

## 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"/> Investment RBC (E) Working Group | <input type="checkbox"/> Operational Risk (E) Subgroup |
| <input type="checkbox"/> C3 Phase II/ AG43 (E/A) Subgroup           | <input type="checkbox"/> P/C RBC (E) Working Group        | <input type="checkbox"/> Longevity Risk (A/E) Subgroup |

<b>DATE:</b> <u>8/11/22</u>	<b><u>FOR NAIC USE ONLY</u></b>
<b>CONTACT PERSON:</b> <u>Eva Yeung</u> <b>TELEPHONE:</b> <u>816-783-8407</u> <b>EMAIL ADDRESS:</b> <u>eyeung@naic.org</u> <b>ON BEHALF OF:</b> <u>Capital Adequacy (E) Task Force</u> <b>NAME:</b> <u>Tom Botsko</u> <b>TITLE:</b> <u>Chair</u> <b>AFFILIATION:</b> <u>Ohio Department of Insurance</u> <b>ADDRESS:</b> <u>50 West Town Street, Suite 300</u> <u>Columbus, OH 43215</u>	Agenda Item # <u>2022-09-CA MOD</u> Year <u>2023</u>  <b style="text-align: center;"><u>DISPOSITION</u></b> <input checked="" type="checkbox"/> ADOPTED <u>3/23/23 &amp; 6/30/23 (MOD)</u> <input type="checkbox"/> REJECTED _____ <input type="checkbox"/> DEFERRED TO _____ <input type="checkbox"/> REFERRED TO OTHER NAIC GROUP _____ <input checked="" type="checkbox"/> EXPOSED <u>8/11/22, 6/1/23 (MOD)</u> <input type="checkbox"/> OTHER (SPECIFY) _____

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

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

#### DESCRIPTION OF CHANGE(S)

The proposed change would revise the instructions and structure for the Affiliated Investments for all lines.

MODIFIED: The Health and P/C instructions and blanks have been modified with an editorial change to clarify the examples provided in the Indirectly Owned Alien Insurance Affiliates/Subsidiaries section and add a footnote to the % Owned column in the blank.

#### REASON OR JUSTIFICATION FOR CHANGE \*\*

The proposed revisions will improve the risk-based capital formulas and provide consistency to the treatment of affiliates for all lines of business.

#### Additional Staff Comments:

- 8/11/22 - The Task Force exposed this proposal for a 60-day public comment period ending Oct, 10.  
 3/23/23 – The Task Force adopted the proposal on 3/23/23  
 5/17/23 – EDITORIAL CHANGE to Indirectly Owned Alien Insurance Affiliates/Subsidiaries section and % owned column.  
 6/1/23 – The Task Force exposed this proposal for a 14-day public comment period ending Jun 14.  
 6/30/23 – The Task Force did not receive any comments on the modified exposure and adopted.

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

Revised 2-2019

**AFFILIATED/SUBSIDIARY STOCKS**  
**XR002 – XR004**

There are nine categories of affiliated/subsidiary investments that are subject to Risk-Based Capital requirements for common stock and preferred stock holdings. Those nine categories are:

1. Directly Owned U.S. Insurance Affiliates/Subsidiaries Subject to a Risk-Based Capital (RBC)-Look-Through Calculation
  - a. Health Insurance Company or Health Entity
  - b. Property and Casualty Insurance Company
  - c. Life Insurance Company
2. Indirectly Owned U.S. Insurance Affiliates/Subsidiaries Subject to RBC-Look-Through Calculation
  - a. Health Insurance Company or Health Entity
  - b. Property and Casualty Insurance Company
  - c. Life Insurance Company
3. Holding Company Value in Excess of Indirectly Owned Insurance Affiliates/Subsidiaries
4. Investment Subsidiaries
5. Directly Owned Alien Insurance Affiliates/Subsidiaries
  - a. Health Insurance Company or Health Entity
  - b. Property and Casualty Insurance Company
  - c. Life Insurance Company
6. Indirectly Owned Alien Insurance Affiliates/Subsidiaries
  - a. Health Insurance Company or Health Entity
  - b. Property and Casualty Insurance Company
  - c. Life Insurance Company
7. Investments in Upstream Affiliate (Parent)
8. Directly Owned U.S. Insurance Affiliates/Subsidiaries Not Subject to RBC
  - a. Health Insurance Companies and Health Entities Not Subject to RBC
  - b. Property and Casualty Insurance Companies Not Subject to RBC
  - c. Life Insurance Companies Not Subject to RBC
9. Non-Insurance Affiliates/Subsidiaries Not Subject to RBC
  - a. Entities with a capital requirement imposed by a regulatory body
  - b. Other Financial Entities without regulatory capital requirements
  - c. Other Non-financial entities



Detail Eliminated to Conserve Space



6. Indirectly Owned Alien Insurance Affiliates/Subsidiaries

For Indirectly Owned Alien Insurance Affiliates/Subsidiaries, the carrying value and RBC charge is calculated in a similar manner as for directly owned Alien Insurance Affiliates/Subsidiaries.

SSAP No. 97 provides guidance for the reporting and admittance requirements of SCAs. Accordingly, there may be cases where an indirectly owned Alien insurer may not be separately reported in the statutory financial statements (e.g., they are captured within the carrying value of an intermediate holding company). The SSAP No. 97 guidance permits reporting SCAs at the directly owned holding company level or via look-through to the downstream entity (including where the downstream entity is an Alien insurer), but an audit of the entity is required for admittance (i.e. if reporting is at the directly owned holding company level, the holding company must be audited, if the reporting is on a look-through basis then the downstream entity must be audited). Regardless of whether there is a look-through applied pursuant to Statutory Accounting Principles (SAP) for annual financial statement reporting, for RBC purposes the reporting insurer must “look-through” all intermediate holding and subsidiary companies to determine the carrying value and the RBC charge that would be imposed had the Alien insurance affiliate/subsidiary companies been directly held by the reporting insurer. This involves looking down to the first alien insurer affiliate/subsidiary, unless there is an RBC filer in between, and adjusting for percentage ownership of the intermediate entity directly owning the RBC filing affiliate/subsidiary. Both the RBC charge and carrying value of the alien insurer must be reported for RBC purposes, in order to appropriately balance the numerator with the addition to the denominator value. Enter the carrying value of the insurer on Line (6) of the Calculation of Total Adjusted Capital page to satisfy these instructions.

