Draft date: 7/1/26

FINANCIAL CONDITION (E) COMMITTEE
Wednesday, July 8, 2026
1:00 – 2:00 p.m. ET / 12:00 – 1:00 p.m. CT / 11:00 a.m. – 12:00 p.m. MT / 10:00 – 11:00 a.m. PT

ROLL CALL

Nathan Houdek, Chair	Wisconsin	Mike Causey	North Carolina
Michael T. Caljouw, Vice Chair	Massachusetts	Judith L. French	Ohio
Michael Yaworsky	Florida	Michael Wise	South Carolina
Doug Ommen	Iowa	Amanda Crawford	Texas
Vicki Schmidt	Kansas	Kaj Samsom	Vermont
Grace Arnold	Minnesota	Scott A. White	Virginia
Mike Chaney	Mississippi	Jeff Rude	Wyoming
Kaitlin Asrow	New York		

NAIC Committee Support: Dan Daveline/Julie Gann/Bruce Jenson

AGENDA

1. Consider Adoption of the Revised Risk-Based Capital (RBC) Preamble —*Commissioner Nathan Houdek (WI)* — Attachment A

2. Consider Adoption of Proposal 2026-12-IRE MOD (CLO RBC Factors) —*Commissioner Nathan Houdek (WI) and Philip Barlow (DC)* — Attachment B

3. Consider Adoption of Proposal 2025-16-L MOD V.3 (Collateral Loans) —*Commissioner Nathan Houdek (WI) and Ben Slutsker (MN)* — Attachment C

4. Discuss Any Other Matters Brought Before the Committee —*Commissioner Nathan Houdek (WI)*

Risk-Based Capital
Preamble

History of Risk-Based Capital by the NAIC

A. Background

1. The NAIC, through its committees and working groups, facilitated many projects of importance to state insurance regulators, the industry, and users of statutory financial information in the early 1990s. That was evidenced by the original mission statement and charges given to the Capital Adequacy (E) Task Force (~~CADTF~~Task Force) of the Financial Condition (E) Committee.

2. From the inception of insurance regulation in the mid-1800s, the limitation of insurance company insolvency risk has been a major goal of the regulatory process. The requirement of adequate capital has been a major tool in limiting insolvency costs throughout the history of insurance regulation. Initially, the states enacted statutes requiring a specified minimum amount of capital and surplus for an insurance company to enter the business or to remain in business.

3. Fixed minimum capital requirements were largely based on the judgment of the drafters of the statutes and varied widely among the states. Those fixed minimum capital and surplus requirements have served to protect the public reasonably well for more than a century. However, they fail to recognize variations in risk between broad categories of key elements of insurance, nor do they recognize differences in the amount of capital appropriate for the size of various insurers.

4. In 1992, the NAIC adopted the life risk-based capital (RBC) formula with an implementation date of year-end 1993. The formula was developed for specific regulatory needs. Four major risk categories were identified for the life formula, which took into consideration their diversification properties through a covariance adjustment that recognizes that problems in all risk categories are unlikely to occur simultaneously: asset risk; insurance risk; interest rate risk; and all other business risk. The property/casualty and health formulas were implemented in 1994 and 1998, respectively. The focus of these two formulas is: asset risk; underwriting risk; credit risk; and business risks (health).

5. Since then, RBC requirements have evolved, utilizing data beyond what is reported in annual statements, enabling a more accurate identification of solvency risk. The life RBC formula, for example, now assesses the risk of differentiated segments of commercial real estate mortgage investments, which has become a material asset class. The property/casualty RBC formula now recognizes that catastrophe risks are significant for some companies and reflects how exposure to region-specific events, such as natural weather events, can have on solvency. The health RBC formula now removes federal pass-through premium payments, which, by their nature, do not exhibit underwriting risk.

6. The use of RBC requirements has also expanded. It is now used by regulators to assess the solvency risk of insurance groups in Group Capital Calculations and the U.S. Aggregation Method~~, addressing International Capital Standards under the International Association of Insurance Supervisors~~. It is also used by other stakeholders who are assessing potential regulatory action.

~~The total RBC needed by an insurer to avoid being taken into conservatorship is the Authorized Control Level RBC, which is 50% of the sum of the RBC for the categories, adjusted for covariance. The covariance adjustment is meant to take into account that problems in all risk categories are not likely to occur at the same time.~~

B. The Mission of the Task Force

7~~6~~. The mission of the ~~CADTF~~Task Force was to determine the amount of capital an insurer should be required to hold to avoid triggering various specific regulatory actions. It pursued that objective through the RBC formula, which ~~The RBC formula~~ largely consist~~s~~ed 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.

