
Ned Gaines	Diana Branciforte	Nevada
Susan Ochs	Susan Ochs	New Jersey
Jon Godfread	Matt Fischer	North Dakota
Glen Mulready	Andy Schallhorn	Oklahoma
Michael Humphreys	Diana Sherman	Pennsylvania
Elizabeth Kelleher Dwyer	Liz Ammerman	Rhode Island
Michael Wise	Ryan Basnett	South Carolina
Amanda Crawford	Jamie Walker	Texas
Scott A. White	Doug Stolte/Dan Bumpus	Virginia
Patty Kuderer	Steve Drutz	Washington
Nathan Houdek	Amy Malm	Wisconsin

NAIC Committee Support: Eva Yeung/Maggie Chang

AGENDA

- | | |
|---|-------------------|
| 1. Consider Adoption of Proposal 2026-03-CA (Underwriting Risk Investment Income Update)— <i>Steve Drutz (WA)</i> | Attachment One |
| 2. Consider Adoption of Proposal 2026-11-P (Underwriting Risk Line 1 Factors)— <i>Tom Botsko (OH)</i> | Attachment Two |
| 3. Consider Adoption of Proposal 2025-21-P (Premium Loss Concentration Factors)— <i>Tom Botsko (OH)</i> | Attachment Three |
| 4. Consider Adoption of Proposal 2026-09-L MOD (LR008 Schedule BA Collateral Loans Annual Statement Source 2026 Update)
— <i>Ben Slutsker (MN)</i> | Attachment Four |
| 5. Consider Adoption of Proposal 2026-10-CA (Collateral Loan Source Update P/C & Health)— <i>Ben Slutsker (MN)</i> | Attachment Five |
| 6. Consider Adoption of Proposal 2026-01-L (AVR Changes)
— <i>Ben Slutsker (MN)</i> | Attachment Six |
| 7. Consider Adoption of Proposal 2026-06-L MOD (LR027 Annual Statement Source)— <i>Ben Slutsker (MN)</i> | Attachment Seven |
| 8. Consider Adoption of Proposal 2026-02-L (BA Residential Mortgages)
— <i>Ben Slutsker (MN)</i> | Attachment Eight |
| 9. Consider Adoption of Proposal 2026-12-IRE MOD (CLO RBC Factors)
— <i>Philip Barlow (DC)</i> | Attachment Nine |
| 10. Consider Re-exposure of its 2027 Proposed Charges— <i>Ben Slutsker (MN)</i>
A. American Council of Life Insurers (ACLI)— <i>Brian Bayerle (ACLI)</i> | Attachment Ten |
| 11. Consider Adoption of Proposal 2025-16-L MOD Version 3 (Collateral Loans)— <i>Ben Slutsker (MN)</i> | Attachment Eleven |
| 12. Discuss Any Other Matters Brought Before the Task Force
— <i>Ben Slutsker (MN)</i> | |
| 13. Adjournment | |

Capital Adequacy (E) Task Force

RBC Proposal Form

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

<p style="text-align: right;">DATE: _____</p> <p>CONTACT PERSON: <u>Derek Noe</u></p> <p>TELEPHONE: <u>816-783-8973</u></p> <p>EMAIL ADDRESS: <u>dnoe@naic.org</u></p> <p>ON BEHALF OF: <u>Health Risk-Based Capital (E) Working Group</u></p> <p>NAME: <u>Steve Drutz</u></p> <p>TITLE: <u>Chief Financial Analyst/Chair</u></p> <p>AFFILIATION: <u>WA Office of Insurance Commissioner</u></p> <p>ADDRESS: <u>5000 Capital Blvd SE</u> <u>Tumwater, WA 98501</u></p>	<p style="text-align: center;">FOR NAIC USE ONLY</p> <hr/> <p>Agenda Item # <u>2026-03-CA</u> Year <u>2026</u></p> <hr/> <p style="text-align: center;">DISPOSITION</p> <p>ADOPTED:</p> <p><input type="checkbox"/> TASK FORCE (TF) _____</p> <p><input type="checkbox"/> WORKING GROUP (WG) _____</p> <p><input type="checkbox"/> SUBGROUP (SG) _____</p> <p>EXPOSED:</p> <p><input checked="" type="checkbox"/> TASK FORCE (TF) <u>5/14/2026</u></p> <p><input checked="" type="checkbox"/> WORKING GROUP (WG) <u>3/23/2026</u></p> <p><input type="checkbox"/> SUBGROUP (SG) _____</p> <p>REJECTED:</p> <p><input type="checkbox"/> TF <input type="checkbox"/> WG <input type="checkbox"/> SG _____</p> <p>OTHER:</p> <p><input type="checkbox"/> DEFERRED TO _____</p> <p><input checked="" type="checkbox"/> REFERRED TO OTHER NAIC GROUP</p> <p><input type="checkbox"/> (SPECIFY) <u>Capital Adequacy (E)</u> <u>Task Force</u></p>
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IDENTIFICATION OF SOURCE AND FORM(S)/INSTRUCTIONS TO BE CHANGED

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

DESCRIPTION/REASON OR JUSTIFICATION OF CHANGE(S)

Annual update of the underwriting factors for Comprehensive Medical, Medicare Supplement, and Dental & Vision for the investment income adjustment.

Update the Underwriting factors for Comprehensive Medical, Medicare Supplement, and Dental & Vision on pages XR013, LR019, LR020, PR019, and PR020 for the investment income adjustment.

Implements the stand-alone investment income factor.

Additional Staff Comments:

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

Revised 2-2023

2025 Investment Yield for Investment Income Adjustment

<https://www.treasury.gov/resource-center/data-chart-center/interest-rates/Pages/TextView.aspx?data=yield>

Date ↑	1 Mo ↑	1.5 Mo ↑	2 Mo ↑	3 Mo ↑	4 Mo ↑	6 Mo ↑	1 Yr ↑	2 Yr ↑	3 Yr ↑
01/02/2026	3.72	3.71	3.66	3.65	3.62	3.58	3.47	3.47	3.55
01/05/2026	3.71	3.68	3.64	3.64	3.61	3.57	3.47	3.46	3.53
01/06/2026	3.70	3.70	3.61	3.63	3.58	3.56	3.48	3.47	3.54
01/07/2026	3.70	3.69	3.60	3.62	3.60	3.56	3.48	3.47	3.53
01/08/2026	3.70	3.69	3.63	3.62	3.60	3.56	3.48	3.49	3.56
01/09/2026	3.70	3.68	3.63	3.62	3.62	3.57	3.52	3.54	3.59
01/12/2026	3.71	3.68	3.64	3.67	3.63	3.58	3.53	3.54	3.59
01/13/2026	3.72	3.72	3.66	3.67	3.63	3.59	3.51	3.53	3.57
01/14/2026	3.72	3.71	3.66	3.67	3.65	3.58	3.50	3.51	3.56
01/15/2026	3.75	3.73	3.69	3.68	3.66	3.60	3.54	3.56	3.62
01/16/2026	3.75	3.72	3.68	3.67	3.66	3.60	3.55	3.59	3.67
01/20/2026	3.75	3.71	3.69	3.70	3.65	3.61	3.53	3.60	3.68
01/21/2026	3.75	3.71	3.70	3.70	3.67	3.62	3.53	3.60	3.66
01/22/2026	3.79	3.71	3.72	3.71	3.67	3.61	3.53	3.61	3.68
01/23/2026	3.78	3.71	3.72	3.70	3.67	3.61	3.53	3.60	3.67
01/26/2026	3.77	3.71	3.70	3.67	3.67	3.62	3.52	3.56	3.66
01/27/2026	3.77	3.72	3.70	3.67	3.66	3.61	3.50	3.53	3.65
01/28/2026	3.76	3.72	3.71	3.68	3.70	3.63	3.52	3.56	3.66



February 27, 2026

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

Re: Request for a standalone Investment Income Adjustment factor to incorporate into the Underwriting Risk Component of the Health Risk-Based Capital (HRBC) Formula

Dear Mr. Drutz:

On behalf of the Health Underwriting Risk Factors Analysis Work Group of the Health Solvency Subcommittee of the American Academy of Actuaries (Academy),¹ I am writing in response to the Health Risk-Based Capital (E) Working Group's request for guidance on how to calculate a standalone Investment Income Adjustment (IIA) factor for use within the H2–Underwriting Risk component of the Health Risk-Based Capital (HRBC) formula.

Definition of a standalone IIA factor

Using the previously provided Investment Income Adjusted Tiered Risk-Based Capital (RBC) Factors table (reproduced in Attachment A), a standalone IIA factor for a given product and tier can be calculated as a ratio:

$$\text{IIA}_{p,t}(r) = \frac{F_{p,t}(r)}{F_{p,t}(0.0\%)}$$

where:

- p = product (e.g., Comprehensive Medical),
- t = tier (e.g., High Tier or Low Tier),
- r = assumed investment return, and
- $F_{p,t}(r)$ = the investment-income-adjusted tiered RBC factor from Attachment A at return r .

Under this approach, the IIA factor can be used as a multiplicative adjustment to reflect alternative investment return assumptions. If the working group elects to apply an IIA factor directly to an existing base underwriting factor (rather than re-basing to a 0.0% reference), the denominator should be aligned to the return assumption embedded in that base factor.

Calculation steps

1. Identify the applicable product and tier in Attachment A.
2. Select the assumed investment return r .

¹ The American Academy of Actuaries is a 20,000-member professional association whose mission is to serve the public and the U.S. actuarial profession. For 60 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.

3. Obtain $F_{p,t}(r)$ from the table. If r falls between listed rows, a linear interpolation between the adjacent rows is likely reasonable.
4. Obtain the corresponding $F_{p,t}(0.0\%)$ from the 0.0% row for that same product and tier.
5. Compute $\text{IIA}_{p,t}(r) = F_{p,t}(r)/F_{p,t}(0.0\%)$.

Worked examples (from Attachment A)

- **Comprehensive Medical, High Tier, 4.0% return:**

$F(4.0\%) = 14.47\%$ and $F(0.0\%) = 15.00\%$, so

$\text{IIA} = 14.47\%/15.00\% = 0.965$.

- **Comprehensive Medical, Low Tier, 4.0% return:**

$F(4.0\%) = 8.50\%$ and $F(0.0\%) = 9.00\%$, so

$\text{IIA} = 8.50\%/9.00\% = 0.944$.

If you have any questions or would like to discuss further, please contact Katie Dzurec, the Academy's State Public Policy Outreach Director, at Dzurec@actuary.org.

Sincerely,

Derek Skoog, MAAA, FSA

Chairperson, Health Underwriting Risk Factors Analysis Work Group

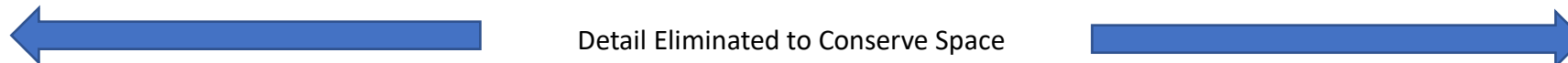
American Academy of Actuaries

Cc: Derek Noe, Health RBC Analyst, Financial Regulatory Services, NAIC

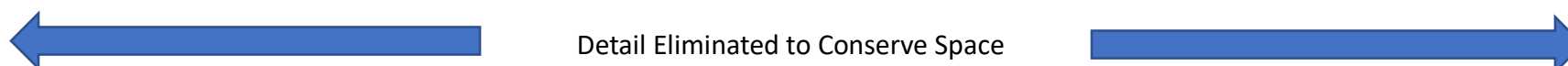
Attachment A—Investment Income Adjusted Tiered RBC Factors (excerpted from Feb. 2, 2023, Academy response)

Investment Income Adjusted Tiered RBC Factors

Assumed Investment Return	Comprehensive Medical (CM)	Medicare Supplement	Dental/Vision
	High Tier (i.e., less than \$3M or less than \$25M)		
0.0%	15.00%	10.50%	12.00%
3.5%	14.53%	10.01%	11.63%
4.0%	14.47%	9.94%	11.58%
4.5%	14.40%	9.87%	11.53%
5.0%	14.34%	9.80%	11.48%
5.5%	14.27%	9.73%	11.43%
6.0%	14.21%	9.67%	11.38%
	Low Tier		
0.0%	9.00%	6.70%	7.60%
3.5%	8.56%	6.23%	7.25%
4.0%	8.50%	6.16%	7.20%
4.5%	8.44%	6.09%	7.16%
5.0%	8.38%	6.03%	7.11%
5.5%	8.32%	5.96%	7.06%
6.0%	8.25%	5.90%	7.01%

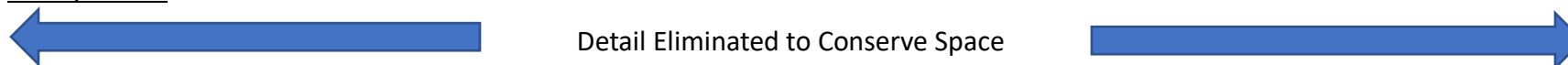
Health Instructions**Page XR013, Line 12**

Line (12) Investment Income Adjustment Factor. The investment income yield was incorporated into the Comprehensive (Hospital & Medical) individual & group, Medicare Supplement and Dental & Vision lines of business. The purpose was to incorporate an offset to reduce the underwriting risk factor for investment income earned by the insurer. The Working Group incorporated a 4.05% income yield that was based on the yield of a 6-month U.S. Treasury bond. Each year, the Working Group will identify the yield of the 6-month U.S. Treasury bond ([U.S. Department of the Treasury](#)) on each Monday through the month of January and determine if further modification to the 4.05% adjustment is needed. Any adjustments will be rounded up to the nearest 0.5%.

P/C Instructions**Page PR020, Line 12**

Line (12) Investment Income Adjustment Factor

The investment income yield was incorporated into the Comprehensive (Hospital & Medical) individual & group, Medicare Supplement and Dental & Vision lines of business. The purpose was to incorporate an offset to reduce the underwriting risk factor for investment income earned by the insurer. The Working Group incorporated a 4.05% income yield that was based on the yield of a 6-month U.S. Treasury bond. Each year, the Working Group will identify the yield of the 6-month U.S. Treasury bond (U.S. Department of the Treasury) on each Monday through the month of January and determine if further modification to the 4.05% adjustment is needed. Any adjustments will be rounded up to the nearest 0.5%.

Life Instructions**LR020, Line 12**

Line (12) Investment Income Adjustment Factor

The investment income yield was incorporated into the Comprehensive (Hospital & Medical) individual & group, Medicare Supplement and Dental & Vision lines of business. The purpose was to incorporate an offset to reduce the underwriting risk factor for investment income earned by the insurer. The Working Group incorporated a 4.05% income yield that was based on the yield of a 6-month U.S. Treasury bond. Each year, the Working Group will identify the yield of the 6-month U.S. Treasury bond (U.S. Department of the Treasury) on each Monday through the month of January and determine if further modification to the 4.05% adjustment is needed. Any adjustments will be rounded up to the nearest 0.5%.

Confidential when Completed

UNDERWRITING RISK

Experience Fluctuation Risk

	(1) Comprehensive (Hospital & Medical) - Individual	(2) Comprehensive (Hospital & Medical) - Group	(3) Title XVIII - Medicare	(4) Title XIX - Medicaid	(5) Medicare Supplement	(6) Vision Only	(7) Dental Only	(8) Stand-Alone Medicare Part D Coverage	(9) Other Health	(10) Other Non- Health	(11) Total	
(1) †	Premium											
(2) †	Other Health Risk Revenue				XXX					XXX		
(3)	Medicaid Pass-Through Payments Reported as Premiums	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
(4)	Underwriting Risk Revenue (1) + (2) - (3)											
(5) †	Net Incurred Claims									XXX		
(6)	Medicaid Pass-Through Payments Reported as Claims	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX		
(7) †	Fee-For-Service Offset				XXX					XXX		
(8)	Underwriting Risk Incurred Claims (5) - (6) - (7)									XXX		
(9)	Underwriting Risk Claim Ratio (8)/(4)									1.000	XXX	
(10)	Underwriting Risk Factor for Initial Amounts of Premium‡	0.1500	0.1500	0.1500	0.1500	0.105	0.12	0.12	0.251	0.130	0.130	XXX
(11)	Underwriting Risk Factor for Excess of Initial Amount‡	0.0900	0.0900	0.0900	0.0900	0.0670	0.0760	0.0760	0.151	0.130	0.130	XXX
(12.1)	Investment Income Adjustment Factor Initial Premium	0.9647	0.9647	0.9647	0.9647	0.9467	0.9650	0.9650	XXX	XXX	XXX	XXX
(12.2)	Investment Income Adjustment Factor Excess Premium	0.9444	0.9444	0.9444	0.9444	0.9194	0.9474	0.9474	XXX	XXX	XXX	XXX
(13)	Composite Underwriting Risk Factor									0.130	0.130	XXX
(14)	Base Underwriting Risk RBC = (4) x (9) x (13)											
(15)	Managed Care Discount Factor*									XXX	XXX	XXX
(16)	RBC After Managed Care Discount = Lines (14) x (15)										XXX	
(17)	Alternate Risk Charge	\$500,000	\$500,000	\$500,000	\$500,000	\$50,000	\$50,000	\$50,000	\$150,000	\$50,000	XXX	XXX
(18)	Net Alternate Risk Charge***										XXX	
(19)	Net Underwriting Risk RBC (MAX{Line (16), Line (18)}) for Columns (1) through (9), Column (10), Line (14)											

Initial Premium Amount‡										
	Comprehensive (Hospital & Medical) - Individual	Comprehensive (Hospital & Medical) - Group	Title XVIII - Medicare	Title XIX - Medicaid	Medicare Supplement	Vision	Dental	Stand-Alone Medicare Part D Coverage	Other Health	Other Non- Health
	\$25,000,000	\$25,000,000	\$25,000,000	\$25,000,000	\$3,000,000	\$3,000,000	\$3,000,000	\$25,000,000	N/A	N/A

Denotes items that must be manually entered on filing software.

† The Annual Statement Sources are found on page XR014.

* This row uses the factors calculated on page XR018

*** Limited to the largest of the applicable alternate risk adjustments, prorated if necessary.

UNDERWRITING RISK

Experience Fluctuation Risk

	(1) Comprehensive (Hospital & Medical) - Individual	(2) Comprehensive (Hospital & Medical) - Group	(3) Title XVIII - Medicare	(4) Title XIX - Medicaid	(5) Medicare Supplement	(6) Vision Only	(7) Dental Only	(8) Stand-Alone Medicare Part D Coverage	(9) Total
Line of Business									
(1.1) Individual Premium †		XXX							
(1.2) Group Premium †	XXX								
(1.3) Total Premium† (1.1) + (1.2)									
(2) Other Health Risk Rev†					XXX				
(3) Medicaid Pass-Through Payments Reported as Premiums	XXX	XXX	XXX		XXX	XXX	XXX	XXX	
(4) Underwriting Risk Revenue (1.3) + (2) - (3)									
(5) Net Incurred Claims†									
(6) Medicaid Pass-Through Payments Reported as Claims	XXX	XXX	XXX		XXX	XXX	XXX	XXX	
(7) Fee-For-Service Offset†					XXX				
(8) Underwriting Risk Incurred Claims (5) - (6) - (7)									
(9) Underwriting Risk Claim Ratio (8)/(4)									XXX
(10) Underwriting Risk Factor for Intial Amounts of Premium‡	0.1500	0.1500	0.1500	0.1500	0.1050	0.1200	0.1200	0.251	XXX
(11) Underwriting Risk Factor for Excess of Intial Amount‡	0.0900	0.0900	0.0900	0.0900	0.0670	0.0760	0.0760	0.151	XXX
(12.1) Investment Income Adjustment Factor Initial Premium	0.9647	0.9647	0.9647	0.9647	0.9467	0.9650	0.9650	XXX	XXX
(12.2) Investment Income Adjustment Factor Excess Premium	0.9444	0.9444	0.9444	0.9444	0.9194	0.9474	0.9474	XXX	XXX
(13) Composite Underwriting Risk Factor									XXX
(14) Base Underwriting Risk RBC = (4) x (9) x (13)									
(15) Managed Care Discount Factor (LR022 Line 17)									XXX
(16) RBC After Managed Care Discount = Lines (14) x (15)									
(17) Alternate Risk Charge	\$500,000	\$500,000	\$500,000	\$500,000	\$50,000	\$50,000	\$50,000	\$150,000	
(18) Net Alternate Risk Charge									
(19) Net Underwriting Risk RBC (MAX{Line (16), Line (18)})									

† The Annual Statement Sources are found on page LR020-A.

Initial Premium Amount‡								
	Comprehensive (Hospital & Medical) - Individual	Comprehensive (Hospital & Medical) - Group	Title XVIII - Medicare	Title XIX - Medicaid	Medicare Supplement	Vision	Dental	Stand-Alone Medicare Part D Coverage
	\$25,000,000	\$25,000,000	\$25,000,000	\$25,000,000	\$3,000,000	\$3,000,000	\$3,000,000	\$25,000,000

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

UNDERWRITING RISK - PREMIUM RISK FOR COMPREHENSIVE MEDICAL, MEDICARE SUPPLEMENT AND DENTAL & VISION PR020

(Experience Fluctuation Risk in Life RBC Formula)

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	<u>Comprehensive Medical Individual</u>	<u>Comprehensive Medical Group</u>	<u>Title XVIII-Medicare</u>	<u>Title XIX-Medicaid</u>	<u>Medicare Supplement</u>	<u>Vision Only</u>	<u>Dental Only</u>	<u>Stand-Alone Medicare Part D Coverage</u>	<u>TOTAL</u>
(1.1) Individual Premium	0	0	0	0	0	0	0	0	0
(1.2) Group Premium	0	0	0	0	0	0	0	0	0
(1.3) Total Premium	0	0	0	0	0	0	0	0	0
(2) Other Health Risk Revenue†	0	0	0	0	XXX	0	0	0	0
(3) Medicaid Pass-Through Payments Reported as Premium	XXX	XXX	XXX	0	XXX	XXX	XXX	XXX	0
(4) Underwriting Risk Revenue = Lines (1.3) + (2) - (3)	0	0	0	0	0	0	0	0	0
(5) Net Incurred Claims	0	0	0	0	0	0	0	0	0
(6) Medicaid Pass-Through Payments Reported as Claims	XXX	XXX	XXX	0	XXX	XXX	XXX	XXX	0
(7) Fee-for-Service Offset†	0	0	0	0	XXX	0	0	0	0
(8) Underwriting Risk Incurred Claims = Lines (5) - (6) - (7)	0	0	0	0	0	0	0	0	0
(9) Underwriting Risk Claim Ratio (8)/(4)	0	0	0	0	0	0	0	0	XXX
(10) Underwriting Risk Factor for Initial Amounts Of Premium‡	0.1500	0.1500	0.1500	0.1500	0.1050	0.1200	0.1200	0.251	XXX
(11) Underwriting Risk Factor for Excess of Initial Amount‡	0.0900	0.0900	0.0900	0.0900	0.0670	0.0760	0.0760	0.151	XXX
(12.1) Investment Income Adjustment Factor Initial Premium	0.9647	0.9647	0.9647	0.9647	0.9467	0.9650	0.9650	XXX	XXX
(12.2) Investment Income Adjustment Factor Excess Premium	0.9444	0.9444	0.9444	0.9444	0.9194	0.9474	0.9474	XXX	XXX
(13) Composite Underwriting Risk Factor	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.0000	0.000	XXX
(14) Base Underwriting Risk RBC = Line (4) x Line (9) x Line (13)	0	0	0	0	0	0	0	0	XXX
(15) Managed Care Discount Factor = PR021 Line (12)	0	0	0	0	0	0	0	0	XXX
(16) Base RBC After Managed Care Discount = Line (14) x Line (15)	0	0	0	0	0	0	0	0	0
(17) Alternate Risk Charge	500,000	500,000	500,000	500,000	50,000	50,000	50,000	150,000	XXX
(18) Net Alternate Risk Charge	0	0	0	0	0	0	0	0	0
(19) Net Underwriting Risk RBC (Maximum of Line (16) or Line (18))	0	0	0	0	0	0	0	0	0

† Source is company records unless already included in premiums.

Initial Premium Amount‡								
	Comprehensive (Hospital & Medical) - Individual	Comprehensive (Hospital & Medical) - Group	Title XVIII - Medicare	Title XIX - Medicaid	Medicare Supplement	Vision	Dental	Stand-Alone Medicare Part D Coverage
	\$25,000,000	\$25,000,000	\$25,000,000	\$25,000,000	\$3,000,000	\$3,000,000	\$3,000,000	\$25,000,000

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

		Treasury Rate		Factor
		0%	4%	
Comp Med	High Tier	15.00%	14.47%	0.9647
	Low Tier	9.00%	8.50%	0.9444
Med Supp	High Tier	10.50%	9.94%	0.9467
	Low Tier	6.70%	6.16%	0.9194
Dental/vision	High Tier	12.00%	11.58%	0.9650
	Low Tier	7.60%	7.20%	0.9474

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 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"/> Variable Annuities Capital. & Reserve (E/A) Subgroup | <input checked="" type="checkbox"/> P/C RBC (E) Working Group | <input type="checkbox"/> RBC Investment Risk & Evaluation (E) Working Group |

<p style="text-align: right;">DATE: <u>4/24/26</u></p> <p>CONTACT PERSON: <u>Eva Yeung</u></p> <p>TELEPHONE: <u>816-783-8407</u></p> <p>EMAIL ADDRESS: <u>eyeung@naic.org</u></p> <p>ON BEHALF OF: <u>P/C RBC (E) Working Group</u></p> <p>NAME: <u>Tom Botsko</u></p> <p>TITLE: <u>Chair</u></p> <p>AFFILIATION: <u>Ohio Department of Insurance</u></p> <p>ADDRESS: <u>50 West Town Street, Suite 300</u> <u>Columbus, OH 43215</u></p>	<p style="text-align: center;">FOR NAIC USE ONLY</p> <hr/> <p>Agenda Item # <u>2026-11-P</u> Year <u>2026</u></p> <hr/> <p style="text-align: center;">DISPOSITION</p> <p>ADOPTED:</p> <p><input type="checkbox"/> TASK FORCE (TF) _____</p> <p><input checked="" type="checkbox"/> WORKING GROUP (WG) <u>06/17/2026</u></p> <p><input type="checkbox"/> SUBGROUP (SG) _____</p> <p>EXPOSED:</p> <p><input type="checkbox"/> TASK FORCE (TF) _____</p> <p><input checked="" type="checkbox"/> WORKING GROUP (WG) <u>05/12/2026</u></p> <p><input type="checkbox"/> SUBGROUP (SG) _____</p> <p>REJECTED:</p> <p><input type="checkbox"/> TF <input type="checkbox"/> WG <input type="checkbox"/> SG _____</p> <p>OTHER:</p> <p><input type="checkbox"/> DEFERRED TO _____</p> <p><input type="checkbox"/> REFERRED TO OTHER NAIC GROUP _____</p> <p><input type="checkbox"/> (SPECIFY) _____</p>
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IDENTIFICATION OF SOURCE AND FORM(S)/INSTRUCTIONS TO BE CHANGED

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

DESCRIPTION/REASON OR JUSTIFICATION OF CHANGE(S)

The proposed change aims to deliver a routine annual update to the industry underwriting factors, including premium and reserve, within the PCRBC formula.