The carrying value of an alien insurance affiliate/subsidiary is deducted from the value of the directly held holding company or other entity that in turn directly owns the U.S. Insurance Affiliate/Subsidiary that is subject to RBC, based on the value reported for each insurance subsidiary on the downstream immediate holding company or non-insurance owner’s balance sheet. That value is prescribed by the NAIC Accounting Practices and Procedures Manual (SSAP No. 97, paragraph 22.a.). A similar exercise is required for each RBC filing insurer and each non-U.S. insurer in order to determine the remaining excess value of the holding company.

The RBC charge to be applied to each indirectly owned alien insurance affiliate/subsidiary is the annual statement book adjusted carrying value of the reporting company’s interest in the affiliate/subsidiary multiplied by 1.0 and adjusted to reflect the reporting company’s ownership on the holding company. For example, assume NEWBIE Insurance Company acquired 100 percent shares of Holder (a holding company), and Holder owns an Alien Life Insurance Company, which represents 50 percent of the book adjusted carrying value of Holder. If Holder has a book adjusted carrying value of \$20,000,000, NEWBIE Insurance Company would enter \$10,000,000 (1/2 of \$20,000,000) as the carrying value of the Alien Life Insurance Company and the RBC charge for the indirect ownership of the alien insurance affiliate/subsidiary would be \$105,000,000 (~~0.5~~1.0 times \$10,000,000). The risk-based capital charge for the parent insurer preparing the calculation is a 30 percent charge against the holding company value in excess of the indirectly owned insurance affiliates/subsidiaries.

<u>XR002 Columns</u>			
<u>(1)</u>	<u>(2)</u>	<u>(5)</u>	<u>(12)</u>
<u>Affiliate/Subsidiary</u>	<u>Affiliate/Subsidiary Type</u>	<u>Book Adjusted Carrying Value (Statement Value) of Affiliate’s Common Stock</u>	<u>RBC Required</u>
<u>Alien Life Insurance Company</u>	<u>6c</u>	<u>10,000,000</u>	<u>10,000,000</u>
<u>Holder Holding Company</u>	<u>3</u>	<u>10,000,000</u>	<u>3,000,000</u>

If NEWBIE Insurance Company only acquired 50 percent shares of Holder, NEWBIE Insurance Company would enter \$5,000,000 (50 percent of 1/2 of \$20,000,000) as the carrying value of the Alien Life Insurance Company and the RBC charge for the indirect ownership of the aAlien insurance affiliate/subsidiary would be \$5,000,000 (1.0 times \$5,000,000). Enter information for any indirectly owned alien insurance subsidiaries.

<u>XR002 Columns</u>			
<u>(1)</u>	<u>(2)</u>	<u>(5)</u>	<u>(12)</u>
<u>Affiliate/Subsidiary</u>	<u>Affiliate/Subsidiary Type</u>	<u>Book Adjusted Carrying Value (Statement Value) of Affiliate's Common Stock</u>	<u>RBC Required</u>
<u>Alien Life Insurance Company</u>	<u>6c</u>	<u>5,000,000</u>	<u>5,000,000</u>
<u>Holder Holding Company</u>	<u>3</u>	<u>15,000,000</u>	<u>4,500,000</u>

For each affiliate/subsidiary enter the following information:

- Company Name,
- Alien Insurer Identification Number,
- Book Adjusted carrying value of common and preferred stock,
- ~~Total Outstanding value of common and preferred stock,~~
- Book/adjusted carrying value of the common and preferred stock from Schedule D, Part 6, Section 1, Line 1499999. If no value is reported in the Total Value of Affiliate's Common and preferred stock column.



Detail Eliminated to Conserve Space



**AFFILIATED COMPANIES RISK - DETAILS**  
**DETAILS FOR AFFILIATED STOCKS**

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Name of Affiliate	Affil Type Code	NAIC Company Code or Alien ID Number	Affiliate's RBC after Covariance Before Basic Operational Risk XR025 Line (37) PR032 Line (67) LR031 Line (67) + (71)	Book/Adjusted Carrying Value (statement value) of Affiliate's Common Stock	Valuation Basis of Col (5) M - Market Value after any "discount" A - All Other	Total Value of Affiliate's Outstanding Common Stock	Total Statutory Surplus of Affiliate Subject to RBC (Adjusted for % Owned)	Book/Adjusted Carrying Value (statement value) of Affiliate's Preferred Stock	Total Value of Affiliate's Outstanding Preferred Stock	Percent Owned* (Cols 5 + 9) / (Cols 7 + 10)	RBC Required (H0 Component)	Market Value Excess Component Affiliated Common Stock RBC Required (H1 Component)
(01)										100.000%		
(02)										100.000%		
(03)										100.000%		
(04)										100.000%		
(05)										100.000%		
(06)										100.000%		
(07)										100.000%		
(08)										100.000%		
(09)										100.000%		
(10)										100.000%		
(11)										100.000%		
(12)										100.000%		
(13)										100.000%		
(14)										100.000%		
(15)										100.000%		
(16)										100.000%		
(17)										100.000%		
(18)										100.000%		
(19)										100.000%		
(20)										100.000%		
(21)										100.000%		
(22)										100.000%		
(23)										100.000%		
(24)										100.000%		
(25)										100.000%		
(26)										100.000%		
(27)										100.000%		
(28)										100.000%		
(29)										100.000%		
(30)										100.000%		
(31)										100.000%		
(32)										100.000%		
(33)										100.000%		
(34)										100.000%		
(35)										100.000%		
(36)										100.000%		
(37)										100.000%		
(38)										100.000%		
(39)										100.000%		
(40)										100.000%		
(41)										100.000%		
(42)										100.000%		
(43)										100.000%		
(44)										100.000%		
(45)										100.000%		
(46)										100.000%		
(47)										100.000%		
(48)										100.000%		
(49)										100.000%		
(50)										100.000%		
(9999999) Total	XXX	XXX	0	0	XXX	0	0	0	0	XXX	0	0

**Remark:** Subcategory 8a, 8b and 8c are referring to the directly owned insurance affiliates not subject to RBC look-through

**Indirectly owned insurance affiliate not subject to RBC will be included Category 4**

\* Only applies to Affiliate Type 1 and 2.