8~~7~~. To carry out its mission, the ~~CADTF~~ Task Force was charged with carrying out the following initiatives:

- Evaluate emerging "risk" issues for referral to the 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).
- 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~~Task Force continue to meet regulatory objectives.
- 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.
- Evaluating refinements to the existing NAIC RBC formula and considering 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.

9. The Task Force will consider different methods of determining whether a particular risk should be added as a new risk to be studied and selected for a change to the applicable RBC formula, but due consideration will be given to the materiality of the risk to the industry, identifiable segments of companies, as well as the very specific purpose of the RBC formulas to develop regulatory threshold capital levels.

10~~8~~. The RBC forecasting, and instructions, as well as RBC reports were developed and are now maintained in accordance with the Task Force mission and charges.~~mission of the CADTF as a method of measuring the threshold amount of capital appropriate for an insurance company to avoid capital specific regulatory requirements based on its size and risk profile.~~

C~~B~~. Purpose of Risk-Based Capital Requirements

11~~9~~. The purpose of RBC requirements is to ~~help~~ identify potentially weakly capitalized companies. RBC requirements ~~in order to~~ facilitate regulatory actions designed to, in most cases, ensure policyholders will receive the benefits promised without relying on a guaranty association or taxpayer funds. Consequently, the RBC formula calculates ~~capital level trigger points~~ thresholds that enable regulatory intervention in the operations of such companies.

12~~0~~. ~~RBC instructions,~~ RBC reports and adjusted report(s) are intended solely for use by the commissioner/state in monitoring the solvency of insurers and the need for possible corrective action with respect to insurers and are considered confidential. All domestic insurers are required to file an RBC report unless exempted by the commissioner. There are no state permitted practices to modify the RBC formula, and all insurers are required to abide by the RBC instructions.

13~~1~~. Comparison of an insurer's TAC to any RBC ~~l~~Level is a regulatory tool that may indicate the need for **possible** corrective action with respect to the insurer and is **not intended or appropriate as a means to rank insurers generally**. Therefore~~—except as otherwise required under the provisions of~~ , *Risk-Based Capital (RBC) for Insurers Model Act* (#312) ~~or~~ and the *Risk-Based Capital (RBC) for Health Organizations Model Act* (#315) ~~—~~strictly restrict insurers and their regulators from making assertions or disclosures regarding comparisons of insurers' TAC or derived component with limited exceptions as referenced in the Model Law. ~~the making, publishing, disseminating, circulation or placing before the public, or causing, directly or indirectly to be made, published, disseminated, circulated or place before the public, in a newspaper, magazine or other publication, or in a form of a notice, or in any other way, an advertisement, announcement or statement (including but not limited to press releases, earnings releases, webcast materials, or any other earnings presentations or webcasts) containing an assertion, representation or statement with regard to the RBC levels of any insurer or of any component derived in the calculation by any insurer is prohibited.~~ The RBC framework has been developed with certain regulatory needs in mind. While methodologies are transparent, state regulators keep company-specific calculations confidential, as well as any workout plans for companies that have triggered a regulatory action.

14. ~~C~~RBC requirements are a regulatory tool and are not intended or appropriate as a means to rank insurers. Therefore, state laws generally prohibit insurers and their regulators from making assertions or disclosures regarding comparisons of RBC information with limited exceptions. Insurers may make assertions or disclosures of certain RBC information, consistent with applicable state law, to accommodate the interests of other stakeholders, including policyholders, investors, ratings agencies, lenders, and other regulatory authorities. Any insurer's assertion or disclosure of RBC information must be consistent with applicable state laws. While this Preamble does not establish independent disclosure requirements or prohibitions, when RBC-related information is disclosed outside its stated regulatory purpose and in the context of this paragraph, insurers should, as applicable, provide appropriate contextual information alongside it, describing RBC's purpose as a regulatory tool and its limitations for other uses. The nature and extent of any such contextual information should be determined by the disclosing party based on the facts and circumstances and applicable legal requirements.

D~~C~~. Objectives of Risk-Based Capital Reports

15~~2~~. The primary responsibility of each state insurance department is to regulate insurance companies in accordance with state laws, with an emphasis on solvency for the protection of policyholders. The ultimate objective of solvency regulation is to ensure that policyholder, contract holder and other legal obligations are met when they come due and that companies maintain capital and surplus at all times and in such forms as required by statute.