Additional Staff Comments:

** This section must be completed on all forms.

Revised 2-2023

Schedule P Line of Business	LOB	Proposed for adoption - 2026 Industry Average Development Ratio	2025 Industry Average Development	2024 Industry Average Development	2023 Industry Average Development	2022 Industry Average Development	2021 Industry Average Development	2020 Industry Average Development	2019 Industry Average Development	2018 Industry Average Development	2017 Industry Average Development
H/F	A	0.998	0.997	1.020	0.999	1.001	0.998	0.993	0.989	0.989	0.984
PPA	B	1.074	1.072	1.061	1.047	1.022	1.025	1.035	1.026	1.022	1.012
CA	C	1.114	1.110	1.115	1.106	1.082	1.083	1.078	1.087	1.060	1.034
WC	D	0.921	0.912	0.882	0.873	0.906	0.912	0.916	0.955	0.952	0.971
CMP	E	1.008	1.018	1.024	1.026	1.037	0.999	1.016	0.992	0.967	0.956
MM Occurrence	F1	0.923	0.914	0.910	0.906	0.887	0.874	0.861	0.864	0.871	0.868
MM Clms Made	F2	1.035	1.024	0.996	0.984	0.983	0.973	0.940	0.907	0.886	0.854
SL	G	0.989	0.995	0.996	0.994	0.990	0.976	0.963	0.938	0.933	0.926
OL	H	0.984	0.995	0.993	0.969	0.995	0.964	0.968	0.971	0.966	0.952
Fidelity / Surety	K	0.879	0.875	0.875	0.852	0.842	0.915	0.907	0.995	0.996	1.016
Special Property/Pet Insurance Plan	I/U	0.956	0.985	0.989	0.983	0.993	0.978	0.977	0.972	0.971	0.982
Auto Physical Damage	J	0.984	1.002	0.999	1.016	1.011	0.989	0.993	0.996	1.000	1.001
Other (Credut, A&H)	L	0.938	0.938	0.942	0.946	0.955	0.965	0.971	0.973	0.976	0.981
Financial / Mortgage Guaranty	S	0.525	0.486	0.493	0.674	0.694	0.723	0.682	0.788	0.870	0.820
Intl	M	1.579	1.927	2.168	2.414	3.041	1.104	1.162	1.037	0.851	0.855
Rein. Property & Financial Lines	NP	0.915	0.925	0.930	0.924	0.917	0.893	0.886	0.872	0.834	0.814
Rein. Liability	O	1.077	1.090	1.054	1.024	1.008	0.989	0.985	0.955	0.945	0.914
PL	R	0.897	0.911	0.882	0.874	0.867	0.879	0.900	0.913	0.921	0.935
Warranty	T	0.985	0.978	0.991	0.995	0.998	1.007	1.013	1.017	1.015	0.989

Schedule P Line of Business	LOB	Proposed 2026 Industry Average Loss & Expense Ratio	2025 Industry Average Loss & Expense Ratio	2024 Industry Average Loss & Expense Ratio	2023 Industry Average Loss & Expense Ratio	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
H/F	A	0.698	0.700	0.695	0.679	0.665	0.681	0.678	0.681	0.687	0.688
PPA	B	0.805	0.807	0.799	0.791	0.793	0.795	0.810	0.810	0.806	0.800
CA	C	0.805	0.792	0.787	0.777	0.761	0.761	0.759	0.737	0.724	0.706
WC	D	0.657	0.649	0.646	0.651	0.664	0.682	0.705	0.726	0.744	0.751
CMP	E	0.677	0.683	0.684	0.671	0.661	0.673	0.672	0.666	0.664	0.647
MM Occurrence	F1	0.763	0.763	0.752	0.767	0.750	0.731	0.726	0.730	0.780	0.777
MM Clms Made	F2	0.844	0.840	0.828	0.815	0.829	0.821	0.797	0.768	0.747	0.722
SL	G	0.562	0.565	0.583	0.578	0.585	0.593	0.603	0.593	0.569	0.567
OL	H	0.675	0.664	0.649	0.641	0.637	0.635	0.639	0.638	0.633	0.629
Fidelity / Surety	K	0.376	0.374	0.375	0.363	0.366	0.394	0.384	0.399	0.417	0.430
Special Property/Pet Insurance Plan	I/U	0.552	0.552	0.552	0.550	0.547	0.559	0.553	0.554	0.563	0.555
Auto Physical Damage	J	0.715	0.731	0.733	0.727	0.718	0.726	0.732	0.730	0.732	0.727
Other (Credit, A&H)	L	0.714	0.714	0.711	0.702	0.698	0.693	0.684	0.682	0.709	0.712
Financial / Mortgage Guaranty	S	0.181	0.159	0.158	0.209	0.203	0.252	0.513	0.811	1.099	1.175
Intl	M	0.994	1.184	1.153	1.136	1.166	0.769	0.758	0.795	0.584	0.565
Rein. Property & Financial Lines	NP	0.601	0.597	0.587	0.578	0.566	0.558	0.534	0.522	0.486	0.459
Rein. Liability	O	0.842	0.788	0.760	0.743	0.725	0.713	0.708	0.679	0.666	0.609
PL	R	0.611	0.609	0.594	0.597	0.601	0.617	0.645	0.656	0.671	0.670
Warranty	T	0.653	0.641	0.641	0.652	0.665	0.681	0.691	0.695	0.732	0.645

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 type="checkbox"/> Life RBC (E) Working Group |
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<p style="text-align: right;">DATE: <u>4/24/26</u></p> <p>CONTACT PERSON: <u>Eva Yeung</u></p> <p>TELEPHONE: <u>816-783-8407</u></p> <p>EMAIL ADDRESS: <u>eyeung@naic.org</u></p> <p>ON BEHALF OF: <u>P/C RBC (E) Working Group</u></p> <p>NAME: <u>Tom Botsko</u></p> <p>TITLE: <u>Chair</u></p> <p>AFFILIATION: <u>Ohio Department of Insurance</u></p> <p>ADDRESS: <u>50 West Town Street, Suite 300</u> <u>Columbus, OH 43215</u></p>	<p style="text-align: center;"><u>FOR NAIC USE ONLY</u></p> <p>Agenda Item # <u>2025-21-P</u> Year <u>2026</u></p> <p style="text-align: center;"><u>DISPOSITION</u></p> <p>ADOPTED:</p> <p><input type="checkbox"/> TASK FORCE (TF) _____</p> <p><input checked="" type="checkbox"/> WORKING GROUP (WG) <u>06/17/2026</u></p> <p><input type="checkbox"/> SUBGROUP (SG) _____</p> <p>EXPOSED:</p> <p><input type="checkbox"/> TASK FORCE (TF) _____</p> <p><input checked="" type="checkbox"/> WORKING GROUP (WG) <u>05/12/2026</u></p> <p><input type="checkbox"/> SUBGROUP (SG) _____</p> <p>REJECTED:</p> <p><input type="checkbox"/> TF <input type="checkbox"/> WG <input type="checkbox"/> SG _____</p> <p>OTHER:</p> <p><input type="checkbox"/> DEFERRED TO _____</p> <p><input type="checkbox"/> REFERRED TO OTHER NAIC GROUP _____</p> <p><input type="checkbox"/> (SPECIFY) _____</p>
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IDENTIFICATION OF SOURCE AND FORM(S)/INSTRUCTIONS TO BE CHANGED

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

DESCRIPTION/REASON OR JUSTIFICATION OF CHANGE(S)

The proposed change would update the loss and premium concentration factors in the P/C RBC formula based on the Academy's findings. The Academy concluded that Maximum Diversification Credits (MDCs) of 45% for premium and 65% for reserves are reasonable and are better supported by current data than the existing 30% MDC.

Additional Staff Comments:

** This section must be completed on all forms.

Revised 2-2023

UNDERWRITING RISK - RESERVES PR017

		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	#REF! (10)
	SCH P LINE OF BUSINESS	H/F	PPA	CA	WC	CMP	MPL OCCURRENCE	MPL CLMS MADE	SL	OL	FIDELITY / SURETY
(1)	INDUSTRY AVERAGE DEVELOPMENT	0.997	1.072	1.110	0.912	1.018	0.914	1.024	0.995	0.995	0.875
(2)	COMPANY DEVELOPMENT	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
(3)	(2)/(1)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
(4)	INDUSTRY LOSS & EXPENSE RBC %	0.226	0.205	0.360	0.382	0.475	0.271	0.172	0.401	0.496	0.586
(5)	COMPANY RBC % (4)*(3)*.5+(4)*.5	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
(6)	LOSS & LOSS ADJUSTMENT EXPENSE UNPAID SCH. P PART 1 (in 000s)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
(7)	OTHER DISCOUNT AMOUNT NOT INCLUDED IN LOSS & LOSS ADJUSTMENT EXPENSE UNPAID IN SCH. P PART 1 (in 000s)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
(8)	ADJUSTMENT FOR INVESTMENT INCOME	0.951	0.937	0.926	0.783	0.898	0.861	0.896	0.884	0.864	0.908
(9)	BASE LOSS & LOSS ADJUSTMENT EXPENSE RESERVE RISK-BASED CAPITAL (000's) MAX {0,[(5)+1]*(8)-1}*[(6)+(7)] zero if Line [(6)+(7)] is negative	0	0	0	0	0	0	0	0	0	0
(10)	% DIRECT LOSS SENS	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
(11)	% ASSUMED LOSS SENS	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
(12)	LOSS SENSITIVE DISCOUNT (in 000s)	0	0	0	0	0	0	0	0	0	0
(13)	LOSS & LOSS ADJUSTMENT EXPENSE RBC AFTER DSCT (in 000s) L(09) - L(12)	0	0	0	0	0	0	0	0	0	0
(14)	LOSS CONCEN FACTOR										
(15)	TOTAL NET RESERVE RBC x1000 (converted to whole dollars)										

This worksheet is to show the results of the calculation of Underwriting Risk - Reserves
Enter data in PR035 through PR039, PR100 through PR701 and PROTH

UNDERWRITING RISK - RESERVES PR017

	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
SCH P LINE OF BUSINESS	SPECIAL PROPERTY/PET INSURANCE PLANS	AUTO PHYSICAL DAMAGE	OTHER (INCLUDE CREDIT,A&H)	FINANCIAL / MORTGAGE GUARANTY	INTL	REIN. PROPERTY & FINANCIAL LINES	REIN. LIABILITY	PL	WARRANTY	TOTAL
(1) INDUSTRY AVERAGE DEVELOPMENT	0.985	1.002	0.938	0.486	1.927	0.925	1.090	0.911	0.978	XXX
(2) COMPANY DEVELOPMENT	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	XXX
(3) (2)/(1)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	XXX
(4) INDUSTRY LOSS & EXPENSE RBC %	0.272	0.137	0.225	0.146	0.669	0.319	0.596	1.226	0.355	XXX
(5) COMPANY RBC % (4)*(3)*.5+(4)*.5	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	XXX
(6) LOSS & LOSS ADJUSTMENT EXPENSE UNPAID SCH. P PART 1 (in 000s)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0
(7) OTHER DISCOUNT AMOUNT NOT INCLUDED IN LOSS & LOSS ADJUSTMENT EXPENSE UNPAID IN SCH. P PART 1 (in 000s)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0
(8) ADJUSTMENT FOR INVESTMENT INCOME	0.954	0.978	0.936	0.916	0.881	0.913	0.793	0.844	0.961	XXX
(9) BASE LOSS & LOSS ADJUSTMENT EXPENSE RESERVE RISK-BASED CAPITAL (000's) MAX {0,[(5)+1]*(8)-1}*[(6)+(7)] zero if Line [(6)+(7)] is negative	0	0	0	0	0	0	0	0	0	0
(10) % DIRECT LOSS SENS	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	XXX
(11) % ASSUMED LOSS SENS	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	XXX
(12) LOSS SENSITIVE DISCOUNT (in 000s)	0	0	0	0	0	0	0	0	0	0
(13) LOSS & LOSS ADJUSTMENT EXPENSE RBC AFTER DSCT (in 000s) L(09) - L(12)	0	0	0	0	0	0	0	0	0	0
(14) LOSS CONCEN FACTOR										1.000
(15) TOTAL NET RESERVE RBC x1000 (converted to whole dollars)										0

This worksheet is to show the results of the calculation of Underwriting Risk - Reserves
 Enter data in PR035 through PR039, PR100 through PR701 and PROTH

=ROUND(MIN(1,IF(E92>0,MAX(E69,E70,E71,E72,E73,E74,E75,E76,(E77+E78),(E79+E91),E80,E81,E82,E83,E84,E85,E86,(E87+E88),E89,E90)/E92,1)))*0.65+0.35,3)

UNDERWRITING RISK - NET WRITTEN PREMIUMS PR018

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	#REF! (10)
SCH P LINE OF BUSINESS	H/F	PPA	CA	WC	CMP	MPL OCCURRENCE	MPL CLMS MADE	SL	OL	FIDELITY / SURETY
(1) INDUSTRY AVERAGE LOSS & LOSS ADJUSTMENT EXPENSE RATIO	0.700	0.807	0.792	0.649	0.683	0.763	0.840	0.565	0.664	0.374
(2) COMPANY AVERAGE LOSS & LOSS ADJUSTMENT EXPENSE RATIO	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
(3) (2)/(1)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
(4) INDUSTRY LOSSES & LOSS ADJUSTMENT EXPENSE RATIO	0.930	0.970	1.014	1.037	0.873	1.394	1.146	0.894	0.993	0.657
(5) COMPANY RBC LOSSES & LOSS ADJUSTMENT EXPENSE RATIO (3)*(4)*0.5+(4)*0.5	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
(6) COMPANY UNDERWRITING EXPENSE RATIO	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
(7) ADJUSTMENT FOR INVESTMENT INCOME	0.966	0.937	0.903	0.833	0.921	0.795	0.863	0.924	0.837	0.922
(8) C/Y NET WRITTEN PREMIUM (in 000s)	0	0	0	0	0	0	0	0	0	0
(9) BASE WRITTEN PREMIUM RISK-BASED CAPITAL (in 000s) MAX {0,(8)*[(5)*(7)+(6)-1]} zero if Line (8) is negative	0	0	0	0	0	0	0	0	0	0
(10) % DIRECT LOSS SENS WP	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
(11) % ASSUMED LOSS SENS WP	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
(12) LOSS SENSITIVE DSCT - WP (in 000s)	0	0	0	0	0	0	0	0	0	0
(13) NWP RBC AFTER DSCT (in 000s)	0	0	0	0	0	0	0	0	0	0
(14) PREMIUM CONCENTRATION FACTOR										
(15) NET WRITTEN PREMIUM RBC x 1000 (converted to whole dollars)										

This worksheet is to show the results of the calculation of Underwriting Risk - Net Written Premiums

Enter data in PR035 through PR039, PR100 through PR701 and PROTH

UNDERWRITING RISK - NET WRITTEN PREMIUMS PR018

		(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	#REF! (19)	(20)
SCH P LINE OF BUSINESS		SPECIAL PROPERTY/PET INSURANCE PLANS	AUTO PHYSICAL DAMAGE	OTHER (INCLUDE CREDIT,A&H)	FINANCIAL / MORTGAGE GUARANTY	INTL	REIN. PROPERTY & FINANCIAL LINES	REIN. LIABILITY	PL	WARRANTY	TOTAL
(1)	INDUSTRY AVERAGE LOSS & LOSS ADJUSTMENT EXPENSE RATIO	0.552	0.731	0.714	0.159	1.184	0.597	0.788	0.609	0.641	XXX
(2)	COMPANY AVERAGE LOSS & LOSS ADJUSTMENT EXPENSE RATIO	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	XXX
(3)	(2)/(1)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	XXX
(4)	INDUSTRY LOSSES & LOSS ADJUSTMENT EXPENSE RATIO	0.795	0.835	0.926	2.012	1.476	0.973	1.183	1.194	0.985	XXX
(5)	COMPANY RBC LOSSES & LOSS ADJUSTMENT EXPENSE RATIO (3)*(4)*0.5+(4)*0.5	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	XXX
(6)	COMPANY UNDERWRITING EXPENSE RATIO	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	XXX
(7)	ADJUSTMENT FOR INVESTMENT INCOME	0.957	0.979	0.958	0.891	0.925	0.919	0.811	0.801	0.972	XXX
(8)	C/Y NET WRITTEN PREMIUM (in 000s)	0	0	0	0	0	0	0	0	0	0
(9)	BASE WRITTEN PREMIUM RISK-BASED CAPITAL (in 000s) MAX {0,(8)*[(5)*(7)+(6)-1]} zero if Line (8) is negative	0	0	0	0	0	0	0	0	0	0
(10)	% DIRECT LOSS SENS WP	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	XXX
(11)	% ASSUMED LOSS SENS WP	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	XXX
(12)	LOSS SENSITIVE DSCT - WP (in 000s)	0	0	0	0	0	0	0	0	0	0
(13)	NWP RBC AFTER DSCT (in 000s)	0	0	0	0	0	0	0	0	0	0
(14)	PREMIUM CONCENTRATION FACTOR										1.000
(15)	NET WRITTEN PREMIUM RBC x 1000 (converted to whole dollars)										0

This worksheet is to show the results of the calculation of Underwriting Risk - Net Written Premiums
Enter data in PR035 through PR039, PR100 through PR701 and PROTH

=ROUND(MIN(1,IF(E54>0,MAX(E31,E32,E33,E34,E35,E36,E37,E38,(E39+E40),(E41+E53),E42,E43,E44,E45,E46,E47,E48,(E49+E50),E51,E52)/E54,1))*0.45+0.55,3)

Capital Adequacy (E) Task Force

RBC Proposal Form

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

<p style="text-align: right;">DATE: <u>04-13-2026</u></p> <p>CONTACT PERSON: <u>Kazeem Okosun</u></p> <p>TELEPHONE: <u>816-783-8981</u></p> <p>EMAIL ADDRESS: <u>kokosun@naic.org</u></p> <p>ON BEHALF OF: <u>Life Risk-Based Capital (E) Working Group</u></p> <p>NAME: <u>Ben Slutsker, Chair</u></p> <p>TITLE: <u>Director of Life Actuarial Valuation</u></p> <p>AFFILIATION: <u>Minnesota Department of Commerce</u></p> <p>ADDRESS: <u>85 7th Place East, Suite 280</u> <u>Saint Paul, MN 55101</u></p>	<p style="text-align: center;">FOR NAIC USE ONLY</p> <hr/> <p>Agenda Item # <u>2026-09-L MOD</u> Year <u>2026</u></p> <hr/> <p style="text-align: center;">DISPOSITION</p> <p>ADOPTED:</p> <p><input type="checkbox"/> TASK FORCE (TF) _____</p> <p><input checked="" type="checkbox"/> WORKING GROUP (WG) <u>06-11-2026</u></p> <p><input type="checkbox"/> SUBGROUP (SG) _____</p> <p>EXPOSED:</p> <p><input type="checkbox"/> TASK FORCE (TF) _____</p> <p><input checked="" type="checkbox"/> WORKING GROUP (WG) <u>04-30-2026</u></p> <p><input type="checkbox"/> SUBGROUP (SG) _____</p> <p>REJECTED:</p> <p><input type="checkbox"/> TF <input type="checkbox"/> WG <input type="checkbox"/> SG _____</p> <p>OTHER:</p> <p><input type="checkbox"/> DEFERRED TO _____</p> <p><input type="checkbox"/> REFERRED TO OTHER NAIC GROUP _____</p> <p><input type="checkbox"/> (SPECIFY) _____</p>
---	---

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

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

DESCRIPTION/REASON OR JUSTIFICATION OF CHANGE(S)

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

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

Additional Staff Comments:

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

- (1) "in part" in Annual Statement Source was removed.
- (2) Color code in Column (1) was removed.

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

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

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

Revised 2-2023

SCHEDULE BA MORTGAGES

LR009

Basis of Factors

For Affiliated **Commercial** Mortgages **included in, Schedule BA** Line 2499999, the factors used are the same as for commercial mortgages and are defined in Figure 9. Risk categories and factors are determined using a company generated worksheet (Figure 10).

For Unaffiliated **Commercial** Mortgages, **included in Schedule BA** Line 2399999, the factors used are the same as for commercial mortgages and are defined in Figure 9. Risk categories and factors are determined as follows:

- 1) For Investments that contain covenants whereby factors of maximum LTV and minimum DSC, or equivalent thresholds must be complied with and it can be determined that the Investments are in compliance, these investments would use the process for directly held mortgages using the maximum LTV and minimum DSC using the company generated worksheet and transferred to LR009 line (3) for mortgages with covenants that are in compliance.
- 2) Investments that are defeased with government securities will be assigned to CM1 and transferred to LR009, line (4).
- 3) Other investments comprised primarily of senior debt will be assigned to CM2 and transferred to LR009, line (5).
- 4) All other investments in this category will be assigned CM3 and transferred to LR009, line (6). This would include assets such as a mortgage fund that invests in mezzanine or sub debt, or investments that cannot be determined to be in compliance with the covenants.

*Specific Instructions for Application of the Formula***Column (1)**

Except for Line (1), (2), (13), and (17), calculations are done on an individual mortgage basis and then the summary amounts are entered in this column for each class of mortgage investment. Refer to the Schedule BA mortgage calculation worksheet (Figure 10) for how the individual mortgage calculations are completed. Line (21) should equal Schedule BA Part 1, Column 12, Lines 2399999 and 2499999, and collateral loans backed by mortgages, as reported in Notes to Financials 5S, Column 1 line 7a and 7b.

Company Name

Confidential when Completed

OTHER LONG-TERM ASSETS

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

Fixed income instruments and surplus notes designated by the NAIC Capital Markets and Investment Analysis Office or considered exempt from filing as specified in the *Purposes and Procedures Manual of the NAIC* Investment

Analysis Office should be reported in Column (3).

† Column (2) is calculated as Column (1) less Column (3) for Lines (1) through (17). Column (2) equals Column (3) - Column (1) for Line (53.3).

‡

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

Company Name

Confidential when Completed

OTHER LONG-TERM ASSETS (CONTINUED)

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

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

‡ Column (2) is calculated as Column (1) less Column (3) for Lines (1) through (17). Column (2) equals Column (3) - Column (1) for Line (53.3).

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

Company Name

Confidential when Completed

OTHER LONG-TERM ASSETS (CONTINUED)

		(1) Book / Adjusted	(2)	(3)	(4)	(5) RBC
	Annual Statement Source	Carrying Value	Unrated Items ‡	RBC Subtotal †	Factor	Requirement
<u>Schedule BA - Unaffiliated Common Stock/ Equity Interests and Affiliated Non-Insurance Stock (C1-es)</u>						
(42)	Schedule BA Unaffiliated Common Stock-Public	AVR Equity Component Column 1 Line F1			X §	=
(43)	Schedule BA Unaffiliated Common Stock-Private	AVR Equity Component Column 1 Line F2			X 0.3000	=
(44)	Schedule BA Affiliated Common Stock - All Other	AVR Equity Component Column 1 Line F5			X 0.3000	=
(45)	Total Residual Tranches or Interests	AVR Equity Component Column 1 Line H3			X 0.4500	=
(46)	Total Schedule BA Unaffiliated Common Stock/ Equity Interests and Affiliated Non-Insurance Stock (C1-es) (pre-MODCO/Funds Withheld)	Line (42) + (43) + (44) + (45)				
(47)	Reduction in RBC for MODCO/Funds Withheld Reinsurance Ceded Agreements	Company Records (enter a pre-tax amount)				
(48)	Increase in RBC for MODCO/Funds Withheld Reinsurance Assumed Agreements	Company Records (enter a pre-tax amount)				
(49)	Total Schedule BA Unaffiliated Common Stock/ Equity Interests and Affiliated Non-Insurance Stock (C1-es) (including MODCO/Funds Withheld.)	Lines (46) - (47) + (48)				
<u>Schedule BA - All Other (C-1o)</u>						
(50.1)	BA Affiliated Common Stock - Life with AVR	AVR Equity Component Column 1 Line F3				
(50.2)	BA Affiliated Common Stock - Certain Other	AVR Equity Component Column 1 Line F4				
(50.3)	Total Schedule BA Affiliated Common Stock - C-1o	Line (50.1) + (50.2)			X 0.3000	=
(51)	Schedule BA Collateral Loans	AVR Equity Component Column 1 Lines K3 + K4 + K5 + K6 + K7 + K8 + K9 + K10 + K11 + K12			X 0.0680	=
(52.1)	NAIC 01 Working Capital Finance Notes	AVR Equity Component Column 1 Line L1			X 0.0050	=
(52.2)	NAIC 02 Working Capital Finance Notes	AVR Equity Component Column 1 Line L2			X 0.0163	=
(52.3)	Total Admitted Working Capital Finance Notes	Line (52.1) + (52.2)				
(53.1)	Other Schedule BA Assets, including Surplus Notes and Capital Notes	AVR Equity Component Column 1 Line J7 + L3				
(53.2)	Less NAIC 1 thru 6 Rated/Designated Surplus Notes and Capital Notes	Column (1) Lines (22) through (27) + Column (1) Lines (32) through (37)				
(53.3)	Net Other Schedule BA Assets	Line (53.1) less (53.2)			X 0.3000	=
(54)	Total Schedule BA Assets C-1o (pre-MODCO/Funds Withheld)	Lines (11) + (21) + (31) + (41) + (50.3) + (51) + (52.3) + (53.3)				
(55)	Reduction in RBC for MODCO/Funds Withheld Reinsurance Ceded Agreements	Company Records (enter a pre-tax amount)				
(56)	Increase in RBC for MODCO/Funds Withheld Reinsurance Assumed Agreements	Company Records (enter a pre-tax amount)				
(57)	Total Schedule BA Assets C-1o (including MODCO/Funds Withheld.)	Lines (54) - (55) + (56)				
(58)	Total Schedule BA Assets Excluding Mortgages and Real Estate	Line (49)+ (57)				

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


‡ Column (2) is calculated as Column (1) less Column (3) for Lines (1) through (17). Column (2) equals Column (3) - Column (1) for Line (53.3).