If Col (2) < 5 and Col (6) = F Do Calculation

Calculation

Col (12) = Min [Col (4) x Col (11), Col (8) x Col (11)]

If Col (5) + Col (9) > Max [Col (4) x Col (11), Col (8) x Col (11)] then

Col (13) = Max {[Col (5) + Col (9) - Col (8) x Col (11)] x .225, [Col (4) - Col (8)] x Col (11)}

If Col (4) x Col (11) > Col (5) + Col (9) > Col (8) x Col (11) then

Col (13) = Col (5) + Col (9) - Col (8) x Col (11)

Otherwise

Col (13) = 0

Col (12) and (13) cannot be less than 0

**SUBSIDIARY, CONTROLLED AND AFFILIATED INVESTMENTS**

**~~AFFILIATED COMPANIES RISK~~**

	Type of Affiliate	Affiliate Type	Type Code	Basis	(1) Number of Companies	(2) Total RBC Required
(1)	Directly Owned Health Insurance Companies or Health Entities		1a	<del>Affiliate's RBC*</del> Sub's RBC After Covariance	0	\$0
(2)	Directly Owned Property and Casualty Insurance Affiliates		1b	<del>Affiliate's RBC*</del> Sub's RBC After Covariance	0	\$0
(3)	Directly Owned Life Insurance Affiliates		1c	<del>Affiliate's RBC*</del> Sub's RBC After Covariance	0	\$0
(4)	Indirectly Owned Health Insurance Companies or Health Entities		2a	<del>Affiliate's RBC*</del> Sub's RBC After Covariance	0	\$0
(5)	Indirectly Owned Property and Casualty Insurance Affiliates		2b	Sub's RBC After Covariance	0	\$0
(6)	Indirectly Owned Life Insurance Affiliates		2c	Sub's RBC After Covariance	0	\$0
(7)	Holding Company in Excess of Indirect Subs		3	0.300	0	\$0
(8)	Investment Subsidiary		4	0.300	0	\$0
(9)	Directly Owned Alien Health Insurance Companies or Health Entities		5a	1.000	0	\$0
(10)	Directly Owned Alien Property and Casualty Insurance Affiliates		5b	1.000	0	\$0
(11)	Directly Owned Alien Life Insurance Affiliates		5c	1.000	0	\$0
(12)	Indirectly Owned Alien Health Insurance Companies or Health Entities		6a	1.000	0	\$0
(13)	Indirectly Owned Alien Property and Casualty Insurance Affiliates		6b	1.000	0	\$0
(14)	Indirectly Owned Alien Life Insurance Affiliates		6c	1.000	0	\$0
(15)	Investment in Upstream Affiliate (Parent)		7	0.300	0	\$0
(16)	Directly Owned Health Insurance Companies or Health Entities Not Subject to RBC		8a	0.300	0	\$0
(17)	Directly Owned Property and Casualty Insurance Companies Not Subject to RBC		8b	0.300	0	\$0
(18)	Directly Owned Life Insurance Companies Not Subject to RBC		8c	0.300	0	\$0
(19)	Non-Insurance Entities with a Capital Requirement Imposed by a Regulatory Body		9a	0.300	0	\$0
(20)	Non-Insurance Other Financial Entities without Regulatory Capital Requirements		9b	0.300	0	\$0
(21)	Other Non-financial Entities		9c	0.300	0	\$0
(22)	Total				0	\$0

**CROSSCHECKING FOR AFFILIATED INVESTMENTS**

**SUMMARY FOR SUBSIDIARY, CONTROLLED AND AFFILIATED INVESTMENTS FOR CROSS-CHECKING STATEMENT VALUES**

Affiliated Preferred Stock		(1)	(2)	(3)
		<u>Annual Statement</u>		
Schedule D Part 6 Section 1 C7		<u>Total</u>	<u>Total From RBC</u>	<u>Difference</u>
	Annual Statement Line Number	<u>Preferred Stock</u>	<u>Report</u>	
(1)	Parent	0199999		0
(2)	U.S. P&C Insurer	0299999		0
(3)	U.S. Life Insurer	0399999		0
(4)	U.S. Health Insurer	0499999		0
(5)	Alien Insurer	0599999		0
(6)	Non-Insurer Which Controls Insurer	0699999		0
(7)	Investment Subsidiary	0799999		0
(8)	Other Affiliates	0899999		0
(9)	Subtotal	0999999	0	0

Affiliated Common Stock		(1)	(2)	(3)
		<u>Annual Statement</u>		
Schedule D Part 6 Section 1 C7		<u>Total</u>	<u>Total From RBC</u>	<u>Difference</u>
	Annual Statement Line Number	<u>Common Stock</u>	<u>Report</u>	
(10)	Parent	1099999		0
(11)	U.S. P&C Insurer	1199999		0
(12)	U.S. Life Insurer	1299999		0
(13)	U.S. Health Insurer	1399999		0
(14)	Alien Insurer	1499999		0
(15)	Non-Insurer Which Controls Insurer	1599999		0
(16)	Investment Subsidiary	1699999		0
(17)	Other Affiliates	1799999		0
(18)	Subtotal	1899999	0	0



EQUITY ASSETS

	<u>Annual Statement Source</u>	(1) <u>Bk/Adj Carrying Value</u>	<u>Factor</u>	(2) <u>RBC Requirement</u>
<b>PREFERRED STOCK - UNAFFILIATED</b>				
(1) NAIC 01 Preferred Stock	Included in Schedule D, Part 2, Section 1		0.003	\$0
(2) NAIC 02 Preferred Stock	Included in Schedule D, Part 2, Section 1		0.010	\$0
(3) NAIC 03 Preferred Stock	Included in Schedule D, Part 2, Section 1		0.020	\$0
(4) NAIC 04 Preferred Stock	Included in Schedule D, Part 2, Section 1		0.045	\$0
(5) NAIC 05 Preferred Stock	Included in Schedule D, Part 2, Section 1		0.100	\$0
(6) NAIC 06 Preferred Stock	Included in Schedule D, Part 2, Section 1		0.300	\$0
(7) Total - Unaffiliated Preferred Stock	Sum of Lines (1) through (6)	\$0		\$0
(Should equal Page 2, Column 3, Line 2.1 less Sch D Sum, Column 1, Line 18)				
<b>COMMON STOCK - UNAFFILIATED</b>				
(8) Federal Home Loan Bank Stock	Company Records		0.023	\$0
(9) Total Common Stock	Schedule D, Summary, Column 1, Line 25			
(10) Affiliated Common Stock	Schedule D, Summary, Column 1, Line 24			
(11) Other Unaffiliated Common Stock	Lines (9) - (8) - (10)	\$0	0.150	\$0
<b>(12) Market Value Excess Affiliated Common Stock</b>	<b>XR002 C(13) L(9999999)</b>			\$0
<b>(13) Total Unaffiliated Common Stock</b>	Lines (8) + (11) + <b>(12)</b>	\$0		\$0