16. To support this role, the RBC reports identify potentially weakly capitalized companies, in that each insurer must report situations where the actual TAC is below a threshold amount for any of the several RBC levels. This is known as an "RBC event" and reporting is mandatory. The state regulatory response is likely to be unique to each insurer, as each insurer's risk profile will have some differences from the average risk profile used to develop the RBC formula factors and calculations.

17. There are several RBC ~~levels~~ Levels with different ~~levels~~degrees of anticipated required additional regulatory oversight following the reporting of an RBC event. Company Action Level (CAL) has the least amount of additional regulatory oversight, as it envisions the company providing to its regulator a plan of action to increase capital or reduce risk or otherwise satisfy the regulator of the adequacy of its capital. Regulatory Action Level (RAL) is the next ~~higher level~~threshold, where the regulator is more directly involved in the development of the plan of action. Authorized Control Level (ACL) anticipates an even higher amount of regulatory action in implementing the plan of action. Mandatory Control Level (MCL) requires the insurance commissioner to place the reporting entity under regulatory control.

E~~D~~. Critical Concepts of Risk-Based Capital

18~~3~~. Over the years, various financial models have been developed to try to measure the "right" amount of capital that an insurance company should hold.[1] "No single formula or ratio can give a complete picture of a company's operations, let alone the operation of an entire industry. However, a properly designed formula will help in the early identification of companies with inadequate capital levels and allow corrective action to begin sooner. This should ultimately lower the number of company failures and reduce the cost of any failures that may occur."

19~~4~~. Because the NAIC formula develops threshold levels of capitalization rather than a target level, it may not be meaningful ~~it is neither useful nor appropriate~~ to use the RBC formula to compare the RBC ratio developed by one insurance company to the RBC ratio developed by another. ~~Comparisons of amounts that exceed the threshold standards do not provide a reliable assessment of their relative financial strength. For example, a company with an RBC ratio of 600% is not necessarily financially stronger than a company with an RBC ratio of 400%.~~ While companies that maintain RBC ratios well above the threshold standards can be considered to have minimal solvency risk, the information content of those insurers' RBC ratios is limited. For this reason, Model #312 and Model #315 prohibit insurance companies, their agents, and others involved in the business of insurance from using the company's RBC results to compare competitors.

[1] Report of the Industry Advisory Committee to the Life Risk-Based Capital (E) Working Group, p. 6; Nov. 2~~1~~7, 1991.

20. The principal focus of solvency measurement is the determination of financial condition through an analysis of the financial statements and RBC requirements, while appropriately accounting for differences in business models as reflected in each of the formulas. However, protection of the policyholders can only be maintained through continued monitoring of the financial condition of the insurance enterprise. Operating performance is another indicator of an enterprise's ability to maintain itself as a going concern.

~~16. The CADTF and its RBC working groups are charged with evaluating refinements to the existing NAIC RBC formula and considering 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.~~

~~17. The CADTF and its RBC working groups will monitor and evaluate changes to the annual financial statement blanks and 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 addressing the risk. The CADTF will consider different methods of determining whether a particular risk should be added as a new risk to be studied and selected for a change to the applicable RBC formula, but due consideration will be given to the materiality of the risk to the industry, as well as the very specific purpose of the RBC formulas to develop regulatory threshold capital levels.~~

F. Limited use of Risk-Based Capital

21. ~~Use of~~ RBC ratios ~~is~~ are intended ~~limited~~ to help identify~~ing~~ potentially weakly capitalized companies to facilitate regulatory action and oversight, and do not provide a complete, clear, or meaningful ranking of insurers. Regulators consider the insurer's overall financial situation when interpreting them. They were not developed or intended for any other use. Nevertheless, to the extent RBC ratios are considered for purposes beyond identifying potentially weakly capitalized companies, their usefulness may ~~Any other application of RBC would be inappropriate to the detriment of policyholders, companies, and investors. While RBC may be used in other components of the regulatory framework, such uses should be in the context of identifying potentially weakly capitalized companies. For example, statutory accounting may leverage RBC in determining the admissibility of certain types of assets, when the benefits of those assets may not be readily available to the policyholders of a troubled company.~~ be limited for companies that are not at risk of triggering an action level. A spectrum of factors entering into RBC calculations should be considered when using RBC ratios beyond identifying weakly capitalized companies, including, but not limited to:

- Insurers voluntarily strengthening or weakening assumptions used for reserving, resulting in a reduction or increase of an insurer's RBC ratio.
- RBC requirements are often developed with data that extends over a substantial period of years, with actuarial modeling often extending over long horizons. As a result, RBC ratios often represent a relatively stable, durable measure of capital.
- While RBC requirements are designed to reflect differentiated risks across components, on their own, they may be insufficient for assessing differentiated risks for purposes other than identifying weakly capitalized companies. Limitations may result from RBC components not being sufficiently granular to differentiate risks, given the immateriality as it relates to solvency risk, or a single component not reflecting a comprehensive perspective of risk, as is the case, for example, with

asset risk, which may not reflect liquidity, market, or duration risks, which are captured elsewhere in the framework when applicable.