§ The factor for Schedule BA publicly traded common stock should equal 30 percent adjusted up or down by the weighted average beta for the Schedule BA publicly traded common stock portfolio subject to a minimum of 22.5 percent and a maximum of 45 percent in the same manner that the similar 15.8 percent factor for Schedule BA publicly traded common stock in the Asset Valuation Reserve (AVR) calculation is adjusted up or down. The rules for calculating the beta adjustment are set forth in the AVR section of the annual statement instructions.

Company Name

Confidential when Completed

Attachment Four
NAIC Company Code

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

NAIC BLANKS (E) WORKING GROUP

Blanks Agenda Item Submission Form

<p style="text-align: right;">DATE: <u>04-20-2026</u></p> <p>CONTACT PERSON: _____</p> <p>TELEPHONE: _____</p> <p>EMAIL ADDRESS: _____</p> <p>ON BEHALF OF: _____</p> <p>NAME: <u>Ben Slutsker, Chair</u></p> <p>TITLE: <u>Director of Life Actuarial Valuation</u></p> <p>AFFILIATION: <u>Minnesota Department of Commerce</u></p> <p>ADDRESS: <u>85 7th Place East, Suite 280</u> <u>Saint Paul, MN 55101</u></p>	<p style="text-align: center;">FOR NAIC USE ONLY</p> <p>Agenda Item # <u>2026-12BWG</u> Year <u>2026</u> Changes to Existing Reporting [X] New Reporting Requirement []</p> <hr/> <p style="text-align: center;">REVIEWED FOR ACCOUNTING PRACTICES AND PROCEDURES IMPACT</p> <p>No Impact [X] Modifies Required Disclosure []</p> <p>Is there data being requested in this proposal which is available elsewhere in the Annual/Quarterly Statement? [No] <i>***If Yes, complete question below***</i></p> <hr/> <p style="text-align: center;">DISPOSITION</p> <p>[] Rejected For Public Comment [] Referred To Another NAIC Group [X] Received For Public Comment [] Adopted Date _____ [] Rejected Date _____ [] Deferred Date _____ [] Other (Specify) _____</p>
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BLANK(S) TO WHICH PROPOSAL APPLIES

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

Anticipated Effective Date: Annual 2026

IDENTIFICATION OF ITEM(S) TO CHANGE

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

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

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

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

NAIC STAFF COMMENTS

Comment on Effective Reporting Date: _____
Other Comments: _____

** This section must be completed on all forms.

Revised 11/17/2022

ANNUAL STATEMENT BLANK – LIFE/FRATERNAL AND SEPARATE ACCOUNTS

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

Line Number	NAIC Designation	Description	1 Book/ Adjusted Carrying Value	2 Reclassify Related Party Encumbrances	3 Add Third Party Encumbrances	4 Balance for AVR Reserve Calculations (Cols. 1+2+3)	Basic Contribution		Reserve Objective		Maximum Reserve	
							5 Factor	6 Amount (Cols. 4x5)	7 Factor	8 Amount (Cols. 4x7)	9 Factor	10 Amount (Cols. 4x9)
COLLATERAL LOANS												
100		Backed by mortgage loans – collateral loans – unaffiliated.....		XXX	XXX		0.0000		0.00000-0680		0.00000-0680	
101		Backed by mortgage loans – collateral loans – affiliated.....		XXX	XXX		0.0000		0.00000-0680		0.00000-0680	
102		Backed by joint ventures, partnerships, & limited liability companies – collateral loans – unaffiliated.....		XXX	XXX		0.0000		0.00000-0680		0.00000-0680	
103		Backed by joint ventures, partnerships, & limited liability companies – collateral loans – affiliated.....		XXX	XXX		0.0000		0.00000-0680		0.00000-0680	
104		Backed by residual tranches or interests – collateral loans – unaffiliated.....		XXX	XXX		0.0000		0.00000-0680		0.00000-0680	
105		Backed by residual tranches or interests – collateral loans – affiliated.....		XXX	XXX		0.0000		0.00000-0680		0.00000-0680	
106		Backed by debt securities – collateral loans – unaffiliated.....		XXX	XXX		0.0000		0.00000-0680		0.00000-0680	
107		Backed by debt securities – collateral loans – affiliated.....		XXX	XXX		0.0000		0.00000-0680		0.00000-0680	
108		Backed by real estate – collateral loans – unaffiliated.....		XXX	XXX		0.0000		0.00000-0680		0.00000-0680	
109		Backed by real estate – collateral loans – affiliated.....		XXX	XXX		0.0000		0.00000-0680		0.00000-0680	
110		Collateral loans – all other – unaffiliated.....		XXX	XXX		0.0000		0.00000-0680		0.00000-0680	
111		Collateral loans – all other – affiliated.....		XXX	XXX		0.0000		0.00000-0680		0.00000-0680	
112		Total collateral loans (Sum of Lines 100 through 111)		XXX	XXX		XXX		XXX		XXX	
ALL OTHER INVESTMENTS												
113		NAIC 1 working capital finance investments.....		XXX			0.0000		0.0042		0.0042	
114		NAIC 2 working capital finance investments.....		XXX			0.0000		0.0137		0.0137	
115		Other invested assets - Schedule BA.....		XXX			0.0000		0.1580		0.1580	
116		Other short-term invested assets - Schedule DA.....		XXX			0.0000		0.1580		0.1580	
117		Total all other (Sum of Lines 113 through 116).....		XXX			XXX		XXX		XXX	
118		Total other invested assets - Schedules BA & DA (Sum of Lines 29, 37, 64, 70, 74, 79, 92, 99 112, and 117)					XXX		XXX		XXX	

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

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

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

Capital Adequacy (E) Task Force

RBC Proposal Form

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

<p style="text-align: right;">DATE: <u>5/14/2026</u></p> <p>CONTACT PERSON: <u>Eva Yeung</u></p> <p>TELEPHONE: <u>816-783-8407</u></p> <p>EMAIL ADDRESS: <u>eyeung@naic.org</u></p> <p>ON BEHALF OF: <u>Capital Adequacy (E) Task Force</u></p> <p>NAME: <u>Ben Slutsker</u></p> <p>TITLE: <u>Chair</u></p> <p>AFFILIATION: <u>Minnesota Department of Commerce</u></p> <p>ADDRESS: <u>85 7th Place East, Suite 280, St. Paul, MN 55101</u></p>	<p style="text-align: center;">FOR NAIC USE ONLY</p> <hr/> <p>Agenda Item # <u>Proposal 2026-10-CA</u></p> <p>Year <u>2026</u></p> <hr/> <p style="text-align: center;">DISPOSITION</p> <p>ADOPTED:</p> <p><input type="checkbox"/> TASK FORCE (TF) _____</p> <p><input type="checkbox"/> WORKING GROUP (WG) _____</p> <p><input type="checkbox"/> SUBGROUP (SG) _____</p> <p>EXPOSED:</p> <p><input checked="" type="checkbox"/> TASK FORCE (TF) <u>5/14/26</u></p> <p><input type="checkbox"/> WORKING GROUP (WG) _____</p> <p><input type="checkbox"/> SUBGROUP (SG) _____</p> <p>REJECTED:</p> <p><input type="checkbox"/> TF <input type="checkbox"/> WG <input type="checkbox"/> SG _____</p> <p>OTHER:</p> <p><input type="checkbox"/> DEFERRED TO _____</p> <p><input type="checkbox"/> REFERRED TO OTHER NAIC GROUP _____</p> <p><input type="checkbox"/> (SPECIFY) _____</p>
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IDENTIFICATION OF SOURCE AND FORM(S)/INSTRUCTIONS TO BE CHANGED

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

DESCRIPTION/REASON OR JUSTIFICATION OF CHANGE(S)

Incorporated changes to the Annual Statement Source for Collateral Loans, Residual Tranches or Interests, and Tax Credit Investments on pages XR008, PR008, and PR009 for the adoption of 2024-19BWG Modified by the Blanks (E) Working Group.


Additional Staff Comments:

** This section must be completed on all forms.

Revised 2-2023

FIXED INCOME ASSETS - MISCELLANEOUS

	Annual Statement Source	(1) Bk/Adj Carrying Value	Factor	(2) RBC Requirement
(1) Cash	Page 2, Line 5, inside amount 1		0.0030	
(2) Cash Equivalents	Page 2, Line 5, inside amount 2			
(3) Less: Cash Equivalents, Total Bonds	Schedule E, Part 2, Column 7, Line 0509999999			
(4) Less: Exempt Money Market Mutual Funds as Identified by SVO	Schedule E, Part 2, Column 7, Line 8209999999			
(5) Net Cash Equivalents	Lines (2) - (3) - (4)		0.0030	
(6) Short-Term Investments	Page 2, Line 5, inside amount 3			
(7) Short-Term Bonds	Schedule DA, Part 1, Column 6, Line 0509999999			
(8) Total Other Short-Term Investments	Lines (6) - (7)		0.0030	
(9) Mortgage Loans - First Liens	Page 2, Column 3, Line 3.1		0.0500	
(10) Mortgage Loans - Other Than First Liens	Page 2, Column 3, Line 3.2		0.0500	
(11) Receivable for Securities	Page 2, Column 3, Line 9		0.0240	
(12) Aggregate Write-Ins for Invested Assets	Page 2, Column 3, Line 11		0.0500	
	Schedule BA Part 1, Column 12 Lines 3199999 + 3299999 + 3399999 + 3499999 + 3599999 + 3699999 + 3799999 + 3899999 + 3999999 + 4099999 + 4199999 + 4299999			
(13) Collateral Loans				
(14) Less: Non-Admitted Collateral Loans	Notes to the Financial Statement 5S, Column 3 Line 11			
(15) Net Collateral Loans	Lines (13) - (14)		0.0500	
(16) NAIC 01 Working Capital Finance Investments	Notes to Financial Statement 5M(01a), Column 3		0.0038	
(17) NAIC 02 Working Capital Finance Investments	Notes to Financial Statement 5M(01b), Column 3		0.0125	
(18) Other Long-Term Invested Assets Excluding Collateral Loans, Tax Credit Investments, Residual Tranches or Interests and Working Capital Finance Investments	Included in Page 2, Column 3, Line 8		0.2000	
(19) Yield Guaranteed State Tax Credit Investments	Schedule BA Part 1, Column 12 Lines 4699999 + 4799999		0.0014	
(20) Qualifying Federal Tax Credit Investments	Schedule BA Part 1, Column 12 Lines 4899999 + 4999999		0.0260	
(21) Qualifying State Tax Credit Investments	Schedule BA Part 1, Column 12 Lines 5099999 + 5199999		0.0260	
(22) Other Tax Credit Investments	Schedule BA Part 1, Column 12 Lines 5299999 + 5399999		0.1500	
(23) Total Residual Tranches or Interests	Schedule BA, Part 1, Column 12 Lines 5599999 + 5699999 + 5799999 + 5899999 + 5999999 + 6099999 + 6199999 + 6299999 + 6399999 + 6499999 + 6599999 + 6699999		0.2000	
(24) Total Other Long-Term Invested Assets (Page 2, Column 3, Line 8)	Lines (15) + (16) + (17) + (18) + (19) + (20) + (21) + (22) + (23)			
(25) Derivatives	Page 2, Column 3, Line 7		0.0500	
(26) Total Miscellaneous Fixed Income Assets RBC	Lines (1) + (5) + (8) + (9) + (10) + (11) + (12) + (24) + (25)			

 Denotes items that must be manually entered on filing software.

OTHER LONG-TERM ASSETS PR008

		(1) <u>BOOK/ADJUSTED</u> <u>CARRYING VALUE</u>	Factor	(2) <u>RBC Requirement</u>
(1) Company Occupied Real Estate	P2 L4.1 C3	0	0.100	0
(2) Encumbrances	P2 L4.1, inside item	0	0.100	0
(3) Property Held For the Production of Income	P2 L4.2 C3	0	0.100	0
(4) Property Held For Sale	P2 L4.3 C3	0	0.100	0
(5) Encumbrances (Property Held For the Production of Income)	P2 L4.2, inside item	0	0.100	0
(6) Encumbrances (Property Held For Sale)	P2 L4.3, inside item	0	0.100	0
(7) Total Real Estate	L(1)+L(2)+L(3)+L(4)+L(5)+L(6)	0		0
(8) Mortgage Loans - First Liens	P2 L3.1 C3	0	0.050	0
(9) Mortgage Loans - Other Than First Liens	P2 L3.2 C3	0	0.050	0
(10) Total Mortgage Loans	L(8) + L(9)	0		0
(11) Schedule BA Assets - Total	P2 L8 C3	0		
(12) Less: Collateral Loans	PR009 L(13)	0		
(13) Yield Guaranteed State Tax Credit Investments	Schedule BA Part 1, C12 L4699999 +L4799999	0	0.0014	0
(14) Qualifying Federal Tax Credit Investments	Schedule BA Part 1, C12 L4899999 +L4999999	0	0.0260	0
(15) Qualifying State Tax Credit Investments	Schedule BA Part 1, C12 L5099999 +L5199999	0	0.0260	0
(16) Other Tax Credit Investments	Schedule BA Part 1, C12 L5299999 +L5399999	0	0.1500	0
(17) Working Capital Finance Investments	L(20)+L(21)	0		
(18) Total Residual Tranches or Interests	Schedule BA, Part 1, Column 12 Lines 5599999 + 5699999 + 5799999 + 5899999 + 5999999 + 6099999 + 6199999 + 6299999 + 6399999 + 6499999 + 6599999 + 6699999	0	0.2000	0
(19) Schedule BA Assets Excluding Collateral Loans, Tax Credit Investments, WCFI, & Residual Tranches or Interests	L(11)-L(12)-L(13)-L(14)-L(15) -L(16)-L(17)-L(18)	0	0.2000	0
(20) NAIC 01 Working Capital Finance Investments	Notes to Financial Statement Item L5M(01a) C3	0	0.0038	0
(21) NAIC 02 Working Capital Finance Investments	Notes to Financial Statement Item L5M(01b) C3	0	0.0125	0
(22) Total Other Long-Term Assets	L(7)+L(10)+L(13)+L(14)+L(15) +L(16)+L(18)+L(19)+L(20)+L(21)	0		0

MISCELLANEOUS ASSETS PR009

	Annual Statement Source	(1) <u>Book/Adjusted</u> <u>Carrying Value</u>	Factor	(2) <u>RBC Requirement</u>
(1) Receivable for Securities	P2C3L9	0	0.025	0
(2) Aggregate W/I for Invest Assets	P2C3 L11	0	0.050	0
(3) Cash	P2 L5, inside amt 1	0	0.003	0
(4) Cash Equivalents	P2 L5, inside amt 2	0		
(5) Less: Cash Equivalents, Total Bonds	Sch E Pt 2 C7 L0509999999	0		
(6) Less: Exempt Money Market Mutual Funds as Identified by SVO	Sch E Pt 2 C7 L8209999999	0		
(7) Net Cash Equivalents	L(4)-L(5)-L(6)	0	0.003	0
(8) Short-Term Investments	P2 L5, inside amt 3	0		
(9) Short-Term Bonds	Sch DA Pt 1 C6 L0509999999	0		
(10) Total Other Short-Term Investments	L(8)-L(9) Sch BA Pt1 C12 Lines 3199999 + 3299999 + 3399999 + 3499999 + 3599999 + 3699999 + 3799999 + 3899999 + 3999999 + 4099999 + 4199999 + 4299999	0	0.003	0
(11) Collateral Loans	Notes to Financial Statement Item 5S C3 L11	0		
(12) Less: Non-Admitted Collateral Loans	L(11) - L(12)	0	0.050	0
(13) Net Admitted Collateral Loans	P2C3 L7	0	0.050	0
(14) Derivatives				
(15) Total Miscellaneous Assets	L(1)+L(2)+L(3)+L(7)+L(10)+L(13)+L(14)	0		0

Capital Adequacy (E) Task Force

RBC Proposal Form

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

<p style="text-align: right;">DATE: <u>02-04-2026</u></p> <p>CONTACT PERSON: <u>Kazeem Okosun</u></p> <p>TELEPHONE: <u>816-783-8981</u></p> <p>EMAIL ADDRESS: <u>kokosun@naic.org</u></p> <p>ON BEHALF OF: <u>Life Risk-Based Capital (E) Working Group</u></p> <p>NAME: <u>Ben Slutsker, Chair</u></p> <p>TITLE: <u>Director of Life Actuarial Valuation</u></p> <p>AFFILIATION: <u>Minnesota Department of Commerce</u></p> <p>ADDRESS: <u>85 7th Place East, Suite 280</u> <u>Saint Paul, MN 55101</u></p>	<p style="text-align: center;">FOR NAIC USE ONLY</p> <p>Agenda Item # <u>2026-01-L</u> Year <u>2026</u></p> <p style="text-align: center;">DISPOSITION</p> <p>ADOPTED:</p> <p><input type="checkbox"/> TASK FORCE (TF) _____</p> <p><input checked="" type="checkbox"/> WORKING GROUP (WG) <u>06-11-2026</u></p> <p><input type="checkbox"/> SUBGROUP (SG) _____</p> <p>EXPOSED:</p> <p><input type="checkbox"/> TASK FORCE (TF) _____</p> <p><input checked="" type="checkbox"/> WORKING GROUP (WG) <u>02-10-2026</u></p> <p><input type="checkbox"/> SUBGROUP (SG) _____</p> <p>REJECTED:</p> <p><input type="checkbox"/> TF <input type="checkbox"/> WG <input type="checkbox"/> SG _____</p> <p>OTHER:</p> <p><input type="checkbox"/> DEFERRED TO _____</p> <p><input type="checkbox"/> REFERRED TO OTHER NAIC GROUP _____</p> <p><input type="checkbox"/> (SPECIFY) _____</p>
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IDENTIFICATION OF SOURCE AND FORM(S)/INSTRUCTIONS TO BE CHANGED

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

DESCRIPTION/REASON OR JUSTIFICATION OF CHANGE(S)

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

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

Additional Staff Comments:

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

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

Revised 2-2023

UNAFFILIATED PREFERRED AND COMMON STOCK

LR005

*Basis of Factors*Unaffiliated Preferred Stock

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

Unaffiliated Common Stock

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

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

*Specific Instructions for Application of the Formula*Lines (1) through (6)

Column (1) amounts are from the Asset Valuation Reserve Default Component, ~~Page 30, Column 1~~, Lines ~~40-B1~~ through ~~45-B6~~ of the annual statement. Since affiliated amounts are included for affiliated companies without an AVR in the Asset Valuation Reserve Default Component, Lines ~~40-B1~~ through ~~45-B6~~, these affiliated amounts should be deducted in Column (2). Affiliated companies with an AVR are reported on the Asset Valuation Reserve Default Component, Line ~~46-B7~~ and should not be included in Column (2).

Line (7)

Column (1) should equal Annual Statement Assets, Page 2, Column 3, Line 2.1 less Asset Valuation Reserve Default Component, Column 1, Line ~~46B7~~. Column (2) should equal Schedule D Summary by Country, Column 1, Line 22 less Asset Valuation Reserve Default Component, Column 1, Line ~~46B7~~.

Line (13)

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

Line (14)

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

Line (16)

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

Line (17)

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

Lines (19) and (20)

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

REAL ESTATE LR007

Basis of Factors

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

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

$$\text{Adj Factor} = \text{RE Factor} * (1 - [\text{factor}] * (MV - BVg) / BVg)$$

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

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

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

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

Specific Instructions for Application of the Formula

Column (1)

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

Line (1) should equal Page 2, Column 3, Line 4.1.

Line (2) should equal Page 2, inside amount, Line 4.1.

Line (4) should equal AVR Equity Component Column 1 Line ~~20B3~~.

Line (5) should equal AVR Equity Component Column 3 Line ~~20B3~~.

Line (7) should equal AVR Equity Component Column 1 Line ~~19B2~~.

Line (8) should equal AVR Equity Component Column 3 Line ~~19B2~~.

Line (14) should equal Schedule BA, Part 1, Column 12, Line 2199999 plus Line 2299999, in part.

Line (15) should equal Schedule BA, Part 1, Column 12, Line 2199999 plus Line 2299999, in part.

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

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

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

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

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

‡ Column (8) is calculated as $(\text{Column (2)} + \text{Column (3)})$ multiplied by Column (7).

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

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

Asset Concentration Factor LR010

Basis of Factors

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

Specific Instructions for Application of the Formula

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

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

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

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

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

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

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

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

Lines (17) through (22)

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

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

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

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

Lines (23) through (54)

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

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

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

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

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

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

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

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

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

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

MORTGAGES

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

† Involuntary reserves are reserves that are held as an offset to a particular asset that is clearly a troubled asset and are included on Page 3 Line 25 of the Annual Statement.
 ‡ Cumulative writedowns include the total amount of writedowns, non-admissions, and involuntary reserves that have been taken or established with respect to a particular mortgage.