**CALCULATION OF TOTAL RISK-BASED CAPITAL AFTER COVARIANCE**

		(1)
		<u>RBC Amount</u>
<b>H0 - INSURANCE AFFILIATES AND MISC. OTHER AMOUNTS</b>		
(1)	Off-Balance Sheet Items	XR005, Off-Balance Sheet Page, Line (21) \$0
(2)	Directly Owned Health Insurance Companies or Health Entities	XR003, Affiliates Page, Column (2), Line (1) \$0
(3)	Directly Owned Property and Casualty Insurance Affiliates	XR003, Affiliates Page, Column (2), Line (2) \$0
(4)	Directly Owned Life Insurance Affiliates	XR003, Affiliates Page, Column (2), Line (3) \$0
(5)	Indirectly Owned Health Insurance Companies or Health Entities	XR003, Affiliates Page, Column (2), Line (4) \$0
(6)	Indirectly Owned Property and Casualty Insurance Affiliates	XR003, Affiliates Page, Column (2), Line (5) \$0
(7)	Indirectly Owned Life Insurance Affiliates	XR003, Affiliates Page, Column (2), Line (6) \$0
(8)	Affiliated Alien Insurers - Directly Owned	XR003, Affiliates Page, Column 2, Line (9) + (10) + (11) \$0
(9)	Affiliated Alien Insurers - Indirectly Owned	XR003, Affiliates Page, Column 2, Line (12) + (13) + (14) \$0
(10)	Total H0	<u>Sum Lines (1) through (9)</u> \$0
<b>H1 - ASSET RISK - OTHER</b>		
(+1)	Investment Affiliates	XR003, Affiliates Page, Line (5) \$0
(+2)	Holding Company Excess of Subsidiaries	XR003, Affiliates Page, Line (6) \$0
(+3)	Investment in Parent	XR003, Affiliates Page, Line (9) \$0
(+4)	Other Affiliates	XR003, Affiliates Page, Line (10) \$0
(+5)	Fair Value Excess Affiliate Common Stock	XR003, Affiliates Page, Line (11) \$0
(11)	Holding Company in Excess of Indirect Subs	XR003, Affiliates Page, Column (2), Line (7) \$0
(12)	Investment Subsidiary	XR003, Affiliates Page, Column (2), Line (8) \$0
(13)	Investment in Upstream Affiliate (Parent)	XR003, Affiliates Page, Column (2), Line (15) \$0
(14)	Directly Owned Health Insurance Companies or Health Entities Not Subject to RBC	XR003, Affiliates Page, Column (2), Line (16) \$0
(15)	Directly Owned Property and Casualty Insurance Companies Not Subject to RBC	XR003, Affiliates Page, Column (2), Line (17) \$0
(16)	Directly Owned Life Insurance Companies Not Subject to RBC	XR003, Affiliates Page, Column (2), Line (18) \$0
(17)	Affiliated Non-Insurer	XR003, Affiliates Page, Column 2, Line (19) + (20) + (21) \$0
(18)	Fixed Income Assets	XR006, Off-Balance Sheet Collateral, Lines (27) + (37) + (38) + (39) + XR008, Fixed Income Assets Page Line (51) \$0
(19)	Replication & Mandatory Convertible Securities	XR009, Replication/MCS Page, Line (9999999) \$0
(20)	Unaffiliated Preferred Stock	XR006, Off-Balance Sheet Collateral, Line (34) + XR010, Equity Assets Page, Line (7) \$0
(21)	Unaffiliated Common Stock	XR006, Off-Balance Sheet Collateral, Line (35) + XR010, Equity Assets Page, Line (13) \$0
(22)	Property & Equipment	XR006, Off-Balance Sheet Collateral, Line (36) + XR011, Prop/Equip Assets Page, Line (9) \$0
(23)	Asset Concentration	XR012, Grand Total Asset Concentration Page, Line (27) \$0
(24)	Total H1	<u>Sum Lines (11) through (23)</u> \$0
<b>H2 - UNDERWRITING RISK</b>		
(25)	Net Underwriting Risk	XR013, Underwriting Risk Page, Line (21) \$0
(26)	Other Underwriting Risk	XR015, Underwriting Risk Page, Line (25.3) \$0
(27)	Disability Income	XR015, Underwriting Risk Page, Lines (26.3) + (27.3) + (28.3) + (29.3) + (30.6) + (31.3) + (32.3) \$0
(28)	Long-Term Care	XR016, Underwriting Risk Page, Line (41) \$0
(29)	Limited Benefit Plans	XR017, Underwriting Risk Page, Lines (42.2) + (43.6) + (44) \$0
(30)	Premium Stabilization Reserve	XR017, Underwriting Risk Page, Line (45) \$0
(31)	Total H2	<u>Sum Lines (25) through (30)</u> \$0

## CALCULATION OF TOTAL RISK-BASED CAPITAL AFTER COVARIANCE

(1)  
RBC Amount

### H3 - CREDIT RISK

(32)	Total Reinsurance RBC	XR020, Credit Risk Page, Line (17)	\$0
(33)	Intermediaries Credit Risk RBC	XR020, Credit Risk Page, Line (24)	\$0
(34)	Total Other Receivables RBC	XR021, Credit Risk Page, Line (30)	\$0
(35)	Total H3	<b>Sum Lines (32) through (34)</b>	\$0

### H4 - BUSINESS RISK

(36)	Administrative Expense RBC	XR022, Business Risk Page, Line (7)	\$0
(37)	Non-Underwritten and Limited Risk Business RBC	XR022, Business Risk Page, Line (11)	\$0
(38)	Premiums Subject to Guaranty Fund Assessments	XR022, Business Risk Page, Line (12)	\$0
(39)	Excessive Growth RBC	XR022, Business Risk Page, Line (19)	\$0
(40)	Total H4	<b>Sum Lines (36) through (39)</b>	\$0
(41)	RBC after Covariance Before Basic Operational Risk	$H0 + \text{Square Root of } (H1^2 + H2^2 + H3^2 + H4^2)$	\$0
(42)	Basic Operational Risk	0.030 x Line (41)	\$0
(43)	C-4a of U.S. Life Insurance Subsidiaries	Company Records	
(44)	Net Basic Operational Risk	Line (42) - (43) (Not less than zero)	\$0
(45)	RBC After Covariance Including Basic Operational Risk	<b>Lines (41) + (44)</b>	\$0
(46)	Authorized Control Level RBC	.50 x Line (45)	\$0