- RBC requirements may fluctuate without indicating a corresponding change in the insurer's financial condition. Fluctuations may be driven by changes in the RBC formula, dividends, capital infusions, reinsurance transactions, the sale or acquisition of a block of business, and a significant change in new business written.

~~19. RBC does not provide a complete, clear, or meaningful ranking of insurers. For example, an insurer voluntarily strengthening assumptions used for reserving would generally reduce an insurer's RBC ratio but does not indicate a weaker position than a similarly situated insurer who did not elect to strengthen assumptions used for reserving. Regulators are able to consider a complete picture of the insurer's financial situation to appropriately follow up on RBC action levels. Using RBC beyond its intended purpose could create perverse incentives for companies that are not at risk of triggering an action level.~~

~~20. Reviewing an individual insurer's RBC over time may not provide a complete, clear or meaningful picture of the insurer's change in financial condition. Items that may have an impact on RBC which make year-to-year comparisons problematic include changes in the RBC formula, dividends, capital infusions, reinsurance transactions, sale or acquisition of a block of business, and a significant change in new business written.~~

~~20. RBC requirements for particular risk categories were developed based on specific regulatory guidelines and following agreed upon procedures and methodologies. The RBC requirements were developed with regulatory needs in mind. They were not developed or intended for any other use. As such, except where prescribed, RBC requirements would not be appropriate to rely on in other contexts such as reserve setting or risk management or evaluating the risk of investments. While the development of RBC requirements often rely on historical data points, the data used extends over a substantial period of years and the actuarial modeling extends out over a long time horizon. They do not reflect risk at any one point in time. Moreover, the granularity of an analysis for RBC purposes likely differs from the granularity appropriate for other applications. Therefore, RBC requirements are not appropriate to evaluate the relative or absolute level of risk outside of the context of a regulatory framework for identifying potentially weakly capitalized companies.~~

~~21. Because RBC is a broad tool to facilitate regulatory oversight, an insurer's RBC can fluctuate without indicating a corresponding change in the insurer's financial strength. Reviewing an individual insurer's RBC over time may not provide a complete, clear, or meaningful picture of the insurer's change in financial condition. Items that may limit the information content include changes to the RBC formula, dividends, capital infusions, reinsurance transactions, the sale or acquisition of a block of business, or a significant change in new business written.~~

G. Principles for RBC Requirements

Acknowledging the complex and varied insurance business activities and their associated risks, RBC requirements are established to capture risks using a wide range of data, methodologies, and regulatory judgment. These Principles of RBC Requirements govern the purpose and use of, as well as maintaining and prioritizing updates to, RBC requirements.

1. **Purpose**. The purpose of RBC requirements is to identify potentially weakly capitalized companies.

2. **Use**. RBC requirements are primarily used to facilitate regulatory action with respect to weakly capitalized companies. RBC requirements may be used for other purposes, but these uses must not distort or redefine the purpose of RBC requirements.
3. **Materiality**. RBC requirements should be updated when a change is material. Materiality for purposes of RBC means a level at which a decision whether to update RBC could meaningfully impact the regulator's assessment of the solvency risk for all or an identifiable segment of companies.
4. **Equal capital for equal risk**. RBC requirements should be guided by the principle of equal capital for equal risk, consistent in their statistical safety levels and time horizons, appropriate for the underlying risk, unless there are substantial differences in the nature of the risk in the context of the business model (e.g., life vs property & casualty) to warrant alternative treatments. RBC requirements should reflect measurable risks that can impact solvency, including the mitigating effects of risk management.
5. **Objectivity**. Appropriately consider only the factors that impact solvency risk, including but not limited to concentration, diversification, and tail risks, thereby avoiding the promotion or inhibition of objectives that are unrelated to assessing solvency risk.
6. **Accuracy**. Sufficiently precise to assess solvency risk, while avoiding unnecessary complexity.
7. **Grounded in Statutory Accounting and reserving**. Derived from values reported in the statutory annual statement and calibrated to align with Statutory Accounting and reserving practices, to the extent practical.
8. **Emerging risks.** Updated to incorporate emerging risks (including macroprudential risk) by the time they become material to the industry or an identifiable segment of companies.
9. **Transparency.** The process to maintain and update RBC requirements must adhere to the *NAIC Policy Statement on Open Meetings* and follow standards that provide for clear, complete, and transparent communication and documentation of proposed and adopted updates, methodologies, and supporting rationale.
10. **Process.** Maintaining and updating RBC requirements must adhere to model risk management standards, relying on data-driven methodologies with assessments of model performance and model validation when possible, acknowledging the need to rely on expert judgment and proxies, significantly so in some cases, and the use of interim solutions.
11. **Prioritization**. Recognizing the vast number of potential refinements that could be made to RBC requirements at any given time, the groups tasked with updating and maintaining the RBC model should use regulatory judgment to prioritize changes, considering their necessity, materiality, time and resource intensity, and other relevant considerations.