UNAFFILIATED PREFERRED AND COMMON STOCK

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

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

Company Name Cocode: 00000

REAL ESTATE

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

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

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

Company Name MISCELLANEOUS ASSETS Cocode: 00000

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

Company Name

Cocode: 00000

ADDITIONAL INFORMATION REQUIRED

	<u>Source</u>	(1) <u>Statement Value</u>
(1.2) Other Affiliates: Subsidiaries	Subsidiaries' Life and Fraternal Risk-Based Capital LR042 Summary for Affiliated Investments Column (1) Lines (19), (20) and (21); Property and Casualty Risk-Based Capital PR005 Summary For Subsidiary, Controlled and Affiliated Investments for Cross-Checking Statement Values Column (1) Line (8) and Line (17)	\$0
(2.2) Noncontrolled Assets: Subsidiaries	Subsidiaries' Life and Fraternal Risk-Based Capital LR017 Off-Balance Sheet and Other Items Column (1) Line (15); Property and Casualty PR014 Miscellaneous Off-Balance Sheet Items Column (1) Line (15)	\$0
(3.2) Guarantees for Affiliates: Subsidiaries	Subsidiaries' Life Notes to Financial Statements #14A3c1; Property and Casualty Notes to Financial Statements #14A3c1	\$0
(4.2) Contingent Liabilities: Subsidiaries	Subsidiaries' Life Notes to Financial Statements #14A1; Property and Casualty Notes to Financial Statements #14A1	\$0
(5.2) Long Term Leases: Subsidiaries	Subsidiaries' Life Notes to Financial Statements #15A2a1; Property and Casualty Notes to Financial Statements #15A2a1	\$0
(7.11) Total Affiliated Investments: Company	Company's Annual Statement Five-Year Historical Data Column 1 Line 50	\$0
(7.12) Less Affiliated Common Stock: Company	Company's Annual Statement Five-Year Historical Data Column 1 Line 46	\$0
(7.13) Less Affiliated Preferred Stock: Company	Company's Annual Statement Five-Year Historical Data Column 1 Line 45	\$0
(7.14) Net Affiliated Investments: Company	Lines (7.11) - (7.12) - (7.13)	\$0
(7.2) Affiliated Investments: Subsidiaries	Subsidiaries' Life Annual Statement Five-Year Historical Data Column 1 Line 50 Less Lines 45 and 46; Property and Casualty Annual Statement Five-Year Historical Data Column 1 Line 48 Less Lines 43 and 44	\$0
(9.1) Surplus Notes: Company	Company's Annual Statement Page 3 Column 1 Line 32	\$0
(9.2) Surplus Notes: Subsidiaries	Subsidiaries' Life Annual Statement Page 3 Column 1 Line 32; Property and Casualty Annual Statement Page 3 Column 1 Line 33	\$0
(10.11) Capital Paid In: Company	Company's Annual Statement Page 4 Column 1 Line 50.1	\$0
(10.12) Surplus Paid In: Company	Company's Annual Statement Page 4 Column 1 Line 51.1	\$0
(10.13) Total Current Year's Capital Contributions: Company	Line (10.11) + Line (10.12)	\$0
(10.2) Current Year's Capital Contributions: Subsidiaries	Subsidiaries' Life Annual Statement Page 4 Column 1 Lines 50.1 + 51.1; Property and Casualty Annual Statement Page 4 Column 1 Lines 32.1 + 33.1	\$0
(11.1) Total Residual Tranches or Interests	Company's Annual Statement AVR, Equity and Other Invested Asset Component, Column 1, Line 113	\$0

Cover question

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

Capital Adequacy (E) Task Force

RBC Proposal Form

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

<p style="text-align: right;">DATE: <u>02-18-2026</u></p> <p>CONTACT PERSON: <u>Kazeem Okosun</u></p> <p>TELEPHONE: <u>816-783-8981</u></p> <p>EMAIL ADDRESS: <u>kokosun@naic.org</u></p> <p>ON BEHALF OF: <u>Life Risk-Based Capital (E) Working Group</u></p> <p>NAME: <u>Ben Slutsker, Chair</u></p> <p>TITLE: <u>Director of Life Actuarial Valuation</u></p> <p>AFFILIATION: <u>Minnesota Department of Commerce</u></p> <p>ADDRESS: <u>85 7th Place East, Suite 280</u> <u>Saint Paul, MN 55101</u></p>	<p style="text-align: center;">FOR NAIC USE ONLY</p> <p>Agenda Item # <u>2026-06-L MOD</u></p> <p>Year <u>2026</u></p> <p style="text-align: center;">DISPOSITION</p> <p>ADOPTED:</p> <p><input type="checkbox"/> TASK FORCE (TF) _____</p> <p><input checked="" type="checkbox"/> WORKING GROUP (WG) <u>06-11-2026</u></p> <p><input type="checkbox"/> SUBGROUP (SG) _____</p> <p>EXPOSED:</p> <p><input type="checkbox"/> TASK FORCE (TF) _____</p> <p><input checked="" type="checkbox"/> WORKING GROUP (WG) <u>02-25-2026</u></p> <p><input type="checkbox"/> SUBGROUP (SG) _____</p> <p>REJECTED:</p> <p><input type="checkbox"/> TF <input type="checkbox"/> WG <input type="checkbox"/> SG _____</p> <p>OTHER:</p> <p><input type="checkbox"/> DEFERRED TO _____</p> <p><input type="checkbox"/> REFERRED TO OTHER NAIC GROUP _____</p> <p><input type="checkbox"/> (SPECIFY) _____</p>
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IDENTIFICATION OF SOURCE AND FORM(S)/INSTRUCTIONS TO BE CHANGED

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

DESCRIPTION/REASON OR JUSTIFICATION OF CHANGE(S)

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

The modified proposal was based on the comment received. [The changes are highlighted in BLUE](#)

Additional Staff Comments:

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

** This section must be completed on all forms.

Revised 2-2023

Company Name

Confidential when Completed

INTEREST RATE RISK AND MARKET RISK

		(1)		(2)	(3)
				Statement	RBC
				Value	Requirement
	Annual Statement Source				
(1.1) Did the Company Submit an Unqualified Actuarial Opinion Based on Asset Adequacy Testing or One Qualified Due Solely to the Direction Provided in Actuarial Guideline XLVIII?	["Yes" or "No" in Column (1)]				
(1.2) C-3 RBC Cash Flow Testing on Certain Products? (See the instructions for specific details)	["Yes" or "No" in Column (1)]				
(1.3) If Line (1.2) is "Yes", is the Appointed Actuary C-3 Assumption Statement Attached?	["Yes" or "No" in Column (1)]				
(1.4) If applicable, have the appropriate certifications been attached?	["Yes" or "No" or "N/A" in Column (1)]				
RESERVES THAT WERE CASH FLOW TESTED FOR ASSET ADEQUACY (See Appendix 1 of the instructions for more details.)					
<u>Low Risk Category</u>					
(2) Annuity Reserve with Fair Market Value Adjustment (excluding unitized separate accounts)*	Notes to Financial Statements Item 32 Line A1a, B1a and C1a, in part ‡		X	0.0095 or 0.0063 †	=
(3) Annuity Reserve not Withdrawable (excluding structured settlements)*	Notes to Financial Statements Item 32 Line A2, B2 and C2, in part ‡		X	0.0095 or 0.0063 †	=
(4) Guaranteed Investment Contract (GIC) Reserve within 1 Year of Maturity ‡	Notes to Financial Statements Item 32 Various Lines, in part ‡		X	0.0095 or 0.0063 †	=
(5.1) Single Premium Life Insurance Reserves Net of Reinsurance	Exhibit 5 Column 2 Line 0199999, in part				
(5.2) Less Single Premium Life Insurance Reserves Policy Loans	Page 2 Line 6, in part				
(5.3) Plus Modified Coinsurance Assumed Single Premium Life Reserves net of Modified Coinsurance Assumed Policy Loans	Schedule S Part 1 Section 1 Column 12, in part ‡				
(5.4) Less Modified Coinsurance Ceded Single Premium Life Reserves net of Modified Coinsurance Ceded Policy Loans	Schedule S Part 3 Section 1 Column 14, in part ‡				
(5.5) Single Premium Life Insurance Reserves	Line (5.1) - (5.2) + (5.3) - (5.4)		X	0.0095 or 0.0063 †	=
(6) Total Low Risk	Lines (2) + (3) + (4) + (5.5)				
<u>Medium Risk Category</u>					
(7) Annuity Reserve at Book Value Less Surrender Charge of 5 Percent or More*	Notes to Financial Statements Item 32 Line A1b, B1b and C1b, in part ‡		X	0.0190 or 0.0127 †	=
(8) Exhibit 7 Reserve not Included Elsewhere §	Exhibit 7 Line 14 amounts not included elsewhere in Interest Rate Risk (C-3) ‡		X	0.0190 or 0.0127 †	=
(9) Structured Settlements	Notes to Financial Statements Item 32, in part ‡		X	0.0190 or 0.0127 †	=
(10) Additional Actuarial Reserves for Annuities and Single Premium Life - Asset/Liability Analysis	Exhibit 5 Column 2 Line 0799997, in part		X	0.0190 or 0.0127 †	=
(11) Total Medium Risk	Sum of Lines (7) through (10)				

† The factors are decreased by one-third if the company submits an unqualified actuarial opinion based on asset adequacy testing or one qualified due solely to the direction provided in Actuarial Guideline XLVIII.

The RBC software automatically recalculates the factor, depending on the answer to Line (1.1).

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

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

* Excluding GICs within 1 year of maturity.

‡ Includes GICs within 1 year of maturity subtracted elsewhere.

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

Company Name

Confidential when Completed

INTEREST RATE RISK AND MARKET RISK (CONTINUED)

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

† The factors are decreased by one-third if the company submits an unqualified actuarial opinion based on asset adequacy testing or one qualified due solely to the direction provided in Actuarial Guideline XLVIII.

The RBC software automatically recalculates the factor, depending on the answer to Line (1.1).

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

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

* Excluding GICs within 1 year of maturity.

£ Includes GICs within 1 year of maturity subtracted elsewhere.

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

Company Name

Confidential when Completed

INTEREST RATE RISK AND MARKET RISK (CONTINUED)

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

† The factors are decreased by one-third if the company submits an unqualified actuarial opinion based on asset adequacy testing or one qualified due solely to the direction provided in Actuarial Guideline XLVIII.

The RBC software automatically recalculates the factor, depending on the answer to Line (1.1).

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

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

* Excluding GICs within 1 year of maturity.

£ Includes GICs within 1 year of maturity subtracted elsewhere.

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

Company Name

Confidential when Completed

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

(1)

	<u>Source</u>	<u>RBC Requirement</u>
(1) C-3 RBC Cash Flow Testing Interest Rate Risk	LR027 Interest Rate Risk and Market Risk Column (3) Line (33)	_____
(2) C-3 RBC Cash Flow Testing Interest Rate Risk	The Line (1) Equivalent Calculated Using Version 7.1.201406 of the the NAIC Generator of Economic Scenarios †† §§ American Academy of Actuaries Scenario Generator	_____
(3) C-3 RBC Cash Flow Testing Interest Rate Risk	The Line (1) Equivalent Calculated Using a Proprietary Generator †† §§	_____
(4) Please Describe Proprietary Generator Used, Calibration Criteria, and Number of Scenarios:		

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

Capital Adequacy (E) Task Force

RBC Proposal Form

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

<p style="text-align: right;">DATE: <u>1/12/2026</u></p> <p>CONTACT PERSON: <u>Kazeem Okosun</u></p> <p>TELEPHONE: <u>816-783-8981</u></p> <p>EMAIL ADDRESS: <u>kokosun@naic.org</u></p> <p>ON BEHALF OF: <u>Life Risk-Based Capital (E) Working Group</u></p> <p>NAME: <u>Ben Slutsker, Chair</u></p> <p>TITLE: <u>Director of Life Actuarial Valuation</u></p> <p>AFFILIATION: <u>Minnesota Dept of Commerce</u></p> <p>ADDRESS: <u>85 7th Place East, Suite 280</u> <u>Saint Paul, MN 55101</u></p>	<p style="text-align: center;">FOR NAIC USE ONLY</p> <p>Agenda Item # <u>2026-02-L</u> Year <u>2026</u></p> <p style="text-align: center;">DISPOSITION</p> <p>ADOPTED:</p> <p><input type="checkbox"/> TASK FORCE (TF) _____</p> <p><input checked="" type="checkbox"/> WORKING GROUP (WG) <u>4-30-2026</u></p> <p><input type="checkbox"/> SUBGROUP (SG) _____</p> <p>EXPOSED:</p> <p><input type="checkbox"/> TASK FORCE (TF) _____</p> <p><input checked="" type="checkbox"/> WORKING GROUP (WG) <u>2-10-2026</u></p> <p><input type="checkbox"/> SUBGROUP (SG) _____</p> <p>REJECTED:</p> <p><input type="checkbox"/> TF <input type="checkbox"/> WG <input type="checkbox"/> SG _____</p> <p>OTHER:</p> <p><input type="checkbox"/> DEFERRED TO _____</p> <p><input type="checkbox"/> REFERRED TO OTHER NAIC GROUP _____</p> <p><input type="checkbox"/> (SPECIFY) _____</p>
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IDENTIFICATION OF SOURCE AND FORM(S)/INSTRUCTIONS TO BE CHANGED

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

DESCRIPTION/REASON OR JUSTIFICATION OF CHANGE(S)

During first half of 2024, Life Risk-Based Capital (E) Working Group and Capital Adequacy (E) Task Force adopted Proposal 2024-05-L and 2024-17-L, which ultimately afforded “Affiliated BA Mortgage – Residential – All Other – In Good Standing” a risk charge of 0.0068. This charge mirrors what is incurred with direct ownership of “Residential Mortgage – All Other – In Good Standing” as though the reporting entity owns the mortgages directly and reports on LR004. The affiliated BA residential mortgage provision is considered a “look-through” treatment, on the premise that if the BA structure is affiliated, then the reporting entity has the ability to obtain and assess the underlying residential mortgage loans to determine appropriate RBC treatment.

In Feb 2025, while deliberating Proposal 2024-24-L Principle Based Bond Definition Project, both ACLI and Pacific Life included in their [comment letters](#) a request to revisit “Unaffiliated BA Mortgage – Residential – All Other – In Good Standing”, which is currently not separated out in AVR and therefore in RBC. This proposal is drafted to address that comment. A concurrent exposure of Proposal 2025-27BWG MOD was made at Blanks (E) Working Group to facilitate this proposal.

Additional Staff Comments:

2-10-2026 Proposal was exposed with comments due 03-12-2026

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

Revised 2-2023

SCHEDULE BA MORTGAGES

		(1)	(2)	(3)	(4)	(5)	(6)
	Annual Statement Source	Book / Adjusted Carrying Value	Involuntary Reserve Adjustment †	RBC Subtotal	Cumulative Writedowns ‡	Average Factor	RBC Requirement
In Good Standing							
(1) Insured or Guaranteed	AVR Equity Component Column 1 Line E6 + Line E8	\$0	\$0	\$0	XXX X	0.0014	= \$0
(2) Affiliated / Unaffiliated Mortgages - Residential - All Other	AVR Equity Component Column 1 Line E7 + Line E24	\$0	\$0	\$0	XXX X	0.0068	= \$0
(3) Unaffiliated Mortgages with Covenants	AVR Equity Component Column 1 Line E20	\$0	\$0	\$0	XXX X	0.000 *	= \$0
(4) Unaffiliated Mortgages - Deceased with Government Securities	AVR Equity Component Column 1 Line E21	\$0	\$0	\$0	XXX X	0.0090	= \$0
(5) Unaffiliated Mortgages - Primarily Senior	AVR Equity Component Column 1 Line E22	\$0	\$0	\$0	XXX X	0.0175	= \$0
(6) Unaffiliated Mortgages - All Other	AVR Equity Component Column 1 Line E23	\$0	\$0	\$0	XXX X	0.0300	= \$0
(7) Affiliated Mortgages - Category CM1	AVR Equity Component Column 1 Line E1	\$0	\$0	\$0	XXX X	0.0090	= \$0
(8) Affiliated Mortgages - Category CM2	AVR Equity Component Column 1 Line E2	\$0	\$0	\$0	XXX X	0.0175	= \$0
(9) Affiliated Mortgages - Category CM3	AVR Equity Component Column 1 Line E3	\$0	\$0	\$0	XXX X	0.0300	= \$0
(10) Affiliated Mortgages - Category CM4	AVR Equity Component Column 1 Line E4	\$0	\$0	\$0	XXX X	0.0500	= \$0
(11) Affiliated Mortgages - Category CM5	AVR Equity Component Column 1 Line E5	\$0	\$0	\$0	XXX X	0.0750	= \$0
(12) Total In Good Standing	Sum of Lines (1) through (11)	\$0	\$0	\$0			\$0
90 Days Overdue, Not in Process of Foreclosure							
(13) Insured or Guaranteed 90 Days Overdue	AVR Equity Component Column 1 Line E10 + Line E12	\$0	\$0	\$0	XXX X	0.0027	= \$0
(14) All Other 90 Days Overdue - Unaffiliated	AVR Equity Component Column 1 Line E25	\$0	\$0	\$0	XXX X	0.1100	= \$0
(15) All Other 90 Days Overdue - Affiliated	AVR Equity Component Column 1 Line E9 + Line E11 + Line E13	\$0	\$0	\$0	XXX X	0.1100	= \$0
(16) Total 90 Days Overdue, Not in Process of Foreclosure	Lines (13) + (14) + (15)	\$0	\$0	\$0	\$0		\$0
In Process of Foreclosure							
(17) Insured or Guaranteed in Process of Foreclosure	AVR Equity Component Column 1 Line E15 + Line E17	\$0	\$0	\$0	XXX X	0.0054	= \$0
(18) All Other in Process of Foreclosure - Unaffiliated	AVR Equity Component Column 1 Line E26	\$0	\$0	\$0	XXX X	0.1300	= \$0
(19) All Other in Process of Foreclosure - Affiliated	AVR Equity Component Column 1 Line E14 + Line E16+ Line E18	\$0	\$0	\$0	XXX X	0.1300	= \$0
(20) Total In Process of Foreclosure	Lines (17) + (18) + (19)	\$0	\$0	\$0			\$0
(21) Total Schedule BA Mortgages (pre-MODCO/Funds Withheld)	Lines (12) + (16) + (20)	\$0	\$0	\$0			\$0
(22) Reduction in RBC for MODCO/Funds Withheld Reinsurance Ceded Agreements	Company Records (enter a pre-tax amount)						\$0
(23) Increase in RBC for MODCO/Funds Withheld Reinsurance Assumed Agreements	Company Records (enter a pre-tax amount)						\$0
(24) Total Schedule BA Mortgages (including MODCO/Funds Withheld.)	Lines (21) - (22) + (23)						\$0

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

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

* This will be calculated as Column (6) divided by Column (3).

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

Line Number	NAIC Designation	Description	1 Book/ Adjusted Carrying Value	2 Reclassify Related Party Encumbrances	3 Add Third Party Encumbrances	4 Balance for AVR Reserve Calculations (Cols. 1+2+3)	Basic Contribution		Reserve Objective		Maximum Reserve	
							5 Factor	6 Amount (Cols.4x5)	7 Factor	8 Amount (Cols. 4x7)	9 Factor	10 Amount (Cols.4x9)
SECTION D												
INVESTMENTS WITH THE UNDERLYING CHARACTERISTICS OF PREFERRED STOCKS												
301	1	Highest quality		XXX	XXX		0.0005		0.0016		0.0033	
312	2	High quality		XXX	XXX		0.0021		0.0064		0.0106	
323	3	Medium quality		XXX	XXX		0.0099		0.0263		0.0376	
334	4	Low quality		XXX	XXX		0.0245		0.0572		0.0817	
345	5	Lower quality		XXX	XXX		0.0630		0.1128		0.1880	
356	6	In or near default		XXX	XXX		0.0000		0.2370		0.2370	
367		Affiliated life with AVR		XXX	XXX		0.0000		0.0000		0.0000	
378		Total with preferred stock characteristics (Sum of Lines 30D1 through 36D7)		XXX	XXX		XXX		XXX		XXX	
SECTION E												
INVESTMENTS WITH THE UNDERLYING CHARACTERISTICS OF MORTGAGE LOANS												
In Good Standing Affiliated:												
381		Mortgages – CM1 – highest quality			XXX		0.0011		0.0057		0.0074	
392		Mortgages – CM2 – high quality			XXX		0.0040		0.0114		0.0149	
403		Mortgages – CM3 – medium quality			XXX		0.0069		0.0200		0.0257	
414		Mortgages – CM4 – low medium quality			XXX		0.0120		0.0343		0.0428	
425		Mortgages – CM5 – low quality			XXX		0.0183		0.0486		0.0628	
436		Residential mortgages – insured or guaranteed			XXX		0.0003		0.0007		0.0011	
447		Residential mortgages – all other		XXX	XXX		0.0015		0.0034		0.0046	
458		Commercial mortgages – insured or guaranteed			XXX		0.0003		0.0007		0.0011	
Overdue, Not in Process Affiliated:												
469		Farm mortgages			XXX		0.0480		0.0868		0.1371	
4710		Residential mortgages – insured or guaranteed			XXX		0.0006		0.0014		0.0023	
4811		Residential mortgages – all other			XXX		0.0029		0.0066		0.0103	
4912		Commercial mortgages – insured or guaranteed			XXX		0.0006		0.0014		0.0023	
5013		Commercial mortgages – all other			XXX		0.0480		0.0868		0.1371	
In Process of Foreclosure Affiliated:												
5114		Farm mortgages			XXX		0.0000		0.1942		0.1942	
5215		Residential mortgages – insured or guaranteed			XXX		0.0000		0.0046		0.0046	
5316		Residential mortgages – all other			XXX		0.0000		0.0149		0.0149	
5417		Commercial mortgages – insured or guaranteed			XXX		0.0000		0.0046		0.0046	
5518		Commercial mortgages – all other			XXX		0.0000		0.1942		0.1942	
5619		Total affiliated (Sum of Lines 38DE1 through 55DE18)			XXX		XXX		XXX		XXX	
5720		Unaffiliated – in good standing with covenants			XXX		(c)		(c)		(c)	
5821		Unaffiliated – in good standing defeased with government securities			XXX		0.0011		0.0057		0.0074	
5922		Unaffiliated – in good standing primarily senior			XXX		0.0040		0.0114		0.0149	
6023		Unaffiliated – in good standing all other			XXX		0.0069		0.0200		0.0257	
24		<u>Unaffiliated – in good standing – residential mortgages - all other</u>		XXX	XXX		<u>0.0015</u>		<u>0.0034</u>		<u>0.0046</u>	
61245		Unaffiliated – overdue, not in process			XXX		0.0480		0.0868		0.1371	
62256		Unaffiliated – in process of foreclosure			XXX		0.0000		0.1942		0.1942	
63267		Total unaffiliated (Sum of Lines 57DE20 through 62DE256)			XXX		XXX		XXX		XXX	

NAIC BLANKS (E) WORKING GROUP

Blanks Agenda Item Submission Form

<p style="text-align: right;">DATE: <u>12/10/2025</u></p> <p>CONTACT PERSON: _____</p> <p>TELEPHONE: _____</p> <p>EMAIL ADDRESS: _____</p> <p>ON BEHALF OF: _____</p> <p>NAME: <u>Philip Barlow</u></p> <p>TITLE: <u>Associate Commissioner of Insurance</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 # <u>2025-27BWG MOD</u></p> <p>Year <u>2026</u></p> <p>Changes to Existing Reporting [X]</p> <p>New Reporting Requirement []</p> <hr/> <p style="text-align: center;">REVIEWED FOR ACCOUNTING PRACTICES AND PROCEDURES IMPACT</p> <p>No Impact [X]</p> <p>Modifies Required Disclosure []</p> <p>Is there data being requested in this proposal which is available elsewhere in the Annual/Quarterly Statement? [No]</p> <p><i>***If Yes, complete question below***</i></p> <p style="text-align: center;">DISPOSITION</p> <p>[] Rejected For Public Comment</p> <p>[] Referred To Another NAIC Group</p> <p>[X] Received For Public Comment</p> <p>[] Adopted Date _____</p> <p>[] Rejected Date _____</p> <p>[] Deferred Date _____</p> <p>[] Other (Specify) _____</p>
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BLANK(S) TO WHICH PROPOSAL APPLIES

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

Anticipated Effective Date: Annual 2026

IDENTIFICATION OF ITEM(S) TO CHANGE

Add a section to Life/Fraternal Asset Valuation Reserve (AVR) to report Collateralized Loan Obligations (CLOs), Collateralized Bond Obligations (CBOs), and Collateralized Debt Obligations (CDOs). Also, add a footnote to Schedule D, Part 1, Section 2 to report the book adjusted carrying value by NAIC designation for CLOs/CBOs/CDOs.

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

This proposal was prepared to incorporate a more granular reporting of long-term bonds in Asset Valuation Reserve (AVR) – Default Component by bifurcating long-term bonds into i) Long-Term Bonds, excluding ~~collateralized loan obligations (CLOs)~~CLOs/CBOs/CDOs and ii) CLOs/CBOs/CDOs. The expanded presentation of bonds helps to facilitate the work of Risk-Based Capital Investment Risk and Evaluation (E) Working Group under Working Agenda IR#5: Evaluate the appropriate RBC treatment of Asset-Backed Securities (ABS), including Collateralized Loan Obligations (CLO), collateralized fund obligations (CFOs), or other similar securities carrying similar types of tail risk (Complex Assets).

In addition, the AVR – Default Component & Equity and Other Invested Asset Component tables are re-designed to section-by-section format in order to support future changes in asset categorization.

Finally, the proposed change to Schedule D, Part 1, Section 2 facilities P/C and Health RBC formulas should they consider expanding bond pages (PR006 and XR007) to bifurcate long-term bond into CLOs/CBOs/CDOs and other than CLOs/CBOs/CDOs.

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

NAIC STAFF COMMENTS

Comment on Effective Reporting Date: _____
 Other Comments: _____

** This section must be completed on all forms.

Revised 11/17/2022

ANNUAL STATEMENT INSTRUCTIONS – LIFE/FRATERNAL**ASSET VALUATION RESERVE****Detail Eliminated To Conserve Space**

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

Report the basic contribution amount for each asset category as calculated on Pages 30 through 3638 (General Account) and Pages 15 through 2123 (Separate Accounts).

Column 1: Report the total bonds (including collateralized loan obligations), preferred stock, short-term investments, and derivative instruments from Pages 31 and 32, Lines 34A16, B8, C8, and D9, Column 6 (General Account) and Pages 16 and 17, Lines 34A16, B8, C8, and D9, Col. 6 (Separate Accounts), if applicable; and the total for replication (synthetic asset) transactions contained on Page 3638, Line 0199999, Column 7 (General Account) and Page 2123, Line 0199999, Column 7 (Separate Accounts).

Column 2: Report the total mortgage loans from Page 3233, Line 58E24, Column 6 (General Account) and Page 1718, Line 58E24, Col. 6 (Separate Accounts), if applicable; and the total for replication (synthetic asset) transactions contained on Page 3638, Line 0299999, Column 7 (General Account) and Page 2123, Line 0299999, Column 7 (Separate Accounts).

Column 4: Report the total common stock from Page 3334, Line A17, Column 6 (General Account) and Page 1819, Line 18A17, Col. 6 (Separate Accounts), if applicable; and the total for replication (synthetic asset) transactions contained on Page 3638, Line 0399999, Column 7 (General Account) and Page 2123, Line 0399999, Column 7 (Separate Accounts).

Column 5: Report the total real estate from Page 3334, Line 21B4, Column 6 (General Account) and from Page 1819, Line 21B4, Column 6 (Separate Accounts), if applicable, plus the total other invested assets from Page 3537, Line 105L6, Column 6 (General Account) and from Page 2022, Line 105L6, Column 6 (Separate Accounts), if applicable; and the total for replication (synthetic asset) transactions contained on Page 3638, Line 0499999, Column 7 (General Account) and Page 2123, Line 0499999, Column 7 (Separate Accounts).

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

Report the maximum reserve for each asset category as calculated on Pages 30 through 3638 (General Account) and Pages 15 through 2123 (Separate Accounts).

Column 1: Report the total bonds (including collateralized loan obligations), preferred stock, short-term investments, and derivative instruments from Pages 31 and 32, Lines 34A16, B8, C8, and D9, Column 10 (General Account) and Pages 16 and 17, Lines 34A16, B8, C8, and D9, Col. 10 (Separate Accounts), if applicable and the total for replication (synthetic asset) transactions contained on Page 3638, Line 0199999, Column 9 (General Account) and Page 2123, Line 0199999, Column 9 (Separate Accounts).

Column 2: Report the total mortgage loans from Page 3233, Line 58E24, Column 10 (General Account) and Page 1718, Line 58E24, Col. 10 (Separate Accounts), if applicable and the

total for replication (synthetic asset) transactions contained on Page [3638](#), Line 0299999, Column 9 (General Account) and Page [2423](#), Line 0299999, Column 9 (Separate Accounts).