## CALCULATION OF TOTAL ADJUSTED CAPITAL

	<u>Annual Statement Source</u>	(1) <u>Amount</u>	<u>Factor</u>	(2) <u>Adjusted Capital</u>
<b>Company Amounts</b>				
(1) Capital and Surplus	Page 3, Column 3, Line 33		1.000	\$0
<b>Subsidiary Adjustments</b>				
(2) AVR - Life Subs	Affiliate's Statement §		1.000	\$0
(3) Dividend Liability - Life Subsidiaries	Affiliate's Statement		0.500	\$0
(4) Tabular Discounts - P&C Subsidiaries	Affiliate's Statement		-1.000	\$0
(5) Non-Tabular Discounts - P&C Subsidiaries	Affiliate's Statement		-1.000	\$0
(6) <b>Carrying Value of Non-Admitted Insurance Affiliates</b>	<b>Included in XR002 Column 5 and Column 9</b>	<b>0</b>	<b>1.000</b>	<b>\$0</b>
(7) Total Adjusted Capital, Post-Deferred Tax				\$0

### SENSITIVITY TEST:

(8) DTA Value for Company	Page 2, Column 3, Line 18.2		1.000	\$0
(9) DTL Value for Company	Page 3, Column 3, Line 10.2		1.000	\$0
(10) DTA Value for Insurance Subsidiaries	Company Records		1.000	\$0
(11) DTL Value for Insurance Subsidiaries	Company Records		1.000	\$0
(12) Total Adjusted Capital, Pre-Deferred Tax (Sensitivity)	<b>Lines (7) - (8) + (9) - (10) + (11)</b>			\$0

### Ex DTA ACL RBC Ratio Sensitivity Test

(13) Deferred Tax Asset	Page 2 Column 3, Line 18.2		1.000	\$0
(14) Total Adjusted Capital Less Deferred Tax Asset	<b>Lines (7) less (13)</b>			\$0
(15) Authorized Control Level RBC	XR027 Comparison of Total Adjusted Capital to Risk-Based Capital Line (4)			\$0
(16) Ex DTA ACL RBC Ratio	<b>Line (14)/(15)</b>			0.000%

§ The portion of the AVR that can be counted as capital is limited to the amount not utilized in asset adequacy testing in support of the Actuarial Opinion for reserves.

**AFFILIATED/SUBSIDIARY STOCKS**  
**PR003 – PR005**

There are nine categories of affiliated/subsidiary investments that are subject to Risk-Based Capital requirement for common stock and preferred stock holdings. Those nine categories are:

1. Directly Owned U.S. Insurance Affiliates/Subsidiaries Subject to a Risk-Based Capital (RBC)-Look-Through Calculation
  - a. Health Insurance Company or Health Entity
  - b. Property and Casualty Insurance Company
  - c. Life Insurance Company
2. Indirectly Owned U.S. Insurance Affiliates/Subsidiaries Subject to RBC-Look-Through Calculation
  - a. Health Insurance Company or Health Entity
  - b. Property and Casualty Insurance Company
  - c. Life Insurance Company
3. Holding Company Value in Excess of Indirectly Owned Insurance Affiliates/Subsidiaries
4. Investment Subsidiaries
5. Directly Owned Alien Insurance Affiliates/Subsidiaries
  - a. Health Insurance Company or Health Entity
  - b. Property and Casualty Insurance Company
  - c. Life Insurance Company
6. Indirectly Owned Alien Insurance Affiliates/Subsidiaries
  - a. Health Insurance Company or Health Entity
  - b. Property and Casualty Insurance Company
  - c. Life Insurance Company
7. Investments in Upstream Affiliate (Parent)
8. Directly Owned U.S. Insurance Affiliates/Subsidiaries Not Subject to RBC
  - a. Health Insurance Companies or Health Entities Not Subject to RBC
  - b. Property and Casualty Insurance Companies Not Subject to RBC
  - c. Life Insurance Companies Not Subject to RBC
9. Non-Insurance Affiliates/Subsidiaries Not Subject to RBC
  - a. Entities with a capital requirement imposed by a regulatory body
  - b. Other Financial Entities without regulatory capital requirements
  - c. Other Non-financial entities



Detail Eliminated to Conserve Space



6. Indirectly Owned Alien Insurance Affiliates/Subsidiaries

For Indirectly Owned Alien. Insurance Affiliates/Subsidiaries, the carrying value and RBC charge is calculated in a similar manner as for directly owned Alien Insurance Affiliates/Subsidiaries.

SSAP No. 97 provides guidance for the reporting and admittance requirements of SCAs. Accordingly, there may be cases where an indirectly owned Alien insurers may not be separately reported in the statutory financial statements (e.g., they are captured within the carrying value of an intermediate holding company). The SSAP No. 97 guidance permits reporting SCAs at the directly owned holding company level or via look-through to the downstream entity (including where the downstream entity is an Alien insurer), but an audit of the entity is required for admittance (i.e. if reporting is at the directly owned holding company level, the holding company must be audited, if the reporting is on a look-through basis then the downstream entity must be audited). Regardless of whether there is a look-through applied pursuant to Statutory Accounting Principles (SAP) for annual financial statement reporting, for RBC purposes the reporting insurer must “look-through” all intermediate holding and subsidiary companies to determine the carrying value and the RBC charge that would be imposed had the alien insurance affiliate/subsidiary companies been directly held by the reporting insurer. This involves looking down to the first alien insurer affiliate/subsidiary, unless there is an RBC filer in between and adjusting for percentage ownership of the intermediate entity directly owning the RBC filing affiliate/subsidiary. Both the RBC charge and carrying value of the alien insurer must be reported for RBC purposes, in order to appropriately balance the numerator with the addition to the denominator value. Enter the carrying value of the insurer on Line **XXX** of the Calculation of Total Adjusted Capital page to satisfy these instructions.

The carrying value of an alien insurance Affiliate/Subsidiary is deducted from the value of the directly held holding company or other entity that in turn directly owns the U.S. Insurance Affiliate/Subsidiary that is subject to RBC, based on the value reported for each insurance subsidiary on the downstream immediate holding company or non-insurance owner’s balance sheet. That value is prescribed by the NAIC Accounting Practices and Procedures Manual (SSAP No. 97, paragraph 22.a.). A similar exercise is required for each non-U.S. insurer in order to determine the remaining excess value of the holding company.