<u>Notes from Task Force Deliberations</u> <u>(not to be included in the Preamble)</u>: These meeting notes provide non-authoritative background and context for the proposed edits to the Preamble; they are not binding interpretations of the Principles or the Preamble. References to discussions or regulators do not reflect those of the entire Task Force since the Principles were developed over many sessions, often with different members of Task Force present.

<u>Notes on the Preamble:</u>

- **The Scope of the Preamble**.
  - Regulators felt the Preamble should provide a narrative on the purpose and use of RBC. The scope should not be expanded to include references to the Principles for Maintaining and Prioritizing Updates to RBC, which would be redundant.
  - The language within the Preamble should be consistent with the Principles for the Purpose and Use of RBC.
  - The language must be consistent with Model Laws 312 and 315, since they are codified in state laws.
- **Paragraph 5**. Regulators felt that it was desirable to include historical context for RBC, as well as to provide context for how RBC requirements have evolved in terms of precision and application since their initial development.
- **Paragraph 7 <u>(now Paragraph 8)</u>.** Consolidates text from Paragraphs 16 and 17, which describe CADTF's charges.
- **Paragraph 11~~.~~ <u>(now Paragraph 14).</u>**
  - There was an acknowledged nuance that Model Laws 312 and 315 restrict insurers from making assertions or disclosures regarding comparisons of insurers' TAC or derived components, such as RBC ratios, to rank insurers. Regulators pointed out the potential for the Model Laws to be interpreted more restrictively, limiting any assertions or disclosures of insurers' TAC or derived statistics, and that some states adopted language that is more restrictive than the Model Law. For example, <u>Washington D.C. §31–3451.08</u>, is relatively clear in that any assertions or disclosures of insurers' TAC or derived statistics are prohibited, with limited exceptions. To address this issue, the paragraph was framed in the context of state laws.
  - The question of whether guidelines should be provided on the level of disclosure and language was explored. Cases that were discussed that may warrant different levels of disclosure:
    - Responding to a question about RBC on an earnings call, which narrowly referenced only the RBC ratio in the context of its stated purpose of regulatory intervention, with information that is not subjective and public (e.g., the RBC ratio is 440%, which is 140 pp above the threshold that triggers potential regulatory intervention).
    - Statements that include subjective assessments (e.g., RBC ratio is 440%, which is significantly above our 400% target, and 140pp above the threshold that triggers potential regulatory intervention). The 400% target is subjective and suggestive, especially when reinforced with the word significant.
    - When RBC ratios are reported in written material alongside, say, Financial Strength Ratings, or is reported outside the context of potential regulatory intervention, such as reporting of GCC.
  - Regulators opted to remain silent on the matter for now, agreeing that further discussion is needed, particularly in light of the potential conflict with Model Laws and state statutes.
  - Concern was raised over whether the Preamble is the best place for added disclosure requirements, and the authority, in earnest, that it would provide state regulators to take action on companies violating the disclosure requirements. Regulators felt that the Model Law is a more appropriate

location, but that the change would be unnecessarily cumbersome and would not ensure that state laws would be modified accordingly. To avoid the possible conflict, regulators considered replacing the word 'must' with 'should'.
    - Other edits included simplifying the language in Paragraph 11, which referred to and paraphrased the Model Law, which has been adopted into state law in various forms. Given the length and detail in the Model Law, the regulators felt that a reference to the Model Law streamlines the flow.
    - The question of whether regulators have the right to refute any RBC ratios that they view as not representative of potential regulatory action outside of the regulatory trigger points was explored.
- **Paragraph 14** (now Paragraph 19). Regulators pointed out that the concept of financial strength was not defined. To avoid potential confusion, the chosen language generalizes the concepts and avoids the introduction of new terminology.
- **Paragraphs 18-21** (now Paragraph 21).
    - Regulators consolidated paragraphs 18-21, attempting to retain key concepts and streamline the articulation of the various considerations.
    - Regulators agreed that the following sentence, in its current form, is overly restrictive given its acknowledged broader use (e.g., AM): *Any other application of RBC would be inappropriate to the detriment of policyholders, companies, and investors*.