Column 4: Report the total common stock from Page [3334](#), Line [17B4](#), Column 10 (General Account) and Page [1819](#), Line [17B4](#), Col. 10 (Separate Accounts), if applicable and the total for replication (synthetic asset) transactions contained on Page [3638](#), Line 0399999, Column 9 (General Account) and Page [2423](#), Line 0399999, Column 9 (Separate Accounts).

Column 5: Report the total real estate from Page [3334](#), Line [21B4](#), Column 10 (General Account) and from Page [1819](#), Line [21B4](#), Column 10 (Separate Accounts), if applicable, plus the total other invested assets from Page [3537](#), Line [105L6](#), Column 10 (General Account) and from Page [2022](#), Line [105L6](#), Column 10 (Separate Accounts), if applicable; and the total for replication (synthetic asset) transactions contained on Page [3638](#), Line 0499999, Column 9 (General Account) and Page [2423](#), Line 0499999, Column 9 (Separate Accounts).

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

Report the reserve objective amount for each asset category as calculated on Pages 30 through [3638](#) (General Account) and Pages 15 through [2423](#) (Separate Accounts).

Column 1: Report the total bonds (~~including collateralized loan obligations~~CLOs/CBOs/CDOs), preferred stock, short-term investments, and derivative instruments from Pages [31](#) and [32](#), Lines [34A16, B8, C8, and D9](#), Column 8 (General Account) and Pages [16](#) and [17](#), Lines [34A16, B8, C8, and D9](#), Column 8 (Separate Accounts), if applicable and the total for replication (synthetic asset) transactions contained on Page [3638](#), Line 0199999, Column 8 (General Account) and Page [2423](#), Line 0199999, Column 8 (Separate Accounts).

Column 2: Report the total mortgage loans from Page [3233](#), Line [58E24](#), Column 8 (General Account) and Page [1718](#), Line [58E24](#), Col. 8 (Separate Accounts), if applicable and the total for replication (synthetic asset) transactions contained on Page [3638](#), Line 0299999, Column 8 (General Account) and Page [2423](#), Line 0299999, Column 8 (Separate Accounts).

Column 4: Report the total common stock from Page [3334](#), Line [17B4](#), Column 8 (General Account) and Page [1819](#), Line [17B4](#), Col. 8 (Separate Accounts), if applicable and the total for replication (synthetic asset) transactions contained on Page [3638](#), Line 0399999, Column 8 (General Account) and Page [2423](#), Line 0399999, Column 8 (Separate Accounts).

Column 5: Report the total real estate from Page [3334](#), Line [21B4](#), Column 8 (General Account) and from Page [1819](#), Line [21B4](#), Column 8 (Separate Accounts), if applicable; plus the total other invested assets from Page [3537](#), Line [105L6](#), Column 8 (General Account) and from Page [2022](#), Line [105L6](#), Column 8 (Separate Accounts), if applicable and the total for replication (synthetic asset) transactions contained on Page [3638](#), Line 0499999, Column 8 (General Account) and Page [2423](#), Line 0499999, Column 8 (Separate Accounts).

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

Detail Eliminated To Conserve Space

Section A:

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

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

Line 8 – Intentionally Left Blank

Line 98 – Total Long-Term Bonds

Column 1 should agree with Page 2, Line 1, Column 3 plus Schedule DL Part 1, Column 6, Line 2099999999 minus Schedule D, Part 1, Section 2, Column 8, Lines 1099999999 and 1109999999 minus Schedule DL, Part 1, Column 6, Lines 1099999999 and 1109999999.

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

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

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

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

Section B:

Lines 10 through 158 – Preferred Stocks

Report the book/adjusted carrying value of all preferred stocks owned in Columns 1 and 4. Categorize the preferred stocks into NAIC designations one through six as directed by the NAIC Securities Valuation Office instructions. Multiply the amount in Column 4 for each designation by the reserve

factors provided in Columns 5, 7, and 9, and report the products by designation in Columns 6, 8, and 10, respectively.

Line ~~167~~ – Affiliated Life Insurer with AVR

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

Line ~~178~~ – Total Preferred Stocks

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

Section C:

Lines ~~18~~
through ~~247~~ – Short-Term Bonds

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

Section D:

Lines ~~261~~
through ~~328~~ – Derivative Instruments

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

Line ~~349~~ – Total

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

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

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

Section E:

Lines 351
through 5723 – Mortgage Loans

The classification methodology for mortgages is outlined in the Life Risk-Based Capital instructions. Report the book/adjusted carrying value of all Schedule B and Schedule DL, Part 1 mortgage loans owned in Column 1. Any related party encumbrances should be deducted in Column 2. Categorize the mortgage loans as indicated on Lines 35-1 through 5723. Report the difference of Column 1 less Column 2 in Column 4. Multiply the amount in Column 4 for each category by the reserve factors in Columns 5, 7, and 9, and report the products by category in Columns 6, 8, and 10, respectively.

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

Line 5824 – Total Schedule B Mortgage Loans on Real Estate

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

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

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

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

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

Detail Eliminated To Conserve Space

Section A:

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

Detail Eliminated To Conserve Space

Section B:

Lines ~~18~~
through ~~203~~ – Real Estate

Categorize the real estate as indicated on Lines ~~B18~~ through ~~20B3~~. Real estate reported in Schedule DL, Part 1, Line 9209999999 would also be included in this section. Report the sum of Columns 1, 2, and 3 in Column 4. Multiply the amount in Column 4 by the reserve factors provided in Columns 5, 7, and 9 and report the products in Columns 6, 8, and 10, respectively.

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

Line ~~214~~ – Total Real Estate

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

Section C:

Lines ~~221~~
through ~~287~~ – Other Invested Assets with Underlying Characteristics of Bonds

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

Section D:

Lines 301
through 3587 – Other Invested Assets with Underlying Characteristics of Preferred Stocks

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

Section E:

Lines 381
through 63267 – Other Invested Assets with Underlying Characteristics of Mortgage Loans

Report the book/adjusted carrying value of all Schedule BA assets owned where the characteristics of the underlying investment are similar to mortgage loans (Lines 2399999 and 2499999), excluding any mortgage-backed/asset-backed securities included in Lines 22-C1 through 28-C7 above, in Columns 1 and 4. Categorize the mortgage loans as indicated in Lines 38-E1 through 55E18E27.

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

Section F:

Lines 651
through 695 – Other Invested Assets with Underlying Characteristics of Common Stocks

Report the book/adjusted carrying value of all Schedule BA assets owned where the characteristics of the underlying investments are similar to common stock (Lines 1999999 and 2099999) in Columns 1 and 4. Line 68-F4 should show all Schedule BA assets owned where the characteristics of the underlying investments are similar to subsidiary, controlled or affiliated company common stocks owned and these assets should be valued according to the *SSAP No. 48—Joint Ventures, Partnerships or Limited Liability Companies*. Categorize these assets consistent with the directions for Pages 32-34 and 3335, Lines A1 through A4, A15, and A16. For Line 65F1, the reserve factor must be calculated on an individual company basis. It is equal to 15.8% times the beta factor as discussed in the Pages 32-34 and 3335, Line A1 instructions, and must be at least 12.15% but not more than 24.31%. Multiply the amount in Column 4 by the calculated reserve factors in Columns 5, 7, and 9 and report the products in Columns 6, 8, and 10, respectively. For Lines 66 through 69, multiply the amounts in Column 4 by the reserve factors provided in Columns 5, 7, and 9 and report the products in Columns 6, 8, and 10, respectively.

Section G:

Line 74 – Total Other Invested Assets with Underlying Characteristics of Real Estate

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

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

Section H:

Lines 751
through 795 – Investments in Tax Credit Structures

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

Investments in tax credit structures (tax credit investments) must meet the requirements of SSAP No. 93 to be reported on Lines 75-H1 through 79H5.

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

- I. A level of leverage below 50%. For a tax credit investment fund, the level of leverage is measured at the fund level.
- II. There is a Tax Credit Guarantee Agreement, or equivalent insurance acquired, at arm's length, by the investor. This agreement requires the General Partner, managing member, developer, or insurer to reimburse investors for any shortfalls in tax credits due to errors of compliance, for the duration of the regulatory compliance period of the tax credit program. For a tax credit investment fund, a Tax Credit Guarantee Agreement is required from the developers of the lower tier projects to the upper tier partnership.
- III. There are sufficient operating reserves, capital replacement reserves and/or operating deficit guarantees present to mitigate foreseeable loss risks as of the current reporting period.

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

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

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

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

Multiply the amount in Column 4 for each category by the reserve factors for Page 3536, Columns 5, 7, and 9, Lines 75-H1 through 78H4. Report the products by category in Columns 6, 8, and 10, respectively.

Section I:

Lines 801
through 9013 – Residual Tranches or Interests

Line 801 – Bonds – Unaffiliated

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

Line 812 – Bonds – Affiliated

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

Line 823 – Common Stock – Unaffiliated

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

Line 834 – Common Stock – Affiliated

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

Line 845 – Preferred Stock – Unaffiliated

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

Line 856 – Preferred Stock – Affiliated

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

Line 867 – Real Estate – Unaffiliated

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

Line 878 – Real Estate – Affiliated

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

Line ~~889~~ – Mortgage Loans – Unaffiliated

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

Line ~~8910~~ – Mortgage Loans – Affiliated

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

Line ~~9011~~ – Other – Unaffiliated

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

Line ~~9112~~ – Other – Affiliated

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

Section J:

Lines ~~931~~
through ~~997~~ – Surplus Notes and Capital Notes

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

Section K:

Lines ~~100~~
through ~~11213~~ – Collateral Loans

Line ~~1001~~ – Backed by Mortgage Loans – Unaffiliated

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

Line ~~1012~~ – Backed by Mortgage Loans – Affiliated

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

- Line 1023 – Backed by Investments in Joint Ventures, Partnerships or Limited Liability Companies – Unaffiliated
- Report the book/adjusted carrying value of all Schedule BA assets in Line 3399999 in Columns 1 and 4. Multiply the amount in Column 4 by the reserve factors in Columns 5, 7 and 9. Report the products in Columns 6, 8 and 10, respectively.
- Line 1034 – Backed by Investments in Joint Ventures, Partnerships or Limited Liability Companies – Affiliated
- Report the book/adjusted carrying value of all Schedule BA assets in Line 3499999 in Columns 1 and 4. Multiply the amount in Column 4 by the reserve factors in Columns 5, 7 and 9. Report the products in Columns 6, 8 and 10, respectively.
- Line 1045 – Backed by Residual Tranches or Interests – Unaffiliated
- Report the book/adjusted carrying value of all Schedule BA assets in Line 3599999 in Columns 1 and 4. Multiply the amount in Column 4 by the reserve factors in Columns 5, 7 and 9. Report the products in Columns 6, 8 and 10, respectively.
- Line 1056 – Backed by Residual Tranches or Interests – Affiliated
- Report the book/adjusted carrying value of all Schedule BA assets in Line 3699999 in Columns 1 and 4. Multiply the amount in Column 4 by the reserve factors in Columns 5, 7 and 9. Report the products in Columns 6, 8 and 10, respectively.
- Line 1067 – Backed by Debt Securities – Unaffiliated
- Report the book/adjusted carrying value of all Schedule BA assets in Line 3799999 in Columns 1 and 4. Multiply the amount in Column 4 by the reserve factors in Columns 5, 7 and 9. Report the products in Columns 6, 8 and 10, respectively.
- Line 1078 – Backed by Debt Securities – Affiliated
- Report the book/adjusted carrying value of all Schedule BA assets in Line 3899999 in Columns 1 and 4. Multiply the amount in Column 4 by the reserve factors in Columns 5, 7 and 9. Report the products in Columns 6, 8 and 10, respectively.
- Line 1089 – Backed by Real Estate – Unaffiliated
- Report the book/adjusted carrying value of all Schedule BA assets in Line 3999999 in Columns 1 and 4. Multiply the amount in Column 4 by the reserve factors in Columns 5, 7 and 9. Report the products in Columns 6, 8 and 10, respectively.
- Line 10910 – Backed by Real Estate – Affiliated
- Report the book/adjusted carrying value of all Schedule BA assets in Line 4099999 in Columns 1 and 4. Multiply the amount in Column 4 by the reserve factors in Columns 5, 7 and 9. Report the products in Columns 6, 8 and 10, respectively.
- Line 11011 – Collateral Loans – All Other – Unaffiliated
- Report the book/adjusted carrying value of all Schedule BA assets in Line 4199999 in Columns 1 and 4. Multiply the amount in Column 4 by the reserve factors in Columns 5, 7 and 9. Report the products in Columns 6, 8 and 10, respectively.

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

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

Section L:

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

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

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

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

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

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

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

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

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

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

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

SCHEDULE D – PART 1 – SECTION 2

ASSET-BACKED SECURITIES OWNED DECEMBER 31 OF CURRENT YEAR



NAIC Designation Category Footnote:

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

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

Collateralized Loan Obligation CLOs/CBOs/CDOs Footnote:

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

ANNUAL STATEMENT BLANK – LIFE/FRATERNAL AND SEPARATE ACCOUNTS

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

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

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

Line Number	NAIC Designation	Description	1 Book/ Adjusted Carrying Value	2 Reclassify Related Party Encumbrances	3 Add Third Party Encumbrances	4 Balance for AVR Reserve Calculations (Cols. 1+2+3)	Basic Contribution		Reserve Objective		Maximum Reserve	
							5 Factor	6 Amount (Cols. 4x5)	7 Factor	8 Amount (Cols. 4x7)	9 Factor	10 Amount (Cols. 4x9)
SECTION A												
(Continued)												
COLLATERAL LOAN OBLIGATIONS/CLOs/CBOs/CDOs												
9.1	1	NAIC Designation Category 1.A		XXX	XXX		0.0002		0.0007		0.0013	
9.2	1	NAIC Designation Category 1.B		XXX	XXX		0.0004		0.0011		0.0023	
9.3	1	NAIC Designation Category 1.C		XXX	XXX		0.0006		0.0018		0.0035	
9.4	1	NAIC Designation Category 1.D		XXX	XXX		0.0007		0.0022		0.0044	
9.5	1	NAIC Designation Category 1.E		XXX	XXX		0.0009		0.0027		0.0055	
9.6	1	NAIC Designation Category 1.F		XXX	XXX		0.0011		0.0034		0.0068	
9.7	1	NAIC Designation Category 1.G		XXX	XXX		0.0014		0.0042		0.0085	
9.8		Subtotal NAIC 1 (Sum of Lines A9.1 through A9.7)		XXX	XXX		XXX		XXX		XXX	
10.1	2	NAIC Designation Category 2.A		XXX	XXX		0.0021		0.0063		0.0105	
10.2	2	NAIC Designation Category 2.B		XXX	XXX		0.0025		0.0076		0.0127	
10.3	2	NAIC Designation Category 2.C		XXX	XXX		0.0036		0.0108		0.0180	
10.4		Subtotal NAIC 2 (Sum of Lines A10.1 through A10.3)		XXX	XXX		XXX		XXX		XXX	
11.1	3	NAIC Designation Category 3.A		XXX	XXX		0.0069		0.0183		0.0262	
11.2	3	NAIC Designation Category 3.B		XXX	XXX		0.0099		0.0264		0.0377	
11.3	3	NAIC Designation Category 3.C		XXX	XXX		0.0131		0.0350		0.0500	
11.4		Subtotal NAIC 3 (Sum of Lines A11.1 through A11.3)		XXX	XXX		XXX		XXX		XXX	
12.1	4	NAIC Designation Category 4.A		XXX	XXX		0.0184		0.0430		0.0615	
12.2	4	NAIC Designation Category 4.B		XXX	XXX		0.0238		0.0555		0.0793	
12.3	4	NAIC Designation Category 4.C		XXX	XXX		0.0310		0.0724		0.1034	
12.4		Subtotal NAIC 4 (Sum of Lines A12.1 through A12.3)		XXX	XXX		XXX		XXX		XXX	
13.1	5	NAIC Designation Category 5.A		XXX	XXX		0.0472		0.0846		0.1410	
13.2	5	NAIC Designation Category 5.B		XXX	XXX		0.0663		0.1188		0.1980	
13.3	5	NAIC Designation Category 5.C		XXX	XXX		0.0836		0.1498		0.2496	
13.4		Subtotal NAIC 5 (Sum of Lines A13.1 through A13.3)		XXX	XXX		XXX		XXX		XXX	
14	6	NAIC 6		XXX	XXX		0.0000		0.2370		0.2370	
15		Total collateral loan obligations/CLOs/CBOs/CDOs (Sum of Lines A9.8+A10.4+A11.4+A12.4+A13.4 +A14)		XXX	XXX		XXX		XXX		XXX	
16		Total long-term bonds and collateral loan obligations-including CLOs/CBOs/CDOs (Sum of 8+15)		XXX	XXX		XXX		XXX		XXX	
SECTION B												
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 B10 through B16)		XXX	XXX		XXX		XXX		XXX	

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

Line Number	NAIC Designation	Description	1 Book/ Adjusted Carrying Value	2 Reclassify Related Party Encumbrances	3 Add Third Party Encumbrances	4 Balance for AVR Reserve Calculations (Cols. 1+2+3)	Basic Contribution		Reserve Objective		Maximum Reserve	
							5 Factor	6 Amount (Cols. 4x5)	7 Factor	8 Amount (Cols. 4x7)	9 Factor	10 Amount (Cols. 4x9)
SECTION C												
SHORT-TERM BONDS												
18		Exempt obligations.....		XXX	XXX		0.0000		0.0000		0.0000	
192.1	1	NAIC Designation Category 1.A		XXX	XXX		0.0002		0.0007		0.0013	
192.2	1	NAIC Designation Category 1.B		XXX	XXX		0.0004		0.0011		0.0023	
192.3	1	NAIC Designation Category 1.C		XXX	XXX		0.0006		0.0018		0.0035	
192.4	1	NAIC Designation Category 1.D		XXX	XXX		0.0007		0.0022		0.0044	
192.5	1	NAIC Designation Category 1.E.....		XXX	XXX		0.0009		0.0027		0.0055	
192.6	1	NAIC Designation Category 1.F.....		XXX	XXX		0.0011		0.0034		0.0068	
192.7	1	NAIC Designation Category 1.G.....		XXX	XXX		0.0014		0.0042		0.0085	
192.8		Subtotal NAIC 1 (19.1+19.2+19.3+19.4+19.5+19.6+19.7)Sum of Lines C.2.1 through C.2.7)		XXX	XXX		XXX		XXX		XXX	
203.1	2	NAIC Designation Category 2.A		XXX	XXX		0.0021		0.0063		0.0105	
203.2	2	NAIC Designation Category 2.B		XXX	XXX		0.0025		0.0076		0.0127	
203.3	2	NAIC Designation Category 2.C		XXX	XXX		0.0036		0.0108		0.0180	
203.4		Subtotal NAIC 2 (20.1+20.2+20.3)Sum of Lines C.3.1 through C.3.3) ...		XXX	XXX		XXX		XXX		XXX	
244.1	3	NAIC Designation Category 3.A		XXX	XXX		0.0069		0.0183		0.0262	
244.2	3	NAIC Designation Category 3.B.....		XXX	XXX		0.0099		0.0264		0.0377	
244.3	3	NAIC Designation Category 3.C.....		XXX	XXX		0.0131		0.0350		0.0500	
244.4		Subtotal NAIC 3 (Sum of Lines C.4.1 through C.4.3)21.1+21.2+21.3) ...		XXX	XXX		XXX		XXX		XXX	
225.1	4	NAIC Designation Category 4.A		XXX	XXX		0.0184		0.0430		0.0615	
225.2	4	NAIC Designation Category 4.B		XXX	XXX		0.0238		0.0555		0.0793	
225.3	4	NAIC Designation Category 4.C.....		XXX	XXX		0.0310		0.0724		0.1034	
225.4		Subtotal NAIC 4 (Sum of Lines C.5.1 through C.5.3)22.1+22.2+22.3) ...		XXX	XXX		XXX		XXX		XXX	
236.1	5	NAIC Designation Category 5.A		XXX	XXX		0.0472		0.0846		0.1410	
236.2	5	NAIC Designation Category 5.B		XXX	XXX		0.0663		0.1188		0.1980	
236.3	5	NAIC Designation Category 5.C.....		XXX	XXX		0.0836		0.1498		0.2496	
236.4		Subtotal NAIC 5 (Sum of Lines C.6.1 through C.6.3)23.1+23.2+23.3) ...		XXX	XXX		XXX		XXX		XXX	
247	6	NAIC 6		XXX	XXX		0.0000		0.2370		0.2370	
258		Total short-term bonds (Sum of Lines C.1, C.2.8, C.3.4, C.4.4, C.5.4, C.6.4 and C.7)18+19.8+20.4+21.4+22.4+23.4+24)		XXX	XXX		XXX		XXX		XXX	
SECTION D												
DERIVATIVE INSTRUMENTS												
261		Exchange traded		XXX	XXX		0.0005		0.0016		0.0033	
272	1	Highest quality		XXX	XXX		0.0005		0.0016		0.0033	
283	2	High quality		XXX	XXX		0.0021		0.0064		0.0106	
294	3	Medium quality.....		XXX	XXX		0.0099		0.0263		0.0376	
305	4	Low quality.....		XXX	XXX		0.0245		0.0572		0.0817	
316	5	Lower quality		XXX	XXX		0.0630		0.1128		0.1880	
327	6	In or near default		XXX	XXX		0.0000		0.2370		0.2370	
338		Total derivative instruments		XXX	XXX		XXX		XXX		XXX	
349		Total (Sum of Lines 9+ 17+ 25+ 33D1 through D8)		XXX	XXX		XXX		XXX		XXX	

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

Line Number	NAIC Designation	Description	1 Book/ Adjusted Carrying Value	2 Reclassify Related Party Encumbrances	3 Add Third Party Encumbrances	4 Balance for AVR Reserve Calculations (Cols. 1+2+3)	Basic Contribution		Reserve Objective		Maximum Reserve	
							5 Factor	6 Amount (Cols. 4x5)	7 Factor	8 Amount (Cols. 4x7)	9 Factor	10 Amount (Cols. 4x9)
SECTION E		MORTGAGE LOANS										
		In Good Standing:										
<u>351</u>		Farm mortgages – CM1 – highest quality.....			XXX		0.0011		0.0057		0.0074	
<u>362</u>		Farm mortgages – CM2 – high quality			XXX		0.0040		0.0114		0.0149	
<u>373</u>		Farm mortgages – CM3 – medium quality			XXX		0.0069		0.0200		0.0257	
<u>384</u>		Farm mortgages – CM4 – low medium quality			XXX		0.0120		0.0343		0.0428	
<u>395</u>		Farm mortgages – CM5 – low quality			XXX		0.0183		0.0486		0.0628	
<u>406</u>		Residential mortgages – insured or guaranteed			XXX		0.0003		0.0007		0.0011	
<u>417</u>		Residential mortgages – all other			XXX		0.0015		0.0034		0.0046	
<u>428</u>		Commercial mortgages – insured or guaranteed			XXX		0.0003		0.0007		0.0011	
<u>439</u>		Commercial mortgages – all other – CM1 – highest quality.....			XXX		0.0011		0.0057		0.0074	
<u>4410</u>		Commercial mortgages – all other – CM2 – high quality.....			XXX		0.0040		0.0114		0.0149	
<u>4511</u>		Commercial mortgages – all other – CM3 – medium quality			XXX		0.0069		0.0200		0.0257	
<u>4612</u>		Commercial mortgages – all other – CM4 – low medium quality.....			XXX		0.0120		0.0343		0.0428	
<u>4713</u>		Commercial mortgages – all other – CM5 – low quality.....			XXX		0.0183		0.0486		0.0628	
		Overdue, Not in Process:										
<u>4814</u>		Farm mortgages.....			XXX		0.0480		0.0868		0.1371	
<u>4915</u>		Residential mortgages – insured or guaranteed			XXX		0.0006		0.0014		0.0023	
<u>5016</u>		Residential mortgages – all other			XXX		0.0029		0.0066		0.0103	
<u>5117</u>		Commercial mortgages – insured or guaranteed			XXX		0.0006		0.0014		0.0023	
<u>5218</u>		Commercial mortgages – all other.....			XXX		0.0480		0.0868		0.1371	
		In Process of Foreclosure:										
<u>5319</u>		Farm mortgages.....			XXX		0.0000		0.1942		0.1942	
<u>5420</u>		Residential mortgages – insured or guaranteed			XXX		0.0000		0.0046		0.0046	
<u>5521</u>		Residential mortgages – all other			XXX		0.0000		0.0149		0.0149	
<u>5622</u>		Commercial mortgages – insured or guaranteed.....			XXX		0.0000		0.0046		0.0046	
<u>5723</u>		Commercial mortgages – all other.....			XXX		0.0000		0.1942		0.1942	
<u>5824</u>		Total Schedule B mortgages (Sum of Lines <u>35E1</u> through <u>57E23</u>)			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)
SECTION A												
COMMON STOCK												
1		Unaffiliated public.....		XXX	XXX		0.0000		0.1580 (a)		0.1580 (a)	
2		Unaffiliated private.....		XXX	XXX		0.0000		0.1945		0.1945	
3		Federal Home Loan Bank.....		XXX	XXX		0.0000		0.0061		0.0097	
4		Affiliated life with AVR.....		XXX	XXX		0.0000		0.0000		0.0000	
Affiliated Investment Subsidiary:												
5		Fixed income exempt obligations.....					XXX		XXX		XXX	
6		Fixed income highest quality.....					XXX		XXX		XXX	
7		Fixed income high quality.....					XXX		XXX		XXX	
8		Fixed income medium quality.....					XXX		XXX		XXX	
9		Fixed income low quality.....					XXX		XXX		XXX	
10		Fixed income lower quality.....					XXX		XXX		XXX	
11		Fixed income in or near default.....					XXX		XXX		XXX	
12		Unaffiliated common stock public.....					0.0000		0.1580 (a)		0.1580 (a)	
13		Unaffiliated common stock private.....					0.0000		0.1945		0.1945	
14		Real estate.....					(b)		(b)		(b)	
15		Affiliated-certain other (See SVO Purposes & Procedures Manual).....		XXX	XXX		0.0000		0.1580		0.1580	
16		Affiliated - all other.....		XXX	XXX		0.0000		0.1945		0.1945	
17		Total common stock (Sum of Lines A1 through A16)					XXX		XXX		XXX	
SECTION B												
REAL ESTATE												
18		Home office property (General Account only).....					0.0000		0.0912		0.0912	
192		Investment properties.....					0.0000		0.0912		0.0912	
203		Properties acquired in satisfaction of debt.....					0.0000		0.1337		0.1337	
214		Total real estate (Sum of Lines B18 through B20B4)					XXX		XXX		XXX	
SECTION C												
OTHER INVESTED ASSETS INVESTMENTS WITH THE UNDERLYING CHARACTERISTICS OF BONDS												
221		Exempt obligations.....		XXX	XXX		0.0000		0.0000		0.0000	
232	1	Highest quality.....		XXX	XXX		0.0005		0.0016		0.0033	
243	2	High quality.....		XXX	XXX		0.0021		0.0064		0.0106	
254	3	Medium quality.....		XXX	XXX		0.0099		0.0263		0.0376	
265	4	Low quality.....		XXX	XXX		0.0245		0.0572		0.0817	
276	5	Lower quality.....		XXX	XXX		0.0630		0.1128		0.1880	
287	6	In or near default.....		XXX	XXX		0.0000		0.2370		0.2370	
298		Total with bond characteristics (Sum of Lines C122 through C728)		XXX	XXX		XXX		XXX		XXX	