The RBC charge to be applied to each indirectly owned alien insurance affiliate/subsidiary is the annual statement book adjusted carrying value of the reporting company’s interest in the affiliate/subsidiary multiplied by 0.500 and adjusted to reflect the reporting company’s ownership on the holding company. For example, assume NEWBIE Insurance Company acquired 100 percent shares of Holder (a holding company), and Holder owns an Alien Life Insurance Company, which represents 50 percent of the book adjusted carrying value of Holder. If Holder has a book adjusted carrying value of \$20,000,000, NEWBIE Insurance Company would enter \$10,000,000 (1/2 of \$20,000,000) as the carrying value of the Alien Life Insurance Company and the RBC charge for the indirect ownership of the aAlien insurance affiliate/subsidiary would be \$5,000,000 (0.500 times \$10,000,000). The risk-based capital charge for the parent insurer preparing the calculation is a 22.5 percent charge against the holding company value in excess of the indirectly owned insurance affiliates/subsidiaries.

<u>PR003 Columns</u>			
<u>(1)</u>	<u>(2)</u>	<u>(5)</u>	<u>(12)</u>
<u>Affiliate/Subsidiary</u>	<u>Affiliate/Subsidiary Type</u>	<u>Book Adjusted Carrying Value (Statement Value) of Affiliate’s Common Stock</u>	<u>RBC Required</u>
<u>Alien Life Insurance Company</u>	<u>6c</u>	<u>10,000,000</u>	<u>5,000,000</u>
<u>Holder Holding Company</u>	<u>3</u>	<u>10,000,000</u>	<u>2,250,000</u>

If NEWBIE Insurance Company only acquired 50 percent shares of Holder, NEWBIE Insurance Company would enter \$5,000,000 (50 percent of 1/2 of \$20,000,000) as the carrying value of the Alien Life Insurance Company and the RBC charge for the indirect ownership of the Alien insurance affiliate/subsidiary would be \$2,500,000 (0.500 times \$5,000,000). Enter information for any indirectly owned alien insurance subsidiaries.

<u>PR003 Columns</u>			
<u>(1)</u>	<u>(2)</u>	<u>(5)</u>	<u>(12)</u>
<u>Affiliate/Subsidiary</u>	<u>Affiliate/Subsidiary Type</u>	<u>Book Adjusted Carrying Value (Statement Value) of Affiliate's Common Stock</u>	<u>RBC Required</u>
<u>Alien Life Insurance Company</u>	<u>6c</u>	<u>5,000,000</u>	<u>2,500,000</u>
<u>Holder Holding Company</u>	<u>3</u>	<u>15,000,000</u>	<u>3,375,000</u>

For each affiliate/subsidiary enter the following information:

- Company Name,
- Alien Insurer Identification Number,
- Book Adjusted carrying value of common and preferred stock,
- ~~Total Outstanding value of common and preferred stock,~~
- Book/adjusted carrying value of the common and preferred stock from Schedule D, Part 6, Section 1, Line 1499999. If no value is reported in the Total Value of Affiliate's Common and preferred stock column.

DETAILS FOR AFFILIATED STOCKS PR003

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Name of Affiliate	Affil Type	NAIC Company Code or Alien ID Number	Affiliate's RBC After Covariance before Basic Operational Risk* LR031 L67 + L71 PR032 L67 XR025 L37	Book/Adjusted Carrying Value (statement value) of Affiliate's Common Stock**	Valuation Basis of Column (5) M - Market Value after any "discount" A - All Other	Total Value of Affiliate's Outstanding Common Stock	Statutory Surplus of Affiliate Subject to RBC (Adjusted for % Owned)	Book/Adjusted Carrying Value (statement value) of Affiliate's Preferred Stock	Total Value of Affiliate's Outstanding Preferred Stock	Percent Owned*	RBC Required (R0 Component)	Market Value Excess Component Affiliate Common Stock RBC Required (R2 Component)
0000001										100.000%	0	0
0000002										100.000%	0	0
0000003										100.000%	0	0
0000004										100.000%	0	0
0000005										100.000%	0	0
0000006										100.000%	0	0
0000007										100.000%	0	0
0000008										100.000%	0	0
0000009										100.000%	0	0
0000010										100.000%	0	0
0000011										100.000%	0	0
0000012										100.000%	0	0
0000013										100.000%	0	0
0000014										100.000%	0	0
0000015										100.000%	0	0
0000016										100.000%	0	0
0000017										100.000%	0	0
0000018										100.000%	0	0
0000019										100.000%	0	0
0000020										100.000%	0	0
0000021										100.000%	0	0
0000022										100.000%	0	0
0000023										100.000%	0	0
0000024										100.000%	0	0
0000025										100.000%	0	0
0000026										100.000%	0	0
0000027										100.000%	0	0
0000028										100.000%	0	0
0000029										100.000%	0	0
0000030										100.000%	0	0
0000031										100.000%	0	0
0000032										100.000%	0	0
0000033										100.000%	0	0
0000034										100.000%	0	0
0000035										100.000%	0	0
0000036										100.000%	0	0
0000037										100.000%	0	0
0000038										100.000%	0	0
0000039										100.000%	0	0
0000040										100.000%	0	0
0000041										100.000%	0	0
0000042										100.000%	0	0
0000043										100.000%	0	0
0000044										100.000%	0	0
0000045										100.000%	0	0
0000046										100.000%	0	0
0000047										100.000%	0	0
0000048										100.000%	0	0
0000049										100.000%	0	0
0000050										100.000%	0	0
(9999999) Total	XXX	XXX	0	0	XXX	XXX	XXX	0	XXX	100.000%	0	0

Remark: Subcategory 8a, 8b and 8c are referring to the directly owned insurance affiliates not subject to RBC look-through  
Indirectly owned insurance affiliate not subject to RBC will be included Category 4

\* Only applies to Affiliate Type 1 and 2.

Note: PR007 L12 should now refers to PR003 C(13) L9999999



#REF!