Bridgeway Analytics supports the investment and regulatory community in optimizing the design, organization, and utility of regulations surrounding the management of insurance company business activities. While the content in this document is informed by extensive discussions with our client base, the broader industry, NAIC staff, and state regulators and may contain analysis that Bridgeway Analytics had conducted as part of a commercial engagement and retains the right to reuse, the views in this document are solely those of Bridgeway Analytics and are based on an objective assessment of data, modeling approaches, and referenced documentation, that in our judgment and experience, are viewed as appropriate in articulating the issues at hand. Methodologies are available to the public through an email request at support@bridgewayanalytics.com. For more information, visit www.BridgewayAnalytics.com.

Capital Adequacy (E) Task Force

RBC Proposal Form

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

		FOR NAIC USE ONLY
DATE:	**5/1/2026**	Agenda Item # 2026-12-IRE MOD
		Year 2026
CONTACT PERSON:	**Maggie Chang**	**DISPOSITION**
TELEPHONE:	**816-783-8976**	**ADOPTED:**
EMAIL ADDRESS:	**mchang@naic.org**	☐ TASK FORCE (TF)
ON BEHALF OF:	**Risk-Based Capital Investment Risk and Evaluation (E) Working Group**	☒ WORKING GROUP (WG) 6/23/2026
		☐ SUBGROUP (SG)
NAME:	**Philip Barlow, Chair**	**EXPOSED:**
TITLE:	**Associate Commissioner of Insurance**	☐ TASK FORCE (TF)
AFFILIATION:	**District of Columbia**	☒ WORKING GROUP (WG) 5/6/2026
ADDRESS:	**1050 First Street, NE Suite 801**	☐ SUBGROUP (SG)
	Washington, DC 20002	**REJECTED:**
		☐ TF ☐ WG ☐ SG
		OTHER:
		☐ DEFERRED TO
		☐ REFERRED TO OTHER NAIC GROUP
		☐ (SPECIFY)

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

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

DESCRIPTION/REASON OR JUSTIFICATION OF CHANGE(S)

This proposal 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

Rating	Simple Average Raw C-1	Modeled C-1	
		Thickness > 4%	Thickness ≤ 4%
Aaa	0.04%	**0.04%**	
Aa1	0.34%	**0.05%**	
Aa2	0.00%	**0.05%**	
Aa3	0.00%	**0.05%**	
A1	0.48%	**0.17%**	
A2	0.13%	**0.17%**	
A3	0.14%	**0.97%**	
Baa1	1.90%	**2.18%**	
Baa2	3.63%	**3.24%**	
Baa3	7.14%	**3.28%**	**15.05%**

Below Investment Grade

Rating	Simple Average Raw C-1	Modeled C-1	
		Thickness > 4%	Thickness ≤ 4%
Ba1	24.88%	**15.14%**	**26.91%**
Ba2	32.90%	**25.15%**	**36.93%**
Ba3	34.76%	**27.99%**	**39.76%**
B1	20.84%	**31.30%**	**43.07%**
B2	37.03%	**42.31%**	**54.08%**
B3	67.78%	**56.88%**	**68.65%**
Caa1	69.23%	**57.84%**	**69.61%**
Caa2	79.94%	**66.34%**	**78.12%**
Caa3	92.94%	**85.12%**	**96.89%**
Residual[1]	43.01%	**45.00%**	

1. Under practical expedient accounting

C1SC 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			

C1SC Update on CLO C-1 Factors Modeling
May 6, 2026

American Academy of Actuaries

** 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.)

Line (25)	Source	(a) Number of Issuers* ~~(for bonds, excluding CLOs)~~				(b) Weighted Issuers* ~~(for bonds, excluding CLOs)~~
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	=	______
(i) Total Number of Issuers from Line (24) Column (1)		______				
(ii) Total Weighted Issuers ~~(for bonds, excluding CLOs/CBOs/CDOs)~~						______
Size Factor = Total Weighted Issuers (ii) Divided by Total Number of Issuers (i)						______

* 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.