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

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

Line Number	NAIC Designation	Description	1 Book/ Adjusted Carrying Value	2 Reclassify Related Party Encumbrances	3 Add Third Party Encumbrances	4 Balance for AVR Reserve Calculations (Cols. 1+2+3)	Basic Contribution		Reserve Objective		Maximum Reserve	
							5 Factor	6 Amount (Cols.4x5)	7 Factor	8 Amount (Cols. 4x7)	9 Factor	10 Amount (Cols.4x9)
SECTION D												
		INVESTMENTS WITH THE UNDERLYING CHARACTERISTICS OF PREFERRED STOCKS										
<u>301</u>	1	Highest quality		XXX	XXX		0.0005		0.0016		0.0033	
<u>312</u>	2	High quality		XXX	XXX		0.0021		0.0064		0.0106	
<u>323</u>	3	Medium quality		XXX	XXX		0.0099		0.0263		0.0376	
<u>334</u>	4	Low quality		XXX	XXX		0.0245		0.0572		0.0817	
<u>345</u>	5	Lower quality		XXX	XXX		0.0630		0.1128		0.1880	
<u>356</u>	6	In or near default		XXX	XXX		0.0000		0.2370		0.2370	
<u>367</u>		Affiliated life with AVR		XXX	XXX		0.0000		0.0000		0.0000	
<u>378</u>		Total with preferred stock characteristics (Sum of Lines <u>30D1</u> through <u>36D7</u>)		XXX	XXX		XXX		XXX		XXX	
SECTION E												
		INVESTMENTS WITH THE UNDERLYING CHARACTERISTICS OF MORTGAGE LOANS										
		In Good Standing Affiliated:										
<u>381</u>		Mortgages – CM1 – highest quality			XXX		0.0011		0.0057		0.0074	
<u>392</u>		Mortgages – CM2 – high quality			XXX		0.0040		0.0114		0.0149	
<u>403</u>		Mortgages – CM3 – medium quality			XXX		0.0069		0.0200		0.0257	
<u>414</u>		Mortgages – CM4 – low medium quality			XXX		0.0120		0.0343		0.0428	
<u>425</u>		Mortgages – CM5 – low quality			XXX		0.0183		0.0486		0.0628	
<u>436</u>		Residential mortgages – insured or guaranteed			XXX		0.0003		0.0007		0.0011	
<u>447</u>		Residential mortgages – all other		XXX	XXX		0.0015		0.0034		0.0046	
<u>458</u>		Commercial mortgages – insured or guaranteed			XXX		0.0003		0.0007		0.0011	
		Overdue, Not in Process Affiliated:										
<u>469</u>		Farm mortgages			XXX		0.0480		0.0868		0.1371	
<u>4710</u>		Residential mortgages – insured or guaranteed			XXX		0.0006		0.0014		0.0023	
<u>4811</u>		Residential mortgages – all other			XXX		0.0029		0.0066		0.0103	
<u>4912</u>		Commercial mortgages – insured or guaranteed			XXX		0.0006		0.0014		0.0023	
<u>5013</u>		Commercial mortgages – all other			XXX		0.0480		0.0868		0.1371	
		In Process of Foreclosure Affiliated:										
<u>5114</u>		Farm mortgages			XXX		0.0000		0.1942		0.1942	
<u>5215</u>		Residential mortgages – insured or guaranteed			XXX		0.0000		0.0046		0.0046	
<u>5316</u>		Residential mortgages – all other			XXX		0.0000		0.0149		0.0149	
<u>5417</u>		Commercial mortgages – insured or guaranteed			XXX		0.0000		0.0046		0.0046	
<u>5518</u>		Commercial mortgages – all other			XXX		0.0000		0.1942		0.1942	
<u>5619</u>		Total affiliated (Sum of Lines <u>38-DE1</u> through <u>55DE18</u>)			XXX		XXX		XXX		XXX	
<u>5720</u>		Unaffiliated – in good standing with covenants			XXX		(c)		(c)		(c)	
		Unaffiliated – in good standing defeased with government securities			XXX							
<u>5821</u>		Unaffiliated – in good standing primarily senior			XXX		0.0011		0.0057		0.0074	
<u>5922</u>		Unaffiliated – in good standing all other			XXX		0.0040		0.0114		0.0149	
<u>6023</u>		Unaffiliated – in good standing all other			XXX		0.0069		0.0200		0.0257	
<u>24</u>		<u>Unaffiliated – in good standing – residential mortgages - all other</u>		XXX	XXX		<u>0.0015</u>		<u>0.0034</u>		<u>0.0046</u>	
<u>61245</u>		Unaffiliated – overdue, not in process			XXX		0.0480		0.0868		0.1371	
<u>62256</u>		Unaffiliated – in process of foreclosure			XXX		0.0000		0.1942		0.1942	
<u>63267</u>		Total unaffiliated (Sum of Lines <u>57-DE20</u> through <u>62DE256</u>)			XXX		XXX		XXX		XXX	
<u>64278</u>		Total with mortgage loan characteristics (Lines <u>56-DE19</u> + <u>63DE267</u>)			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)
SECTION F												
INVESTMENTS WITH THE UNDERLYING CHARACTERISTICS OF COMMON STOCK												
651		Unaffiliated public		XXX	XXX		0.0000		0.1580(a)		0.1580(a)	
662		Unaffiliated private		XXX	XXX		0.0000		0.1945		0.1945	
673		Affiliated life with AVR		XXX	XXX		0.0000		0.0000		0.0000	
684		Affiliated certain other (See SVO Purposes & Procedures Manual)		XXX	XXX		0.0000		0.1580		0.1580	
695		Affiliated other - all other		XXX	XXX		0.0000		0.1945		0.1945	
706		Total with common stock characteristics (Sum of Lines 65-F1 through F569)		XXX	XXX		XXX		XXX		XXX	
SECTION G												
INVESTMENTS WITH THE UNDERLYING CHARACTERISTICS OF REAL ESTATE												
71		Home office property (General Account only)					0.0000		0.0912		0.0912	
72		Investment properties					0.0000		0.0912		0.0912	
73		Properties acquired in satisfaction of debt					0.0000		0.1337		0.1337	
74		Total with real estate characteristics (Sum of Lines 7G1 through 7G3)					XXX		XXX		XXX	
SECTION H												
INVESTMENTS IN TAX CREDIT STRUCTURES												
751		Yield guaranteed state tax credit investments					0.0003		0.0006		0.0010	
762		Qualifying federal tax credit investments					0.0063		0.0120		0.0190	
773		Qualifying state tax credit investments					0.0063		0.0120		0.0190	
784		Other tax credit investments					0.0273		0.0600		0.0975	
795		Total tax credit investments (Sum of Lines 75-H1 through 78H4)					XXX		XXX		XXX	
SECTION I												
RESIDUAL TRANCHEs OR INTERESTS												
801		Bonds – unaffiliated		XXX	XXX		0.0000		0.1580		0.1580	
812		Bonds – affiliated		XXX	XXX		0.0000		0.1580		0.1580	
823		Common stock – unaffiliated		XXX	XXX		0.0000		0.1580		0.1580	
834		Common stock – affiliated		XXX	XXX		0.0000		0.1580		0.1580	
845		Preferred stock – unaffiliated		XXX	XXX		0.0000		0.1580		0.1580	
856		Preferred stock – affiliated		XXX	XXX		0.0000		0.1580		0.1580	
867		Real estate – unaffiliated					0.0000		0.1580		0.1580	
878		Real estate – affiliated					0.0000		0.1580		0.1580	
889		Mortgage loans – unaffiliated		XXX	XXX		0.0000		0.1580		0.1580	
8910		Mortgage loans – affiliated		XXX	XXX		0.0000		0.1580		0.1580	
9011		Other – unaffiliated		XXX	XXX		0.0000		0.1580		0.1580	
9112		Other – affiliated		XXX	XXX		0.0000		0.1580		0.1580	
9213		Total residual tranches or interests (Sum of Lines 80-I1 through 91I12)					XXX		XXX		XXX	
SECTION J												
SURPLUS NOTES AND CAPITAL NOTES												
193	1	Highest quality		XXX	XXX		0.0005		0.0016		0.0033	
294	2	High quality		XXX	XXX		0.0021		0.0064		0.0106	
395	3	Medium quality		XXX	XXX		0.0099		0.0263		0.0376	
496	4	Low quality		XXX	XXX		0.0245		0.0572		0.0817	
597	5	Lower quality		XXX	XXX		0.0630		0.1128		0.1880	
698	6	In or near default		XXX	XXX		0.0000		0.2370		0.2370	
799		Total surplus notes and capital notes (Sum of Lines 93-J1 through 98J6)		XXX	XXX		XXX		XXX		XXX	

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

SECTION K		COLLATERAL LOANS									
1		Backed by mortgage loans – collateral loans – unaffiliated	XXX	XXX	0.0000	0.00000-0680	0.00000-0680				
2		Backed by mortgage loans – collateral loans – affiliated	XXX	XXX	0.0000	0.00000-0680	0.00000-0680				
3		Backed by joint ventures, partnerships, & limited liability companies – collateral loans – unaffiliated	XXX	XXX	0.0000	0.00000-0680	0.00000-0680				
4		Backed by joint ventures, partnerships, & limited liability companies – collateral loans – affiliated	XXX	XXX	0.0000	0.00000-0680	0.00000-0680				
5		Backed by residual tranches or interests – collateral loans – unaffiliated	XXX	XXX	0.0000	0.00000-0680	0.00000-0680				
6		Backed by residual tranches or interests – collateral loans – affiliated	XXX	XXX	0.0000	0.00000-0680	0.00000-0680				
7		Backed by debt securities – collateral loans – unaffiliated	XXX	XXX	0.0000	0.00000-0680	0.00000-0680				
8		Backed by debt securities – collateral loans – affiliated	XXX	XXX	0.0000	0.00000-0680	0.00000-0680				
9		Backed by real estate – collateral loans – unaffiliated	XXX	XXX	0.0000	0.00000-0680	0.00000-0680				
10		Backed by real estate – collateral loans – affiliated	XXX	XXX	0.0000	0.00000-0680	0.00000-0680				
11		Collateral loans – all other – unaffiliated	XXX	XXX	0.0000	0.00000-0680	0.00000-0680				
12		Collateral loans – all other – affiliated	XXX	XXX	0.0000	0.00000-0680	0.00000-0680				
13		Total collateral loans (Sum of Lines K1 through K12)	XXX	XXX	XXX	XXX	XXX				
SECTION L		ALL OTHER INVESTMENTS									
1100		NAIC 1 working capital finance investments	XXX		0.0000	0.0042	0.0042				
2101		NAIC 2 working capital finance investments	XXX		0.0000	0.0137	0.0137				
3102		Other invested assets - Schedule BA	XXX		0.0000	0.1580	0.1580				
4103		Other short-term invested assets - Schedule DA	XXX		0.0000	0.1580	0.1580				
5104		Total all other (Sum of Lines L100 through L4103)	XXX		XXX	XXX	XXX				
6105		Total other invested assets - Schedules BA & DA (Sum of Lines 29, 37, 64, 70, 74, 79, 92, 99 and 104C8, D8, E27E28, F6, G4, H5, I13, J7, and K13)			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.

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

<p style="text-align: right;">DATE: <u>5/1/2026</u></p> <p>CONTACT PERSON: <u>Maggie Chang</u></p> <p>TELEPHONE: <u>816-783-8976</u></p> <p>EMAIL ADDRESS: <u>mchang@naic.org</u></p> <p>ON BEHALF OF: <u>Risk-Based Capital Investment Risk and Evaluation (E) Working Group</u></p> <p>NAME: <u>Philip Barlow, Chair</u></p> <p>TITLE: <u>Associate Commissioner of Insurance</u></p> <p>AFFILIATION: <u>District of Columbia</u></p> <p>ADDRESS: <u>1050 First Street, NE Suite 801</u> <u>Washington, DC 20002</u></p>	<p style="text-align: center;">FOR NAIC USE ONLY</p> <p>Agenda Item # <u>2026-12-IRE MOD</u></p> <p>Year <u>2026</u></p> <hr/> <p style="text-align: center;">DISPOSITION</p> <p>ADOPTED:</p> <p><input type="checkbox"/> TASK FORCE (TF) _____</p> <p><input checked="" type="checkbox"/> WORKING GROUP (WG) _____ <u>6/23/2026</u></p> <p><input type="checkbox"/> SUBGROUP (SG) _____</p> <p>EXPOSED:</p> <p><input type="checkbox"/> TASK FORCE (TF) _____</p> <p><input checked="" type="checkbox"/> WORKING GROUP (WG) _____ <u>5/6/2026</u></p> <p><input type="checkbox"/> SUBGROUP (SG) _____</p> <p>REJECTED:</p> <p><input type="checkbox"/> TF <input type="checkbox"/> WG <input type="checkbox"/> SG _____</p> <p>OTHER:</p> <p><input type="checkbox"/> DEFERRED TO _____</p> <p><input type="checkbox"/> REFERRED TO OTHER NAIC GROUP _____</p> <p><input type="checkbox"/> (SPECIFY) _____</p>
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IDENTIFICATION OF SOURCE AND FORM(S)/INSTRUCTIONS TO BE CHANGED

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

DESCRIPTION/REASON OR JUSTIFICATION OF CHANGE(S)

This proposal incorporates CLOs' Modeled C-1 factors initially presented by the American Academy of Actuaries (Academy) on March 2, 2026 and subsequently adjusted for tax effect, presented on June 23, 2026.

The Academy did not propose C-1 factor for NAIC 6 CLOs due to limited sample for modelling. Based on Working Group's discussion, NAIC staff has taken an arithmetic mean of 1 and NAIC 5.C. factor, arriving at 92.56% pre-tax factor for NAIC 6.

Additional Staff Comments:

5/6/26 – building on Proposal 2025-22-IRE (CLO RBC Structure) MOD V.3, NAIC staff has identified further refinements in LR002 in order to effectuate Portfolio Adjustment Factor (PAF) methodology proposed by the Academy. Exposed on May 6 for 30-day public comment period ending June 5. Six comment letters were received.(mkc)

6/23/26 – RBCIRE Working Group met and adopted a motion to modify the Proposal. During the adoption process, the Working Group agreed to the opportunities for some of these decisions to be looked at again if there were new information presented or new guidance from a higher Task Force.

Key customizations adopted are summarized as below:

- Academy's proposed C-1 factors (pre-tax, **Chart 1**) are adopted for all CLOs/CBOs/CDOs reported in AVR Default Component Table lines A9.1-A14. Note that the Academy revised its proposed factor for A3/NAIC 1.G. tranche resulted from the Working Group discussions.
- BSL CLOs with NAIC Designation 2.C. or below AND with tranche thickness equal to or below 4% will be assessed surcharge of 11.77%.
- To set CLO PAF = 1.0 (Option 1 of Academy's recommendation, **Chart 2**), amended to incorporate ACLI's request to include unique CLO Issuer count in the non-CLO PAF Calculation. Note that this represents an interim solution and the PAF methodology will be reviewed for 2027 and forward.
- CLO residual tranches continue to be afforded 45% pre-tax factor.
- Modifications are highlighted in **yellow**.

Chart 1

Pre-Tax Factors				4			
The Academy applies a tax rate of 21% with the assumption of 80% tax recovery							
Investment Grade				Below Investment Grade			
Rating	Simple Average Raw C-1	Modeled C-1		Rating	Simple Average Raw C-1	Modeled C-1	
		Thickness > 4%	Thickness ≤ 4%			Thickness > 4%	Thickness ≤ 4%
Aaa	0.04%	0.04%		Ba1	24.88%	15.14%	26.91%
Aa1	0.34%	0.05%		Ba2	32.90%	25.15%	36.93%
Aa2	0.00%	0.05%		Ba3	34.76%	27.99%	39.76%
Aa3	0.00%	0.05%		B1	20.84%	31.30%	43.07%
A1	0.48%	0.17%		B2	37.03%	42.31%	54.08%
A2	0.13%	0.17%		B3	67.78%	56.88%	68.65%
A3	0.14%	0.97%		Caa1	69.23%	57.84%	69.61%
Baa1	1.90%	2.18%		Caa2	79.94%	66.34%	78.12%
Baa2	3.63%	3.24%		Caa3	92.94%	85.12%	96.89%
Baa3	7.14%	3.28%	15.05%	Residual ¹	43.01%	45.00%	

1. Under practical expedient accounting

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CISC Update on CLO C-1 Factors Modeling
June 23, 2026

AMERICAN ACADEMY
of ACTUARIES

Chart 2

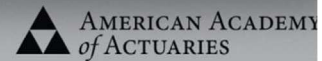
Summary of Findings—Portfolio Adjustment Factors 18

- The Academy models PAF consistent with the bond PAF methodology based on the number of unique loan *issuers* for a given portfolio of *N* CLO deals, deriving two metrics:
 - Absolute PAF = Portfolio of *N* CLO Deals PAF
 - Relative PAF = Absolute PAF ÷ Collateral Loan Universe PAF, assumes full diversification when holding a loan for every one of the 2,462 issuers in the collateral universe
- The Academy proposes two options:

	Option 1		Option 2	
	N	CLO PAF	N	CLO PAF
CLO PAF of 1.00	1	1.38	7	1.08
	2	1.22	8	1.07
	3	1.16	9	1.07
	4	1.12	10	1.06
	5	1.10	11+	1.00
	6	1.09		
Based on Absolute PAF		Based on Relative PAF		

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CISC Update on CLO C-1 Factors Modeling
May 6, 2026



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

Revised 2-2023

BONDS

LR002

Basis of Factors

The bond factors are based on cash flow modeling using historically adjusted default rates for each bond category. For each of 2,000 trials, annual economic conditions were generated for the 10-year modeling period. Each bond of a 400-bond portfolio was annually tested for default (based on a “roll of the dice”) where the default probability varies by designation category and that year’s economic environment. When a default takes place, the actual loss considers the expected principal loss by category, the time until the sale actually occurs and the assumed tax consequences.

Actual surplus needs are reduced by incorporating anticipated annual contributions to the asset valuation reserve (AVR) as offsetting cash flow. Required surplus for a given trial is calculated as the amount of initial surplus funds needed so that the accumulation with interest of this initial amount and subsequent cash flows will not become negative at any point throughout the modeling period. The factors chosen for the proposed formula produce a level of surplus at least as much as needed in 92% of the trials by category and a 96% level for the entire bond portfolio.

The factor for NAIC 6 bonds recognizes that the book/adjusted carrying value of these bonds reflects a loss of value upon default by being marked to market.

*Specific Instructions for Application of the Formula*Lines (1) through (7)

The book/adjusted carrying value of all bonds, excluding collateralized loan obligations (CLOs), Collateralized Bond Obligations (CBOs), and Collateralized Debt Obligations (CDOs) and related fixed-income investments should be reported in Column (1). The bonds are split into seven different risk classifications. For long-term bonds, these classifications are found on Lines A1 through A7 of the Asset Valuation Reserve Default Component, Page 30 of the annual statement.

The book/adjusted carrying value of all collateralized loan obligations CLOs/CBOs/CDOs should be reported in Column 2. The collateralized loan obligations-CLOs/CBOs/CDOs are split into six different risk classifications. These classifications are found on Lines A9.1 through A14 of the Asset Valuation Reserve Default Component, Page 30 of the annual statement.

Line (7.2)

Amounts reported in Column (2) line (7.2) should include book/adjusted carrying value of Broadly Syndicated Bank Loans (BSL) CLO tranches (as defined below) with current tranche thickness less than or equal to 4% (as defined below).

BSL are typically syndicated corporate loans distributed to a broad base of institutional investors and rated by credit rating agencies. BSL CLOs are primarily backed by syndicated corporate loans.

Current Tranche thickness is defined as the difference between the attachment point (AP) and the detachment point (DP) of a CLO tranche. AP refers to tranche’s subordination percentage, and DP is the percentage of total par amount of the underlying portfolio including principal proceeds, that will completely write off the tranche. The current tranche thickness is to be measured using the most recent periodic report available, without being stale, as of the investment reporting date.

It was noted that the Academy’s proposed surcharge on thin tranches range from 11.77% to 11.78% pre-tax, as such, to streamline the structure, NAIC staff incorporated a flat surcharge of 11.77% in Column (3).

Line (8)

The total, adjusted for amount reported in Column (2), Line (7.2)—should equal long-term bonds and other fixed-income instruments—reported on Page 2, Column 3, Line 1 plus Schedule DL Part 1, Column 6, Line 2009999999 of the annual statement.

Lines (9) through (15)

The book/adjusted carrying value of all short-term and cash equivalent bonds ~~and related fixed-income investments~~ should be reported in Column (1). The bonds are split into seven different risk classifications. For short-term bonds, these classifications are found on Lines ~~18-C1~~ through ~~24-C7~~ of the Asset Valuation Reserve Default Component, ~~Page 30~~ of the annual statement. For cash equivalent bonds, these classifications are found in Footnotes to Schedule E, Part 2.

Line (16)

The total should equal short-term bonds reported on Schedule DA, Part 1, Column 6 Line 0509999999 plus Schedule DL Part 1, Column 6, Line 9509999999 plus Schedule E, Part 2, Column 7, Line 0509999999.

Line (22)

Class 1 bonds (highest quality) issued by a U.S. government agency that are not backed by the full faith and credit of the U.S. government should be reported on this line. The loan-backed securities of the Federal National Mortgage Association (FNMA) and the Federal Home Loan Mortgage Corporation (FHLMC) would be examples of the securities reported on this line. Line (22) should not be larger than the sum of Lines (2) and (10). Exempt obligations should not be included on this line.

Line (23)

Column (1) and Column (2) require Company to bifurcate Line (21) Column (4) "Total RBC Requirement" into Non-CLO RBC Requirement (Column 1) and CLO RBC Requirement (Column 2) components. For Non-CLO (Column (1)), the amount needs to be further reduced by Column (4) Line(1), Column (4) Line(9) and Column (4) Line (22). The sum of Column (1) and Column (2) should agree to Column (4).

Line (24)

Column (1) - Bonds should be aggregated by issuer (the first six digits of the CUSIP number can be used). Exempt U.S. government bonds and bonds reported on Line (22) are not counted in determining the size factor. The RBC for those bonds will not be included in the base to which the size factor is applied. For 2026 filing, include unique CLO Issuer count (see Column (2) below) in this Column. If this field is left blank, the maximum size factor adjustment of 2.40 will be used.

Column (2) - CLOs/CBOs/CDOs should be aggregated by unique issuer (typically the special purpose vehicle that holds underlying collateral and issues CLO/CBO/CDO debt tranches, collectively the "CLO Issuers"). The first six digits of the CUSIP can be used. In the case of combo CLOs or other structures that hold multiple CLO issuers, the insurer should look through the underlying CLO issuers for purposes of determining the number of issuers. If this field is left blank, the maximum size factor adjustment of 1.00 will be used.

Line (25)

Column (1) - The size factor reflects the higher risk of a bond portfolio that contains relatively fewer bonds. The overall factor decreases as the portfolio size increases. The size factor is based on the weighted number of issuers. (The calculation shown below will not appear on the RBC filing software but will be calculated automatically.)

<u>Line (25)</u>	<u>Source</u>	(a) <u>Number of Issuers*</u> <u>(for bonds, excluding CLOs)</u>	(b) <u>Weighted Issuers*</u> <u>(for bonds, excluding CLOs)</u>
First 50	Company Records	X	2.40 =
Next 50	Company Records	X	1.53 =
Next 100	Company Records	X	0.85 =

Next 300	Company Records	_____	X	0.85	=	_____
Over 500	Company Records	_____	X	0.82	=	_____
		_____				_____
		=====				=====
<p>(i) Total Number of Issuers from Line (24) Column (1)</p> <p>(ii) Total Weighted Issuers (for bonds, excluding CLOs/CBOs/CDOs)</p> <p>Size Factor = Total Weighted Issuers (ii) Divided by Total Number of Issuers (i)</p>						

* For 2026 filing, include unique CLO Issuer count in Column (1) calculation.