SUBSIDIARY, CONTROLLED AND AFFILIATED INVESTMENTS PR004

			(1)	(2)
Affiliate Types		Affil Code	<u>Number of Companies</u>	<u>Total RBC Required</u>
		RBC Basis		
(1)	Directly Owned Health Insurance Companies or Health Entities	1a	0	0
(2)	Directly Owned Property and Casualty Insurance Affiliates	1b	0	0
(3)	Directly Owned Life Insurance Affiliates	1c	0	0
(4)	Indirectly Owned Health Insurance Companies or Health Entities	2a	0	0
(5)	Indirectly Owned Property and Casualty Insurance Affiliates	2b	0	0
(6)	Indirectly Owned Life Insurance Affiliates	2c	0	0
(7)	Holding Company in Excess of Indirect Subs	3	0	0
(8)	Investment Subsidiary	4	0	0
(9)	Directly Owned Alien Health Insurance Companies or Health Entities	5a	0	0
(10)	Directly Owned Alien Property and Casualty Insurance Affiliates	5b	0	0
(11)	Directly Owned Alien Life Insurance Affiliates	5c	0	0
(12)	Indirectly Owned Alien Health Insurance Companies or Health Entities	6a	0	0
(13)	Indirectly Owned Alien Property and Casualty Insurance Affiliates	6b	0	0
(14)	Indirectly Owned Alien Life Insurance Affiliates	6c	0	0
(15)	Investment in Upstream Affiliate (Parent)	7	0	0
(16)	Directly Owned Health Insurance Companies or Health Entities Not Subject to RBC	8a	0	0
(17)	Directly Owned Property and Casualty Insurance Companies Not Subject to RBC	8b	0	0
(18)	Directly Owned Life Insurance Companies Not Subject to RBC	8c	0	0
(19)	Non-Insurance Entities with a Capital Requirement Imposed by a Regulatory Body	9a	0	0
(20)	Non-Insurance Other Financial Entities without Regulatory Capital Requirements	9b	0	0
(21)	Other Non-financial Entities	9c	0	0
(22)	Total		0	0

**SUMMARY FOR SUBSIDIARY, CONTROLLED AND AFFILIATED INVESTMENTS FOR CROSS-CHECKING STATEMENT VALUES PR005**

Affiliated Preferred Stock		(1)	(2)	(3)
Schedule D Part 6 Section 1 C7	Annual Statement Line Number	<u>Annual Statement Total</u> <u>Preferred Stock</u>	<u>Total From RBC Report</u>	<u>Difference</u>
(1) Parent	0199999	0	0	0
(2) U.S. P&C Insurer	0299999	0	0	0
(3) U.S. Life Insurer	0399999	0	0	0
(4) U.S. Health Insurer	0499999	0	0	0
(5) Alien Insurer	0599999	0	0	0
(6) Non-Insurer Which Controls Insurer	0699999	0	0	0
(7) Investment Subsidiary	0799999	0	0	0
(8) Other Affiliates	0899999	0	0	0
(9) Subtotal	0999999	0	0	0

Affiliated Common Stock		(1)	(2)	(3)
Schedule D Part 6 Section 1 C7	Annual Statement Line Number	<u>Annual Statement Total</u> <u>Common Stock</u>	<u>Total From RBC Report</u>	<u>Difference</u>
(10) Parent	1099999	0	0	0
(11) U.S. P&C Insurer	1199999	0	0	0
(12) U.S. Life Insurer	1299999	0	0	0
(13) U.S. Health Insurer	1399999	0	0	0
(14) Alien Insurer	1499999	0	0	0
(15) Non-Insurer Which Controls Insurer	1599999	0	0	0
(16) Investment Subsidiary	1699999	0	0	0
(17) Other Affiliates	1799999	0	0	0
(18) Subtotal	1899999	0	0	0

**UNAFFILIATED PREFERRED AND COMMON STOCK PR007**

		(1)		(2)	
		<u>Book/Adjusted</u>		<u>Factor</u>	<u>RBC Requirement</u>
		<u>Carrying Value</u>			
Unaffiliated Preferred Stock					
(1)	NAIC 01 Preferred Stock	Sch D Pt 2 Sn 1	0	0.003	0
(2)	NAIC 02 Preferred Stock	Sch D Pt 2 Sn 1	0	0.010	0
(3)	NAIC 03 Preferred Stock	Sch D Pt 2 Sn 1	0	0.020	0
(4)	NAIC 04 Preferred Stock	Sch D Pt 2 Sn 1	0	0.045	0
(5)	NAIC 05 Preferred Stock	Sch D Pt 2 Sn 1	0	0.100	0
(6)	NAIC 06 Preferred Stock	Sch D Pt 2 Sn 1	0	0.300	0
(7)	<b>TOTAL - UNAFFILIATED PREFERRED STOCK</b> (should equal P2 L2.1 C3 less Sch D-Sum C1 L18)	Sum of Ls (1) through (6)	0		0
Unaffiliated Common Stock					
(8)	Total Common Stock	Sch D - Summary C1 L25	0		
(9)	Affiliated Common Stock	Sch D - Summary C1 L24	0		
(10)	Non-Admitted Unaffiliated Common Stock	P2 C2 L2.2 - Sch D Pt6 Sn1 C9 L1899999	0		
(11)	Admitted Unaffiliated Common Stock	L(8) - L(9) - L(10)	0	0.150	0
(12)	<b>Market</b> Value Excess Affiliated Common Stock	PR003 C(13) L(9999999)			0
(13)	Total Unaffiliated Common Stock	L(11) + L(12)	0		0

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

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**CALCULATION OF TOTAL ADJUSTED CAPITAL**