Attachment B

BONDS

Company Name | Cocode: 00000

BONDS

	SVO Bond Designation Category	Annual Statement Source	(1) Non-CLOs/CBOs/CDOs Book / Adjusted Carrying Value		Factor	(2) CLOs/CBOs/CDOs Book / Adjusted Carrying Value		(3) Factor		(4) Total RBC 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	X	0.00040	=	$0	=ROUND(MAX(0,D10)*F10 + MAX(0,G10)*J10,0)
(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	X	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	X	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	X	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	X	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	X	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	X	0.00970	=	$0	
(2.8)	Subtotal NAIC 1	Sum of Lines (2.1) through (2.7)	$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	X	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	X	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	X	0.03280	=	$0	
(3.4)	Subtotal NAIC 2	Sum of Lines (3.1) through (3.3)	$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	X	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	X	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	X	0.27990	=	$0	
(4.4)	Subtotal NAIC 3	Sum of Lines (4.1) through (4.3)	$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	X	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	X	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	X	0.56880	=	$0	
(5.4)	Subtotal NAIC 4	Sum of Lines (5.1) through (5.3)	$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	X	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	X	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	X	0.85120	=	$0	
(6.4)	Subtotal NAIC 5	Sum of Lines (6.1) through (6.3)	$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	X	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		XXX	$0	X	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	

(Line (8) Column (1) + Line (8) Column (2) - Line (7.2) Column (2) should equal Page 2 Column 3 Line 1 + Schedule DL Part 1 Column 6 Line 2009999999)

	SVO Bond Designation Category	Annual Statement Source	(1)		Factor	(2)		(3)		(4)
	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

(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 (pre-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/FundsWithheld 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
			Non-CLOs/CBOs/CDOs RBC Requirement			**CLOs/CBOs/CDOs RBC Requirement**			
(23)	**RBC Requirements** Subject to Size Factor	**Company Records (See Instruction)**	$0			$0			$0
(24)	Number of Issuers	Company Records **(See Instruction)**							
(25)	Size Factor for Bonds		2.4			1.0			XXX
(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)
=ROUND(IF(D85>0,(MIN(D85,50)*2.4+MIN(MAX(0,D85-50),50)*1.53+MIN(MAX(0,D85-100),100)*0.85+MIN(MAX(0,D85-200),300)*0.85+MAX(0,(D85-500))*0.82)/D85,2.4),3)

=ROUND(D84*D86+G84*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.

Capital Adequacy (E) Task Force

RBC Proposal Form

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

DATE: 02/04/2026	**FOR NAIC USE ONLY**
CONTACT PERSON: Kazeem Okosun	Agenda Item # 2025-16-L MOD V.3 with editorial updates
TELEPHONE: 816-783-8981	Year 2027
EMAIL ADDRESS: kokosun@naic.org	**DISPOSITION**
ON BEHALF OF: Life Risk-Based Capital (E) Working Group	**ADOPTED:**
NAME: Ben Slutsker, Chair	☐ TASK FORCE (TF)
TITLE: Director of Life Actuarial Valuation	☒ WORKING GROUP (WG) **06-11-2026**
AFFILIATION: Minnesota Department of Commerce	☐ SUBGROUP (SG)
ADDRESS: 85 7th Place East, Suite 280	**EXPOSED:**
Saint Paul, MN 55101	☐ TASK FORCE (TF)
	☒ WORKING GROUP (WG) 11/14/2025, 02-10-2026 (V.1), 03-22-2026 (V.2), 04-23-2026 (V.3)
	☐ SUBGROUP (SG)
	REJECTED:
	☐ TF ☐ WG ☐ SG
	OTHER:
	☐ DEFERRED TO
	☐ REFERRED TO OTHER NAIC GROUP
	☐ (SPECIFY)

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

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

DESCRIPTION/REASON OR JUSTIFICATION OF CHANGE(S)