Column (2) – The size factor for CLOs/CBOs/CDOs is defaulted to 1.0.

Company Name: BONDS Cocode: 00000

BONDS		(1) Non-CLOs/CBOs/CDOs Book / Adjusted Carrying Value	(2) CLOs/CBOs/CDOs Book / Adjusted Carrying Value	(3)	(4) Total RBC Requirement
SVO Bond Designation Category	Annual Statement Source	Factor	Factor	Factor	Requirement
Long Term Bonds					
(1) Exempt Obligations	C(1) AVR Default Component Column 1 Line A1	\$0 X 0.00000	XXX	XXX	\$0
(2.1) NAIC Designation Category 1.A	C(1) AVR Default Component Column 1 Line A2.1 C(2) AVR Default Component Column 1 Line A9.1	\$0 X 0.00158	\$0	0.00040	\$0
(2.2) NAIC Designation Category 1.B	C(1) AVR Default Component Column 1 Line A2.2 C(2) AVR Default Component Column 1 Line A9.2	\$0 X 0.00271	\$0	0.00050	\$0
(2.3) NAIC Designation Category 1.C	C(1) AVR Default Component Column 1 Line A2.3 C(2) AVR Default Component Column 1 Line A9.3	\$0 X 0.00419	\$0	0.00050	\$0
(2.4) NAIC Designation Category 1.D	C(1) AVR Default Component Column 1 Line A2.4 C(2) AVR Default Component Column 1 Line A9.4	\$0 X 0.00523	\$0	0.00050	\$0
(2.5) NAIC Designation Category 1.E	C(1) AVR Default Component Column 1 Line A2.5 C(2) AVR Default Component Column 1 Line A9.5	\$0 X 0.00657	\$0	0.00170	\$0
(2.6) NAIC Designation Category 1.F	C(1) AVR Default Component Column 1 Line A2.6 C(2) AVR Default Component Column 1 Line A9.6	\$0 X 0.00816	\$0	0.00170	\$0
(2.7) NAIC Designation Category 1.G	C(1) AVR Default Component Column 1 Line A2.7 C(2) AVR Default Component Column 1 Line A9.7	\$0 X 0.01016	\$0	0.00970	\$0
(2.8) Subtotal NAIC 1	Sum of Lines (2.1) through (2.7)	\$0	\$0	\$0	\$0
(3.1) NAIC Designation Category 2.A	C(1) AVR Default Component Column 1 Line A3.1 C(2) AVR Default Component Column 1 Line A10.1	\$0 X 0.01261	\$0	0.02180	\$0
(3.2) NAIC Designation Category 2.B	C(1) AVR Default Component Column 1 Line A3.2 C(2) AVR Default Component Column 1 Line A10.2	\$0 X 0.01523	\$0	0.03240	\$0
(3.3) NAIC Designation Category 2.C	C(1) AVR Default Component Column 1 Line A3.3 C(2) AVR Default Component Column 1 Line A10.3	\$0 X 0.02168	\$0	0.03280	\$0
(3.4) Subtotal NAIC 2	Sum of Lines (3.1) through (3.3)	\$0	\$0	\$0	\$0
(4.1) NAIC Designation Category 3.A	C(1) AVR Default Component Column 1 Line A4.1 C(2) AVR Default Component Column 1 Line A11.1	\$0 X 0.03151	\$0	0.15140	\$0
(4.2) NAIC Designation Category 3.B	C(1) AVR Default Component Column 1 Line A4.2 C(2) AVR Default Component Column 1 Line A11.2	\$0 X 0.04537	\$0	0.25150	\$0
(4.3) NAIC Designation Category 3.C	C(1) AVR Default Component Column 1 Line A4.3 C(2) AVR Default Component Column 1 Line A11.3	\$0 X 0.06017	\$0	0.27990	\$0
(4.4) Subtotal NAIC 3	Sum of Lines (4.1) through (4.3)	\$0	\$0	\$0	\$0
(5.1) NAIC Designation Category 4.A	C(1) AVR Default Component Column 1 Line A5.1 C(2) AVR Default Component Column 1 Line A12.1	\$0 X 0.07386	\$0	0.31300	\$0
(5.2) NAIC Designation Category 4.B	C(1) AVR Default Component Column 1 Line A5.2 C(2) AVR Default Component Column 1 Line A12.2	\$0 X 0.09535	\$0	0.42310	\$0
(5.3) NAIC Designation Category 4.C	C(1) AVR Default Component Column 1 Line A5.3 C(2) AVR Default Component Column 1 Line A12.3	\$0 X 0.12428	\$0	0.56880	\$0
(5.4) Subtotal NAIC 4	Sum of Lines (5.1) through (5.3)	\$0	\$0	\$0	\$0
(6.1) NAIC Designation Category 5.A	C(1) AVR Default Component Column 1 Line A6.1 C(2) AVR Default Component Column 1 Line A13.1	\$0 X 0.16942	\$0	0.57840	\$0
(6.2) NAIC Designation Category 5.B	C(1) AVR Default Component Column 1 Line A6.2 C(2) AVR Default Component Column 1 Line A13.2	\$0 X 0.23798	\$0	0.66340	\$0
(6.3) NAIC Designation Category 5.C	C(1) AVR Default Component Column 1 Line A6.3 C(2) AVR Default Component Column 1 Line A13.3	\$0 X 0.30000	\$0	0.85120	\$0
(6.4) Subtotal NAIC 5	Sum of Lines (6.1) through (6.3)	\$0	\$0	\$0	\$0
(7.1) NAIC 6	C(1) AVR Default Component Column 1 Line A7 C(2) AVR Default Component Column 1 Line A14	\$0 X 0.30000	\$0	0.92560	\$0
(7.2) CLO in NAIC Designation Category 2.C or below, with thin tranches (See Instruction)	C(2) AVR Default Component Column 1 Line A10.3, in part + Line A11.1, in part + Line A11.2, in part + Line A11.3, in part + Line A12.1, in part + Line A12.2, in part + Line A12.3, in part + Line A13.1, in part + Line A13.2, in part + Line A13.3, in part	XXX	\$0	0.11770	\$0
(8) Total Long-Term Bonds	Sum of Lines (1) + (2.8) + (3.4) + (4.4) + (5.4) + (6.4) + (7.1) + (7.2)	\$0	\$0	\$0	\$0
Short Term and Cash Equivalent Bonds					
(9) Exempt Obligations	AVR Default Component Column 1 Line C1 + Schedule E, Part 2, Column 7, Line 0019999999	\$0 X 0.000	XXX	XXX	\$0
(10.1) NAIC Designation Category 1.A	AVR Default Component Column 1 Line C2.1 + Schedule E, Part 2, Footnote L000001A, Amount 1 - Schedule E, Part 2, Column 7, Line 0019999999	\$0 X 0.00158	XXX	XXX	\$0
(10.2) NAIC Designation Category 1.B	AVR Default Component Column 1 Line C2.2 + Schedule E, Part 2, Footnote L000001A, Amount 2	\$0 X 0.00271	XXX	XXX	\$0
(10.3) NAIC Designation Category 1.C	AVR Default Component Column 1 Line C2.3 + Schedule E, Part 2, Footnote L000001A, Amount 3	\$0 X 0.00419	XXX	XXX	\$0
(10.4) NAIC Designation Category 1.D	AVR Default Component Column 1 Line C2.4 + Schedule E, Part 2, Footnote L000001A, Amount 4	\$0 X 0.00523	XXX	XXX	\$0
(10.5) NAIC Designation Category 1.E	AVR Default Component Column 1 Line C2.5 + Schedule E, Part 2, Footnote L000001A, Amount 5	\$0 X 0.00657	XXX	XXX	\$0
(10.6) NAIC Designation Category 1.F	AVR Default Component Column 1 Line C2.6 + Schedule E, Part 2, Footnote L000001A, Amount 6	\$0 X 0.00816	XXX	XXX	\$0
(10.7) NAIC Designation Category 1.G	AVR Default Component Column 1 Line C2.7 + Schedule E, Part 2, Footnote L000001A, Amount 7	\$0 X 0.01016	XXX	XXX	\$0
(10.8) Subtotal NAIC 1	Sum of Lines (10.1) through (10.7)	\$0	\$0	\$0	\$0

=ROUND(MAX(0,D10)*F10 + MAX(0,G10)*J10,0)

(11.1)	NAIC Designation Category 2.A	AVR Default Component Column 1 Line C3.1 + Schedule E, Part 2, Footnote L000001B, Amount 1	\$0	X	0.01261	XXX	XXX =	\$0
(11.2)	NAIC Designation Category 2.B	AVR Default Component Column 1 Line C3.2 + Schedule E, Part 2, Footnote L000001B, Amount 2	\$0	X	0.01523	XXX	XXX =	\$0
(11.3)	NAIC Designation Category 2.C	AVR Default Component Column 1 Line C3.3 + Schedule E, Part 2, Footnote L000001B, Amount 3	\$0	X	0.02168	XXX	XXX =	\$0
(11.4)	Subtotal NAIC 2	Sum of Lines (11.1) through (11.3)	\$0					\$0
(12.1)	NAIC Designation Category 3.A	AVR Default Component Column 1 Line C4.1 + Schedule E, Part 2, Footnote L000001C, Amount 1	\$0	X	0.03151	XXX	XXX =	\$0
(12.2)	NAIC Designation Category 3.B	AVR Default Component Column 1 Line C4.2 + Schedule E, Part 2, Footnote L000001C, Amount 2	\$0	X	0.04537	XXX	XXX =	\$0
(12.3)	NAIC Designation Category 3.C	AVR Default Component Column 1 Line C4.3 + Schedule E, Part 2, Footnote L000001C, Amount 3	\$0	X	0.06017	XXX	XXX =	\$0
(12.4)	Subtotal NAIC 3	Sum of Lines (12.1) through (12.3)	\$0					\$0
(13.1)	NAIC Designation Category 4.A	AVR Default Component Column 1 Line C5.1 + Schedule E, Part 2, Footnote L000001D, Amount 1	\$0	X	0.07386	XXX	XXX =	\$0
(13.2)	NAIC Designation Category 4.B	AVR Default Component Column 1 Line C5.2 + Schedule E, Part 2, Footnote L000001D, Amount 2	\$0	X	0.09535	XXX	XXX =	\$0
(13.3)	NAIC Designation Category 4.C	AVR Default Component Column 1 Line C5.3 + Schedule E, Part 2, Footnote L000001D, Amount 3	\$0	X	0.12428	XXX	XXX =	\$0
(13.4)	Subtotal NAIC 4	Sum of Lines (13.1) through (13.3)	\$0					\$0
(14.1)	NAIC Designation Category 5.A	AVR Default Component Column 1 Line C6.1 + Schedule E, Part 2, Footnote L000001E, Amount 1	\$0	X	0.16942	XXX	XXX =	\$0
(14.2)	NAIC Designation Category 5.B	AVR Default Component Column 1 Line C6.2 + Schedule E, Part 2, Footnote L000001E, Amount 2	\$0	X	0.23798	XXX	XXX =	\$0
(14.3)	NAIC Designation Category 5.C	AVR Default Component Column 1 Line C6.3 + Schedule E, Part 2, Footnote L000001E, Amount 3	\$0	X	0.30000	XXX	XXX =	\$0
(14.4)	Subtotal NAIC 5	Sum of Lines (14.1) through (14.3)	\$0					\$0
(15)	NAIC 6	AVR Default Component Column 1 Line C7 Schedule E, Part 2, Footnote L000001F, Amount 1	\$0	X	0.30000	XXX	XXX =	\$0
(16)	Total Short-Term and Cash Equivalent Bonds (Column (1) should equal Schedule DA Part 1 Column 6 Line 0509999999 + Schedule DL Part 1 Column 6 Line 9509999999 + Schedule E Part 2 Column 7 Line 0509999999)	Sum of Lines (9) + (10.8) + (11.4) + (12.4) + (13.4) + (14.4) + (15)	\$0			\$0		\$0
(17)	Total Long-Term and Short-Term Bonds (pro-MODCO/Funds Withheld)	Line (8) + (16)	\$0			\$0		\$0
(18)	Credit for Hedging	LR014 Hedged Asset Bond Schedule Column (13) Line (0399999)						\$0
(19)	Reduction in RBC for MODCO/Funds Withheld Reinsurance Ceded Agreements	LR045 Modco or Funds Withheld Reinsurance Ceded - Bonds C-1o Column (4) Line (9999999)						\$0
(20)	Increase in RBC for MODCO/Funds Withheld Reinsurance Assumed Agreements	LR046 Modco or Funds Withheld Reinsurance Assumed - Bonds C-1o Column (4) Line (9999999)						\$0
(21)	Total Long-Term and Short-Term Bonds (including MODCO/Funds Withheld and Credit for Hedging adjustments.)	Lines (17) - (18) - (19) + (20)	\$0			\$0		\$0
(22)	Non-exempt U.S. Government Agency Bonds	Schedule D Part 1 Section 1 and Section 2, Schedule DA Part 1 and Schedule E Part 2, in part†	\$0	X	0.00158		=	\$0
(23)	RBC Requirements Subject to Size Factor	Company Records (See Instruction)				Non-CLOs/CBOs/CDOs RBC Requirement		\$0
(24)	Number of Issuers	Company Records (See Instruction)				CLOs/CBOs/CDOs RBC Requirement		\$0
(25)	Size Factor for Bonds				2.4			1.0
(26)	Bonds Subject to Size Factor after the Size Factor is Applied	Column (1) Line (23) x Column (1) Line (25) + Column (2) Line (23) X Column (2) Line (25)						\$0
(27)	Total Bonds	Line (22) + Line (26)						\$0

Column (1)
 $=\text{ROUND}(\text{IF}(\text{D85}>0,(\text{MIN}(\text{D85},50))^2.4+\text{MIN}(\text{MAX}(0,\text{D85}-50),50))^2.53+\text{MIN}(\text{MAX}(0,\text{D85}-100),100))^0.85+\text{MIN}(\text{MAX}(0,\text{D85}-200),300))^0.85+\text{MAX}(0,(\text{D85}-500))^0.82)/\text{D85},2.4),3)$
 $=\text{ROUND}(\text{D84}^* \text{D86} + \text{G84}^* \text{G86},0)$

† Only investments in-U.S. Government agency bonds previously reported in Lines (2.8) and (10.8), net of those included on Line (19), plus the portion of Line (20) attributable to ceding companies' Lines (2.8) and (10.8) should be included on Line (22). No other bonds should be included on this line. Exempt U.S. Government bonds shown on Lines (1) and (9) should not be included on Line (22). Refer to the bond section of the risk-based capital instructions for more clarification.

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

Draft: 5/1/25

Adopted by the Executive (EX) Committee and Plenary, Dec. xx, 2026

Adopted by the Financial Condition (E) Committee, Dec. xx, 2026

Adopted by the Capital Adequacy (E) Task Force, June. xx, 2026

2026-2027 Proposed Charges

CAPITAL ADEQUACY (E) TASK FORCE

~~The mission of the Capital Adequacy (E) Task Force (CADTF) is to determine the amount of capital an insurer should be required to hold to avoid triggering various specific regulatory actions. The Risk-Based Capital (RBC) formula largely consists of a series of risk factors that are applied to selected assets, liabilities, or other specific company financial data to establish the threshold levels generally needed to bear the risk arising from that item. The mission of the Capital Adequacy (E) Task Force is to evaluate and recommend appropriate refinements to capital requirements for all types of insurers.~~

Ongoing Support of NAIC Programs, Products, or Services

1. ~~1.~~—To carry out its mission, the CADTF is charged with carrying out the following initiatives:
 - A. ~~Evaluate emerging “risk” issues for referral to the RBC working groups/subgroups for certain issues involving more than one RBC formula.~~
 - B. ~~Monitor emerging and existing risks relative to their consistent or divergent treatment in the three RBC formulas.~~
 - C. ~~Review and evaluate company submissions for the schedule and corresponding adjustment to total adjusted capital (TAC).~~
 - D. ~~Monitor changes in accounting and reporting requirements resulting from the adoption and continuing maintenance of the Accounting Practices and Procedures Manual, Annual Statement Blanks, and the Valuation Manual to ensure that model laws, publications, formulas, analysis tools, etc., supported by the CADTF continue to meet regulatory objectives.~~
 - E. ~~Monitor and evaluate changes to the Purposes and Procedure Manual of the NAIC Investment Analysis Office to determine if assets or, specifically, investments evaluated by the NAIC Securities Valuation Office are relevant to the RBC formula in determining the threshold capital and surplus for all insurance companies or whether reporting available to the regulator is a more appropriate means to address the risk.~~
 - F. ~~Evaluateing refinements to the existing NAIC RBC formula and consider improvements and revisions to the various RBC Blanks to (1) conform the RBC blanks to changes made in other areas of the NAIC to promote uniformity (when it is determined to be necessary); and (2) oversee the development of additional reporting formats within the existing RBC Blanks as needs are identified.~~
 - G. Continually review the RBC instructions, blanks and forecastings and revise as appropriate.

~~The **Capital Adequacy (E) Task Force** will:~~

~~Evaluate application of the Risk-Based Capital (RBC) formula and emerging “risk” issues for referral to RBC working groups/subgroups for certain issues involving more than one RBC formula. Monitor emerging and existing risks relative to their consistent or divergent treatment in the three RBC formulas.~~

~~Review and evaluate company submissions for the schedule and corresponding adjustment to total adjusted capital (TAC).~~

~~Evaluate relevant historical data and apply defined statistical safety levels over appropriate time horizons in developing recommendations for revisions to the current asset risk structure and factors in each of the RBC formulas.~~

~~Continually review the RBC instructions, blanks and forecastings and revise as appropriate.~~

2. ~~_____~~ **The Health Risk-Based Capital (E) Working Group, Life Risk-Based Capital (E) Working Group, and Property and Casualty Risk-Based Capital (E) Working Group** will:

A. Evaluate refinements to the existing NAIC RBC formulas and consider improvements and revisions to the RBC Blanks to (1) conform the RBC blanks to changes made in other areas of the NAIC to promote uniformity (when it is determined to be necessary); and (2) oversee the development of additional reporting formats within the existing RBC Blanks as needs are identified.~~implemented in the prior year.~~

B. ~~Consider improvements and revisions to the various RBC blanks to: 1) conform the RBC blanks to changes made in other areas of the NAIC to promote uniformity; and 2) oversee the development of additional reporting formats within the existing RBC blanks as needs are identified.~~ Any proposal that affects the RBC structure must be adopted by CADTF no later than May 15 of the reporting year, and any proposal that affects a non-structural change to the RBC Blanks, RBC factors and/or instructions must be adopted by CADTF no later than June 30 of the reporting year. Adopted changes will be forwarded to the Financial Condition (E) Committee by the next scheduled meeting or conference call. Any adoptions made to the annual financial statement blanks or statutory accounting principles that affect an RBC change adopted by June 30 and result in an amended change may be considered and adopted by CADTF no later than July 30, where the Capital Adequacy (E) Task Force votes to pursue by two-thirds consent of members.

C. Monitor changes in accounting and reporting requirements resulting from the adoption and continuing maintenance of the revised *Accounting Practices and Procedures Manual (AP&P Manual)*, Annual Statement Blanks, and the Valuation Manual to ensure that model laws, publications, formulas, analysis tools, etc. supported by the Task Force continue to meet regulatory objectives.

D. ~~Review the effectiveness of the NAIC’s RBC policies and procedures as they affect the accuracy, audit ability, timeliness of reporting access to RBC results, and comparability among the RBC formulas. Report on data quality problems in the prior year RBC filings at the summer and fall national meetings.~~

3. ~~The **Variable Annuities Capital and Reserve (E/A) Subgroup** of the Life Risk-Based Capital (E) Working Group and the Life Actuarial (A) Task Force will:~~

~~A. Monitor the impact of the changes to the variable annuities (VA) reserve framework and RBC calculation and determine if additional revisions need to be made.~~

~~B. Develop and recommend appropriate changes, including those to improve the accuracy and clarity of VA capital and reserve requirements.~~

3. 4. ~~_____~~ **The Longevity Risk (E/A) Subgroup** of the Life Risk-Based Capital (E) Working Group and the Life Actuarial (A) Task Force will:

A. Provide recommendations for recognizing longevity risk in statutory reserves and/or risk-based capital (RBC), as appropriate.~~Provide recommendations for the appropriate treatment of longevity risk transfers by the new longevity factors.~~

- ~~4.~~ ~~5.~~—The **Catastrophe Risk (E) Subgroup** of the Property and Casualty Risk-Based Capital (E) Working Group will:
- A. Recalculate the premium risk factors on an ex-catastrophe basis, if needed.
 - B. Continue to update the U.S. and non-U.S. catastrophe event list.
 - C. Continue to evaluate the need for exemption criteria for insurers with minimal risk.
 - D. Evaluate the RBC results inclusive of a catastrophe risk charge.
 - E. Refine instructions for the catastrophe risk charge.
 - F. Continue to evaluate any necessary refinements to the catastrophe risk formula.
 - G. Evaluate other catastrophe risks for possible inclusion in the charge.
6. The **RBC Investment Risk and Evaluation (E) Working Group** will:
- A. Perform a comprehensive review of the RBC investment framework for all business types, which could include:
 - i. Evaluating relevant historical data and applying defined statistical safety levels over appropriate time horizons in developing recommendations for revisions to current asset risk structure and factors (e.g. C-1o and C1-cs).
 - ii. Facilitating coordination and alignment among NAIC committees/task forces/working groups related to its work in reviewing current asset risk framework.
 - iii. Assessing the impact and effectiveness of potential changes in contributing to the identification of weakly capitalized companies; i.e., those companies at action levels.
 - iii-iv. Monitor and evaluate changes to the Purposes and Procedure Manual of the NAIC Investment Analysis Office to determine if assets or, specifically, investments evaluated by the NAIC Securities Valuation Office are relevant to the RBC formula in determining the threshold capital and surplus for all insurance companies or whether reporting available to the regulator is a more appropriate means to address the risk
7. The **Generator of Economic Scenarios (GOES) (E/A) Subgroup** of the Life Risk-Based Capital (E) Working Group and the Life Actuarial (A) Task Force will:
- A. Monitor that the economic scenario governance framework is being appropriately followed by all relevant stakeholders involved in scenario delivery.
 - B. Review material economic scenario generator updates, either driven by periodic model maintenance or changes to the economic environment and provide recommendations.
 - C. Regularly review key economic conditions and metrics to evaluate the need for off-cycle or significant economic scenario generator updates and maintain a public timeline for economic scenario generator updates.
 - D. Support the implementation of an economic scenario generator for use in statutory reserve and capital calculations.
 - E. Develop and maintain acceptance criteria that reflect history as well as plausibly more extreme scenarios.

NAIC Support Staff: Eva Yeung/[Maggie Chang](#)

SharePoint/FRS-RBC/CADTF/Charges/~~2026~~2027/~~2026~~-2027 Proposed Charges.docx



[Brian Bayerle](#)

Chief Life Actuary
202-624-2169

June 12, 2026

Ben Slutsker
Chair, NAIC Capital Adequacy (E) Task Force (CADTF)

Tom Botsko
Vice Chair, NAIC Capital Adequacy (E) Task Force (CADTF)

Re: 2027 CADTF and its Working Groups and Subgroup Charges

Dear Chair Slutsker and Vice Chair Botsko:

The American Council of Life Insurers (ACLI) appreciates the opportunity to provide feedback on the proposed edits to the 2027 CADTF charges.

ACLI supports the updates to the 2027 CADTF and its Working Groups and Subgroup charges, but we have a few questions and recommendations to enhance the charges.

- We would like to understand the removal of this CADTF charge: “Evaluate relevant historical data and apply defined statistical safety levels over appropriate time horizons in developing recommendations for revisions to the current asset risk structure and factors in each of the RBC formulas.” While this has been captured for C-1o and C1-cs factors under the RBC Investment Risk and Evaluation (E) Working Group (RBC IRE) charges, the deleted charge captures the appropriate contemplation of historical data and the defined statistical safety levels in the setting of charges across all Working Groups. We would suggest adding a similar charge for each of the Working Groups and Subgroups, and/or retaining this charge under CADTF.
- Given the significant work of the Risk-Based Capital Model Governance (EX) Task Force in the development of the RBC Principles, as well as the work of CADTF in the development of updates to the RBC Preamble, we would reflecting this work in the first charge as follows:
 1. To carry out its mission, the CADTF is charged with carrying out the following initiatives, in accordance the RBC Preamble:
- Charge 1.D of CADTF discusses several different efforts to maintain the appropriateness of the solvency framework, and we suggest explicitly calling out the appropriate alignment of these efforts as part of the charge. We would suggest the following edit:
 - 1.D. Monitor changes in accounting and reporting requirements resulting from the adoption and continuing maintenance of the Accounting Practices and Procedures

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

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

Manual, Annual Statement Blanks, and the Valuation Manual to ensure that model laws, publications, formulas, analysis tools, etc., supported by the CADTF are aligned and continue to meet regulatory objectives.

- CADTF charge 1.E and RBC IRE charge 6.A.iv appear to be identical; was it intentional to include this under both groups? Wherever it is retained, we would suggest calling out analytical tools available to regulators to help make this assessment. We recommend the following change:
 - E. Monitor and evaluate changes to the Purposes and Procedure Manual of the NAIC Investment Analysis Office to determine if assets or, specifically, investments evaluated by the NAIC Securities Valuation Office are relevant to the RBC formula in determining the threshold capital and surplus for all insurance companies or whether reporting and analytical tools available to the regulator are a more appropriate means to address the risk.

Thank you for the consideration of our feedback and we are looking forward to engaging with the Task Force and its Subgroups throughout the rest of this calendar year and beyond.