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

Line	Description	Annual Statement Source	(1) Book / Adjusted Carrying Value	(2) Unrated Items ‡	(3) RBC Subtotal †		(4) Factor		(5) RBC Requirement
(43.1)	Schedule BA Unaffiliated Common Stock-Private	AVR Equity Component Column 1 Line F2	$0		$0	X	0.3000	=	$0
	Schedule BA Collateral Loans backed by Joint Ventures', Limited Partnerships' and Limited Liability Companies' Interests								
(43.2)	**OC < 111% or No independent verification obtained**	**Company Records**	$0		**$0**	**X**	**0.3000**	=	**$0**
(43.3)	**OC Percentage ≥ 111% and < 143%**	**Company Records**	$0		**$0**	**X**	**0.2400**	=	**$0**
(43.4)	**OC Percentage ≥ 143% and < 200%**	**Company Records**	$0		**$0**	**X**	**0.1800**	=	**$0**
(43.5)	**OC Percentage ≥ 200%**	**Company Records**	$0		**$0**	**X**	**0.1500**	=	**$0**
(43.6)	**Total Schedule BA Collateral Loans backed by 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	AVR Equity Component Column 1 Line I13	$0		$0	X	0.4500	=	$0
	Schedule BA Collateral Loans backed by Residual Tranches or Interests								
(45.2)	**OC < 111% or No independent verification obtained**	**Company Records**	$0		**$0**	**X**	**0.4500**	=	
(45.3)	**OC Percentage ≥ 111% and < 143%**	**Company Records**	$0		**$0**	**X**	**0.3600**	=	**$0**
(45.4)	**OC Percentage ≥ 143% and < 200%**	**Company Records**	$0		**$0**	**X**	**0.2700**	=	**$0**
(45.5)	**OC Percentage ≥ 200%**	**Company Records**	$0		**$0**	**X**	**0.2250**	=	**$0**
(45.6)	**Total Schedule BA Collateral Loans backed by Residual Tranches or Interests (Column (1), line 45.6 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	Line (52.1) + (52.2)	$0		$0				$0
(53.1)	Other Schedule BA Assets, including Surplus Notes and Capital Notes	AVR Equity Component Column 1 Line J7 + L3	$0						
(53.2)	Less NAIC 1 thru 6 Rated/Designated Surplus	Column (1) Lines (22) through (27) + Column (1)	$0						

Company Name							Cocode: 00000
OTHER LONG-TERM ASSETS							
			(1)	(2)	(3)	(4)	(5)
			Book / Adjusted				RBC
		Annual Statement Source	Carrying Value	Unrated Items ‡	RBC Subtotal †	Factor	Requirement
	Notes and Capital Notes	Lines (32) through (37)					
(53.3)	Net Other Schedule BA Assets	Line (53.1) less (53.2)	$0	$0	$0 X	0.3000	= $0
(54)	Total Schedule BA Assets C-1o (pre-MODCO/Funds Withheld)	Lines (11) + (21) + (31) + (41) + (50.3) + (51) + (52.3) + (53.3)	$0				$0
(55)	Reduction in RBC for MODCO/Funds Withheld Reinsurance Ceded Agreements	Company Records (enter a pre-tax amount)					$0
(56)	Increase in RBC for MODCO/Funds Withheld Reinsurance Assumed Agreements	Company Records (enter a pre-tax amount)					$0
(57)	Total Schedule BA Assets C-1o (including MODCO/Funds Withheld.)	Lines (54) - (55) + (56)	$0				$0
(58)	Total Schedule BA Assets Excluding Mortgages and Real Estate	Line (49)+ (57)	$0				$0

† 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.

Attachment C

Company Name										Cocode: 00000
ASSET CONCENTRATION FACTOR										
		(1)	(2)		(3)			(4)	(5)	(6)
			Book / Adjusted					Additional	Adjustment/	RBC
Issuer		Asset Type	Carrying Value		Factor			RBC	Subsidiary 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

Company Name Cocode: 00000

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

Details Eliminated to Conserve Space

		Source	(1) RBC Amount		Tax Factor		(2) RBC Tax Effect			
	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-cs), excluding Residual Tranches or Interests/ **Schedule BA Collateral Loans backed by Residiual 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 Residiual 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-1cs Assets	Lines (123)-(124)-(125)+(126)+(127)+(128)+(129)+(130)+(131)+(132)+(133)	$0				$0			
	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 Claim Reserves	LR024 Health Claim Reserves Column (4) Line (9) + Line (15)	$0	X	0.2100	=	$0			
(140)	Premium Stabilization Credit	LR026 Premium Stabilization Reserves Column (2) Line (10)	$0	X	0.0000	=	$0		Guardrail F	0.0
(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		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: 00000

Details Eliminated to Conserve Space

		Source	(1) RBC Requirement
	Asset Risk – Unaffiliated Common Stock and Affiliated Non-Insurance Stock (C-1cs)		
(13)	Schedule D Unaffiliated Common Stock	LR005 Unaffiliated Common Stock Column (5) Line (21) + LR018 Off-Balance Sheet Collateral Column (3) Line (16)	$0
(14)	Schedule BA Unaffiliated Common Stock/ Equity Interests and Affiliated Non-Insurance Stock (C1-cs), excluding Residual Tranches or Interests/ **Schedule BA Collateral Loans backed by Residiual 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 Residiual 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
	Asset Risk - All Other (C-1o)		
(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