Sincerely,

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

cc: Eva Yeung, NAIC

Capital Adequacy (E) Task Force

RBC Proposal Form

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

<p style="text-align: right;">DATE: <u>02/04/2026</u></p> <p>CONTACT PERSON: <u>Kazeem Okosun</u></p> <p>TELEPHONE: <u>816-783-8981</u></p> <p>EMAIL ADDRESS: <u>kokosun@naic.org</u></p> <p>ON BEHALF OF: <u>Life Risk-Based Capital (E) Working Group</u></p> <p>NAME: <u>Ben Slutsker, Chair</u></p> <p>TITLE: <u>Director of Life Actuarial Valuation</u></p> <p>AFFILIATION: <u>Minnesota Department of Commerce</u></p> <p>ADDRESS: <u>85 7th Place East, Suite 280</u> <u>Saint Paul, MN 55101</u></p>	<p style="text-align: center;">FOR NAIC USE ONLY</p> <p>Agenda Item # <u>2025-16-L MOD V.3 with editorial updates</u></p> <p>Year <u>2027</u></p> <p style="text-align: center;">DISPOSITION</p> <p>ADOPTED:</p> <p><input type="checkbox"/> TASK FORCE (TF) _____</p> <p><input checked="" type="checkbox"/> WORKING GROUP (WG) <u>06-11-2026</u></p> <p><input type="checkbox"/> SUBGROUP (SG) _____</p> <p>EXPOSED:</p> <p><input type="checkbox"/> TASK FORCE (TF) _____</p> <p><input checked="" type="checkbox"/> WORKING GROUP (WG) <u>11/14/2025</u> <u>02-10-2026 (V.1)</u> <u>03-22-2026 (V.2)</u> <u>04-23-2026 (V.3)</u></p> <p><input type="checkbox"/> SUBGROUP (SG) _____</p> <p>REJECTED:</p> <p><input type="checkbox"/> TF <input type="checkbox"/> WG <input type="checkbox"/> SG _____</p> <p>OTHER:</p> <p><input type="checkbox"/> DEFERRED TO _____</p> <p><input type="checkbox"/> REFERRED TO OTHER NAIC GROUP _____</p> <p><input type="checkbox"/> (SPECIFY) _____</p>
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IDENTIFICATION OF SOURCE AND FORM(S)/INSTRUCTIONS TO BE CHANGED

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

DESCRIPTION/REASON OR JUSTIFICATION OF CHANGE(S)

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

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

The proposal 2025-16-L MOD was exposed at the Working Group on Feb 10 for a 24-day public comment period ending March 06, 2026. The modified proposal is in response to ACLI comment. Staff then layer in LR010 consideration.

Additional Staff Comments:

- 11-14-2025: Proposal was exposed with comments due 01-27-2026 - 4 comment letters received (KO)

- 02-10-2026: Proposal was modified (V.1) and re-exposed with comments due 03-06-2026 - 4 comment letters received (KO)
- 03-22-2026: The modified proposal (V.2) is in response to ACLI comment. Staff then layer in LR010 consideration.
- 04-30-2026: The proposal is further modified (V.3) to incorporate comments from ACLI, ACC and regulators. This modified proposal was exposed for 21-day public comment period ending 5/14/2026. Key changes from V.2 are highlighted in yellow within Blanks.
- 06-11-2026: **The Working Group adopted OPTION 2.** NAIC Staff incorporated the downstream impact of this adoption to LR010 Asset Concentration, LR030 Calculation of Tax Effect and LR031 Calculation of Authorized Control Level Risk-Based Capital pages. In addition, certain references in RBC Blanks and/or instructions are corrected in response to interested parties' informal feedback. **Key changes from the proposal adopted by the Working Group on June 11 are highlighted in yellow in the BLANKS**

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

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

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

** This section must be completed on all forms.

Revised 2-2023

OTHER LONG-TERM ASSETS

LR008

Basis of Factors

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

Specific Instructions for Application of the Formula

Line (44)

Schedule BA affiliated common stock – all others should include all subs with an affiliate code 9 in the current life-based framework and “holding company in excess of indirect subsidiaries” or subsidiaries with affiliate code 3.

The Lines (43.2) – (43.5) and Line (45.2) – (45.5) series are assigned RBC charges based on overcollateralization (OC) / loan-to-value (LTV) levels.

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

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

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

Line (51)

Exclude: any collateral loan amounts which have been included elsewhere in the RBC formula, e.g., collateral loans backed by mortgage loans, BA mortgages, collateral loans backed by Residual Tranches or Interest and collateral loans backed by Joint Ventures', Limited Partnerships' and Limited Liability Companies' Interests.

Line (58)

Total Schedule BA assets [LR008 Other Long-Term Assets Column (1) Line (58) plus LR007 Real Estate Column (1) Line (14) plus Lines (17) through Line (20) plus LR009 Schedule BA Mortgages Column (1) Line (21)] should equal the total Schedule BA assets reported in the Annual Statement Page 2, Column 3, Line 8.

Company Name

Cocode: 00000

OTHER LONG-TERM ASSETS

		(1) Book / Adjusted Carrying Value	(2) Unrated Items ‡	(3) RBC Subtotal †	(4) Factor	(5) RBC Requirement
(43.1)	Schedule BA Unaffiliated Common Stock-Private <u>Schedule BA Collateral Loans backed by Joint Ventures', Limited Partnerships' and Limited Liability Companies' Interests</u>	AVR Equity Component Column 1 Line F2	\$0	\$0 X	0.3000	= \$0
(43.2)	OC < 111% or No independent verification obtained	Company Records	\$0	\$0 X	0.3000	= \$0
(43.3)	OC Percentage ≥ 111% and < 143%	Company Records	\$0	\$0 X	0.2400	= \$0
(43.4)	OC Percentage ≥ 143% and < 200%	Company Records	\$0	\$0 X	0.1800	= \$0
(43.5)	OC Percentage ≥ 200%	Company Records	\$0	\$0 X	0.1500	= \$0
(43.6)	Total Schedule BA Collateral Loans backed by Joint Ventures', Limited Partnerships' and Limited Liability Companies' Interests (Column (1), line 43.6 should be equal to sum of AVR Equity Component lines K3 and K4)	Lines (43.2) + (43.3) + (43.4) + (43.5)	\$0	\$0		\$0
(44)	Schedule BA Affiliated Common Stock - All Other	AVR Equity Component Column 1 Line F5	\$0	\$0 X	0.3000	= \$0
(45.1)	Total Residual Tranches or Interests <u>Schedule BA Collateral Loans backed by Residual Tranches or Interests</u>	AVR Equity Component Column 1 Line I13	\$0	\$0 X	0.4500	= \$0
(45.2)	OC < 111% or No independent verification obtained	Company Records	\$0	\$0 X	0.4500	= \$0
(45.3)	OC Percentage ≥ 111% and < 143%	Company Records	\$0	\$0 X	0.3600	= \$0
(45.4)	OC Percentage ≥ 143% and < 200%	Company Records	\$0	\$0 X	0.2700	= \$0
(45.5)	OC Percentage ≥ 200%	Company Records	\$0	\$0 X	0.2250	= \$0
(45.6)	Total Schedule BA Collateral Loans backed by Residual Tranches or Interests (Column (1), line 45.6 should be equal to sum of AVR Equity Component lines K5 and K6)	Lines (45.2) + (45.3) + (45.4) + (45.5)	\$0	\$0		\$0
(46)	Total Schedule BA Unaffiliated Common Stock/ Equity Interests and Affiliated Non-Insurance Stock (C1-cs) (pre-MODCO/Funds Withheld)	Line (42) + (43.1) + (43.6) + (44) + (45.1) + (45.6)	\$0	\$0		\$0
(47)	Reduction in RBC for MODCO/Funds Withheld Reinsurance Ceded Agreements	Company Records (enter a pre-tax amount)				\$0
(48)	Increase in RBC for MODCO/Funds Withheld Reinsurance Assumed Agreements	Company Records (enter a pre-tax amount)				\$0
(49)	Total Schedule BA Unaffiliated Common Stock/ Equity Interests and Affiliated Non-Insurance Stock (C1-cs) (including MODCO/Funds Withheld.)	Lines (46) - (47) + (48)	\$0			\$0
Schedule BA - All Other (C-1o)						
(50.1)	BA Affiliated Common Stock - Life with AVR	AVR Equity Component Column 1 Line F3	\$0			
(50.2)	BA Affiliated Common Stock - Certain Other	AVR Equity Component Column 1 Line F4	\$0			
(50.3)	Total Schedule BA Affiliated Common Stock - C-1o	Line (50.1) + (50.2)	\$0	\$0 X	0.3000	= \$0
(51)	All Other Schedule BA Collateral Loans	AVR Equity Component Column 1 Lines K7 + K8 + K9 + K10 + K11 + K12	\$0	\$0 X	0.0680	= \$0
(52.1)	NAIC 01 Working Capital Finance Notes	AVR Equity Component Column 1 Line L1	\$0	\$0 X	0.0050	= \$0
(52.2)	NAIC 02 Working Capital Finance Notes	AVR Equity Component Column 1 Line L2	\$0	\$0 X	0.0163	= \$0
(52.3)	Total Admitted Working Capital Finance Notes Other Schedule BA Assets, including Surplus Notes and Capital	Line (52.1) + (52.2)	\$0	\$0		\$0
(53.1)	Notes	AVR Equity Component Column 1 Line J7 + L3	\$0			
(53.2)	Less NAIC 1 thru 6 Rated/Designated Surplus	Column (1) Lines (22) through (27) + Column (1)	\$0			

Company Name

Cocode: 00000

OTHER LONG-TERM ASSETS

		(1) Book / Adjusted Carrying Value	(2) Unrated Items ‡	(3) RBC Subtotal †	(4) Factor	(5) RBC Requirement
	<u>Annual Statement Source</u>					
	Notes and Capital Notes					
(53.3)	Net Other Schedule BA Assets	Line (53.1) less (53.2)				
(54)	Total Schedule BA Assets C-1o (pre-MODCO/Funds Withheld)	Lines (11) + (21) + (31) + (41) + (50.3) + (51) + (52.3) + (53.3)	\$0	\$0 X	0.3000	\$0
(55)	Reduction in RBC for MODCO/Funds Withheld Reinsurance Ceded Agreements	Company Records (enter a pre-tax amount)				\$0
(56)	Increase in RBC for MODCO/Funds Withheld Reinsurance Assumed Agreements	Company Records (enter a pre-tax amount)				\$0
(57)	Total Schedule BA Assets C-1o (including MODCO/Funds Withheld.)	Lines (54) - (55) + (56)	\$0			\$0
(58)	Total Schedule BA Assets Excluding Mortgages and Real Estate	Line (49)+ (57)	\$0			\$0

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

‡ Column (2) is calculated as Column (1) less Column (3) for Lines (1) through (17). Column (2) equals Column (3) - Column (1) for Line (53.3).

§ The factor for Schedule BA publicly traded common stock should equal 30 percent adjusted up or down by the weighted average beta for the Schedule BA publicly traded common stock portfolio subject to a minimum of 22.5 percent and a maximum of 45 percent in the same manner that the similar 15.8 percent factor for Schedule BA publicly traded common stock in the Asset Valuation Reserve (AVR) calculation is adjusted up or down. The rules for calculating the beta adjustment are set forth in the AVR section of the annual statement instructions.

ASSET CONCENTRATION FACTOR		(1)	(2)	(3)	(4)	(5)	(6)
Issuer	Asset Type		Book / Adjusted Carrying Value	Factor	Additional RBC	Adjustment/ Subsidiary RBC	RBC Requirement
#01	Issuer Name:						
#01	(1.1) Bond NAIC Designation Category 2.A		\$0 X	0.01261	\$0	\$0	\$0
#01	(1.2) Bond NAIC Designation Category 2.B		\$0 X	0.01523	\$0	\$0	\$0
#01	(1.3) Bond NAIC Designation Category 2.C		\$0 X	0.02168	\$0	\$0	\$0
#01	(2.1) Bond NAIC Designation Category 3.A		\$0 X	0.03151	\$0	\$0	\$0
#01	(2.2) Bond NAIC Designation Category 3.B		\$0 X	0.04537	\$0	\$0	\$0
#01	(2.3) Bond NAIC Designation Category 3.C		\$0 X	0.06017	\$0	\$0	\$0
#01	(3.1) Bond NAIC Designation Category 4.A		\$0 X	0.07386	\$0	\$0	\$0
#01	(3.2) Bond NAIC Designation Category 4.B		\$0 X	0.09535	\$0	\$0	\$0
#01	(3.3) Bond NAIC Designation Category 4.C		\$0 X	0.12428	\$0	\$0	\$0
#01	(4.1) Bond NAIC Designation Category 5.A		\$0 X	0.16942	\$0	\$0	\$0
#01	(4.2) Bond NAIC Designation Category 5.B		\$0 X	0.21202	\$0	\$0	\$0
#01	(4.3) Bond NAIC Designation Category 5.C		\$0 X	0.15000	\$0	\$0	\$0
#01	(5) Bond Asset NAIC 6		\$0 X	0.15000	\$0	\$0	\$0
#01	(6.1) Bond NAIC Designation Category 1.A †		\$0 X	0.00158	\$0	\$0	\$0
#01	(6.2) Bond NAIC Designation Category 1.B †		\$0 X	0.00271	\$0	\$0	\$0
#01	(6.3) Bond NAIC Designation Category 1.C †		\$0 X	0.00419	\$0	\$0	\$0
#01	(6.4) Bond NAIC Designation Category 1.D †		\$0 X	0.00523	\$0	\$0	\$0
#01	(6.5) Bond NAIC Designation Category 1.E †		\$0 X	0.00657	\$0	\$0	\$0
#01	(6.6) Bond NAIC Designation Category 1.F †		\$0 X	0.00816	\$0	\$0	\$0
#01	(6.7) Bond NAIC Designation Category 1.G †		\$0 X	0.01016	\$0	\$0	\$0
#01	(7) Unaffiliated Preferred Stock NAIC 2		\$0 X	0.01260	\$0	\$0	\$0
#01	(8) Unaffiliated Preferred Stock NAIC 3		\$0 X	0.04460	\$0	\$0	\$0
#01	(9) Unaffiliated Preferred Stock NAIC 4		\$0 X	0.09700	\$0	\$0	\$0
#01	(10) Unaffiliated Preferred Stock NAIC 5		\$0 X	0.22310	\$0	\$0	\$0
#01	(11) Unaffiliated Preferred Stock NAIC 6		\$0 X	0.15000	\$0	\$0	\$0
#01	(12) Unaffiliated Preferred Stock NAIC 1 †		\$0 X	0.00390	\$0	\$0	\$0
#01	(13.1) Collateral Loans backed by Joint Ventures', Limited Partnerships' and Limited Liability Companies' Interests (OC Percentage < 111% or no independent verification obtained)		\$0 X	0.15000	\$0	\$0	\$0
#01	(13.2) Collateral Loans backed by Joint Ventures', Limited Partnerships' and Limited Liability Companies' Interests (OC Percentage ≥ 111% and < 143%)		\$0 X	0.21000	\$0	\$0	\$0
#01	(13.3) Collateral Loans backed by Joint Ventures', Limited Partnerships' and Limited Liability Companies' Interests (OC Percentage ≥ 143% and < 200%)		\$0 X	0.18000	\$0	\$0	\$0
#01	(13.4) Collateral Loans backed by Joint Ventures', Limited Partnerships' and Limited Liability Companies' Interests (OC Percentage ≥ 200%)		\$0 X	0.15000	\$0	\$0	\$0
#01	(13.5) Collateral Loans backed by Residual Tranches or Interests (OC Percentage ≥ 111% and < 143%)		\$0 X	0.09000	\$0	\$0	\$0
#01	(13.6) Collateral Loans backed by Residual Tranches or Interests (OC Percentage ≥ 143% and < 200%)		\$0 X	0.18000	\$0	\$0	\$0
#01	(13.7) Collateral Loans backed by Residual Tranches or Interests (OC Percentage ≥ 200%)		\$0 X	0.22500	\$0	\$0	\$0
#01	(13.8) All Other BA Collateral Loans		\$0 X	0.06800	\$0	\$0	\$0
#01	(14) Receivable for Securities		\$0 X	0.01600	\$0	\$0	\$0
#01	(15) Write-ins for Invested Assets		\$0 X	0.06800	\$0	\$0	\$0
#01	(16) Premium Notes		\$0 X	0.06800	\$0	\$0	\$0
#01	(17) Real Estate - Foreclosed		\$0				
#01	(18) Real Estate - Foreclosed Encumbrances		\$0 X	0.00000	\$0	\$0	\$0
#01	(19) Real Estate - Investments		\$0				
#01	(20) Real Estate - Investment Encumbrances		\$0 X	0.00000	\$0	\$0	\$0
#01	(21) Real Estate - Schedule BA		\$0				
#01	(22) Real Estate - Schedule BA Encumbrances		\$0 X	0.00000	\$0	\$0	\$0
#01	(23) Farm Mortgages - Category CM2		\$0 X	0.01750	\$0	\$0	\$0
#01	(24) Farm Mortgages - Category CM3		\$0 X	0.03000	\$0	\$0	\$0
#01	(25) Farm Mortgages - Category CM4		\$0 X	0.05000	\$0	\$0	\$0
#01	(26) Farm Mortgages - Category CM5		\$0 X	0.07500	\$0	\$0	\$0
#01	(27) Commercial Mortgages - Category CM2		\$0 X	0.01750	\$0	\$0	\$0
#01	(28) Commercial Mortgages - Category CM3		\$0 X	0.03000	\$0	\$0	\$0

← Details Eliminated to Conserve Space →

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

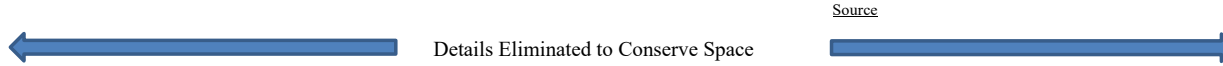
	Source	(1) RBC Amount	Tax Factor	(2) RBC Tax Effect	
	Details Eliminated to Conserve Space				
(123) Common Stock					
(123) Unaffiliated Common Stock	LR005 Unaffiliated Preferred and Common Stock Column (5) Line (17) + LR018 Off-Balance Sheet Collateral Column (3) Line (16)	\$0	X 0.2100	= \$0	
(124) Credit for Hedging - Common Stock	LR015 Hedged Asset Common Stock Schedule Column (10) Line (0299999)	\$0	X 0.2100	= \$0	†
(125) Stock Reduction - Reinsurance	LR005 Unaffiliated Preferred and Common Stock Column (5) Line (19)	\$0	X 0.2100	= \$0	†
(126) Stock Increase - Reinsurance	LR005 Unaffiliated Preferred and Common Stock Column (5) Line (20)	\$0	X 0.2100	= \$0	
(127) Schedule BA Unaffiliated Common Stock/ Equity Interests and Affiliated Non-Insurance Stock (C1-es), excluding Residual Tranches or Interests/ Schedule BA Collateral Loans backed by Residual Tranches or Interests	LR008 Other Long-Term Assets Column (5) Line (49) - Line (45,1) - Line (45,6)	\$0	X 0.2100	= \$0	
(128) Total Residual Tranches or Interests/ Schedule BA Collateral Loans backed by Residual Tranches or Interests	LR008 Other Long-Term Assets Column (5) Line (45,1) + Line (45,6)	\$0	X 0.2100	= \$0	
(129) Common Stock Concentration Factor	LR011 Common Stock Concentration Factor Column (6) Line (6)	\$0	X 0.2100	= \$0	
(130) NAIC 01 Working Capital Finance Notes	LR008 Other Long-Term Assets Column (5) Line (52,1)	\$0	X 0.1575	= \$0	
(131) NAIC 02 Working Capital Finance Notes	LR008 Other Long-Term Assets Column (5) Line (52,2)	\$0	X 0.1575	= \$0	
(132) Holding Company in Excess of Indirect Subs	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (7)	\$0	X 0.2100	= \$0	
(133) Affiliated Non-Insurers	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Lines (19) + (20) + (21)	\$0	X 0.2100	= \$0	
(134) Total for C-1-es Assets	Lines (123)-(124)-(125)-(126)-(127)-(128)-(129)-(130)-(131)-(132)-(133)	\$0		\$0	
(135) Insurance Risk					
(135) Disability Income Premium	LR019 Health Premiums Column (2) Lines (21) through (27)	\$0	X 0.2100	= \$0	
(136) Long-Term Care	LR019 Health Premiums Column (2) Line (28) + LR023 Long-Term Care Column (4) Line (7)	\$0	X 0.2100	= \$0	
(137) Individual & Industrial Life Insurance C-2 Risk	LR025 Life Insurance Column (2) Line (5)	\$0	X 0.2100	= \$0	
(138) Group & Credit Life Insurance C-2 Risk	LR025 Life Insurance Column (2) Line (12)	\$0	X 0.2100	= \$0	
(138b) Longevity C-2 Risk	LR025-A Longevity Risk Column (2) Line (5)	\$0	X 0.2100	= \$0	
(139) Disability and Long-Term Care Health	LR024 Health Claim Reserves Column (4) Line (9) + Line (15)	\$0	X 0.2100	= \$0	
(140) Claim Reserves					
(140) Premium Stabilization Credit	LR026 Premium Stabilization Reserves Column (2) Line (10)	\$0	X 0.0000	= \$0	
(141) Total C-2 Risk	L(135) + L(136) + L(139) + L(140) + Greatest of (Guardrail Factor * (L(137)+L(138)), Guardrail Factor * L(138b), Square Root of [(L(137) + L(138)) ² + L(138b) ² + 2 * (Correlation Factor) * (L(137) + L(138)) * L(138b)])	\$0		\$0	Guardrail F 0.0 Correlation -0.25
(142) Interest Rate Risk	LR027 Interest Rate Risk Column (3) Line (36)	\$0	X 0.2100	= \$0	
(143) Health Credit Risk	LR028 Health Credit Risk Column (2) Line (7)	\$0	X 0.0000	= \$0	
(144) Market Risk	LR027 Interest Rate Risk Column (3) Line (37)	\$0	X 0.2100	= \$0	
(145) Business Risk	LR029 Business Risk Column (2) Line (40)	\$0	X 0.2100	= \$0	
(146) Health Administrative Expenses	LR029 Business Risk Column (2) Line (57)	\$0	X 0.0000	= \$0	
(147) Total Tax Effect	Lines (110) + (122) + (134) + (141) + (142) + (143) + (144) + (145) + (146)	#REF!		#REF!	

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

Company Name
 CALCULATION OF AUTHORIZED CONTROL LEVEL RISK-BASED CAPITAL

Cocode: 0000

(1)
 RBC
 Requirement



<u>Asset Risk – Unaffiliated Common Stock and Affiliated Non-Insurance Stock (C-1cs)</u>	Source	
(13) Schedule D Unaffiliated Common Stock	LR005 Unaffiliated Common Stock Column (5) Line (21) + LR018 Off-Balance Sheet Collateral Column (3) Line (16)	\$0
Schedule BA Unaffiliated Common Stock/ Equity Interests and Affiliated Non-Insurance Stock (C1-cs), excluding		
(14) Residual Tranches or Interests/ Schedule BA Collateral Loans backed by Residual Tranches or Interests	LR008 Other Long-Term Assets Column (5) Line (49) - Line (45.1) - Line (45.6)	\$0
(15) Total Residual Tranches or Interests / Schedule BA Collateral Loans backed by Residual Tranches or Interests	LR008 Other Long-Term Assets Column (5) line (45.1) + Line (45.6)	\$0
(16) Common Stock Concentration Factor	LR011 Common Stock Concentration Factor Column (6) Line (6)	\$0
(17) Holding Company in Excess of Indirect Subs	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (7)	\$0
(18) Affiliated Non-Insurers	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Lines (19) + (20) + (21)	\$0
(19) Total (C-1cs) - Pre-Tax	Sum of Lines (13) through (18)	\$0
(20) (C-1cs) Tax Effect	LR030 Calculation of Tax Effect for Life and Fraternal Risk-Based Capital Column (2) Line (134)	\$0
(21) Net (C-1cs) - Post-Tax	Line (19) - Line (20)	\$0
<u>Asset Risk - All Other (C-1o)</u>		
(22) Bonds after Size Factor	LR002 Bonds Column (2) Line (27) + LR018 Off-Balance Sheet Collateral Column (3) Line (8)	\$0
(23) Mortgages (including past due and unpaid taxes)	LR004 Mortgages Column (6) Line (31)	\$0
(24) Unaffiliated Preferred Stock	LR005 Unaffiliated Preferred and Common Stock Column (5) Line (10) + LR018 Off-Balance Sheet Collateral Column (3) Line (15)	\$0
(25) Investment Affiliates	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (8)	\$0
(26) Investment in Upstream Affiliate (Parent)	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (15)	\$0
(27) Directly Owned Health Insurance Companies or Health Entities Not Subject to RBC	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (16)	\$0
(28) Directly Owned Property and Casualty Insurance Companies Not Subject to RBC	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (17)	\$0
(29) Directly Owned Life Insurance Companies Not Subject to RBC	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (18)	\$0
(30) Publicly Traded Insurance Affiliates	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (22)	\$0
(31) Separate Accounts with Guarantees	LR006 Separate Accounts Column (3) Line (7)	\$0
(32) Synthetic GIC's (C-1o)	LR006 Separate Accounts Column (3) Line (8)	\$0
(33) Surplus in Non-Guaranteed Separate Accounts	LR006 Separate Accounts Column (3) Line (13)	\$0
(34) Real Estate (gross of encumbrances)	LR007 Real Estate Column (3) Line (13)	\$0
(35) Schedule BA Real Estate (gross of encumbrances)	LR007 Real Estate Column (3) Line (25)	\$0
(36) Other Long-Term Assets	LR008 Other Long-Term Assets Column (5) Line (57) + LR018 Off-Balance Sheet Collateral Column (3) Line (17) + Line (18)	\$0