**PR029**

	Annual Statement Reference	(1) Statement Value*	Factor	(2) Adjusted Capital
(1)	Capital and Surplus	P3 C1 L37	1.000	0
(2)	Non-Tabular Discount - Losses	Sch P P1-Sum C32 L12	1.000	0
(3)	Non-Tabular Discount - Expense	Sch P P1-Sum C33 L12	1.000	0
(4)	Discount on Medical Loss Reserves Reported as Tabular in Schedule P	Company Records	1.000	0
(5)	Discount on Medical Expense Reserves Reported as Tabular in Schedule P	Company Records	1.000	0
(6)	P&C Subs Non-Tabular Discount - Losses	Subs' Sch P Pt1-Sum C32 L12	1.000	0
(7)	P&C Subs Non-Tabular Discount - Expense	Subs' Sch P Pt1-Sum C33 L12	1.000	0
(8)	P&C Subs Discount on Medical Loss Reserves Reported as Tabular in Schedule P	Subs' Company Records	1.000	0
(9)	P&C Subs Discount on Medical Expense Reserves Reported as Tabular in Schedule P	Subs' Company Records	1.000	0
(10)	AVR - Life Subs §	Subs P3 C1 L24.01 §	1.000	0
(11)	Dividend Liability - Life Subs	Subs P3 C1 L6.1 + L6.2	0.500	0
(12)	Carrying Value of Non-Admitted Insurance Affiliates	Included in PR003 Column 5 and Column 9	1.000	0
(13)	Total Adjusted Capital Before Capital Notes	L(1)-L(2)-L(3)-L(4)-L(5)-L(6)-L(7)-L(8)-L(9)+L(10)+L(11)+L(12)		0
<b>Credit for Capital Notes</b>				
(14.1)	Surplus Notes	Page 3 Column 1 Line 33	0	
(14.2)	Limitation on Capital Notes	0.5x[Line(13)-Line(14.1)]-Line 14.1, but not less than zero	0	
(14.3)	Capital Notes Before Limitation	PR028 Column (4) Line (18)	#REF!	
(14.4)	Credit for Capital Notes	Lesser of Column (1) Line(14.2) or Line(14.3)		#REF!
(15)	Total Adjusted Capital (Post-Deferred Tax)	Line (13) + Line (14.4)		#REF!
<b>Sensitivity Test :</b>				
(16)	Deferred Tax Assets	Page 2, Column 3, Line 18.2	1.000	0
(16.1)	Deferred Tax Liabilities	Page 3, Column 1, Line 7.2	1.000	0
(17)	Deferred Tax Assets for Subsidiary	Company Record	1.000	0
(17.1)	Deferred Tax Liabilities for Subsidiary	Company Record	1.000	0
(18)	Total Adjusted Capital For Sensitivity Test	Line (15) - Line (16)+(16.1)-(17)+(17.1)		#REF!
<b>Ex DTA ACL RBC Ratio Sensitivity Test</b>				
(19)	Deferred Tax Asset	Page 2 Column 3 Line 18.2	1.000	0
(20)	Total Adjusted Capital Less Deferred Tax Asset	Line (15) less Line (19)		#REF!
(21)	Authorized Control Level RBC	PR034 Comparison of Total Adjusted Capital to Risk-Based Capital Line (4)		#REF!
(22)	Ex DTA ACL RBC Ratio	Line (20) / Line (21)		#REF!

\* Report amounts in this column as whole dollars.

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

§ The portion of the AVR that can be counted as capital is limited to the amount not utilized in asset adequacy testing in support of the Actuarial Opinion for reserves.

**CALCULATION OF TOTAL RISK-BASED CAPITAL AFTER COVARIANCE PR030 R0-R1**

(1)

R0 --Subsidiary Insurance Companies and Misc. Other Amounts		PRBC O&I Reference	RBC Amount
(1)	Affiliated US P&C Insurers - Directly Owned	PR004 L(2)C(2)	0
(2)	Affiliated US P&C Insurers - Indirectly Owned	PR004 L(5)C(2)	0
(3)	Affiliated US Life Insurers - Directly Owned	PR004 L(3)C(2)	0
(4)	Affiliated US Life Insurers - Indirectly Owned	PR004 L(6)C(2)	0
(5)	Affiliated US Health Insurer - Directly Owned	PR004 L(1)C(2)	0
(6)	Affiliated US Health Insurer - Indirectly Owned	PR004 L(4)C(2)	0
(7)	Affiliated Alien Insurers - Directly Owned	PR004 L(9)+L(10)+L(11)C(2)	0
(8)	Affiliated Alien Insurers - Indirectly Owned	PR004 L(12)+L(13)+L(14)C(2)	0
(9)	Misc Off-Balance Sheet - Non-Controlled Assets	PR014 L(15) C(3)	0
(10)	Misc Off-Balance Sheet - Guarantees for Affiliates	PR014 L(16) C(3)	0
(11)	Misc Off-Balance Sheet - Contingent Liabilities	PR014 L(17) C(3)	0
(12)	Misc Off-Balance Sheet - SSAP No.101 Par. 11A DTA	PR014 L(19) C(3)	0
(13)	Misc Off-Balance Sheet - SSAP No.101 Par. 11B DTA	PR014 L(20) C(3)	0
(14)	Total R0	L(1)+L(2)+L(3)+L(4)+L(5)+L(6)+L(7)+L(8)+L(9)+L(10)+L(11)+L(12)+L(13)	0
<b>R1 - Asset Risk - Fixed Income</b>			
(15)	Bonds Subject to Size Factor	PR006 L(27)C(5)	0
(16)	Bond Size Factor RBC	PR006 L(30)C(5)	0
(17)	Off-balance Sheet Collateral & Sch DL, PT1 - Total Bonds	PR015 L(27)C(4)	0
(18)	Off-balance Sheet Collateral & Sch DL, PT1 - Cash, & Short-Term Investments and Mort Loans on Real Est.	PR015 L(38)+(39)C(4)	0
(19)	Other Long-Term Assets - Mortgage Loans, LIHTC & WCFI	PR008 L(10)+L(13)+L(14)+L(15)+L(16)+L(17)+L(20)+L(21)C(2)	0
(20)	Misc Assets - Collateral Loans	PR009 L(13)C(2)	0
(21)	Misc Assets - Cash	PR009 L(3)C(2)	0
(22)	Misc Assets - Cash Equivalents	PR009 L(7)C(2)	0
(23)	Misc Assets - Other Short-Term Investments	PR009 L(10)C(2)	0
(24)	Replication -Synthetic Asset: One Half	PR010 L(9999999)C(7)	0
(25)	Asset Concentration RBC - Fixed Income	PR011 L(21)C(3) Grand Total Page	0
(26)	Total R1	L(15)+L(16)+L(17)+L(18)+L(19)+L(20)+L(21)+L(22)+L(23)+L(24)+L(25)	0

#REF!

**CALCULATION OF TOTAL RISK-BASED CAPITAL AFTER COVARIANCE PR031 R2-R3**

R2 - Asset Risk - Equity		PRBC O&I Reference	RBC Amount
(27)	Common & Preferred- Affiliate Investment Subsidiary	PR004 L(8)C(2)	0
(28)	Common & Preferred- Affiliate Hold. Company. in excess of Ins. Subs.	PR004 L(7)C(2)	0
(29)	Common & Preferred- Investment in Parent	PR004 L(15)C(2)	0
(30)	Common & Preferred- Aff'd US P&C Not Subj to RBC	PR004 L(17)C(2)	0
(31)	Common & Preferred- Affil US Life Not Subj to RBC	PR004 L(18)C(2)	0
(32)	Common & Preferred- Affil US Health Insurer Not Subj to RBC	PR004 L(16)C(2)	0
(33)	Common & Preferred- Aff'd Non-insurer	PR004 L(19)+L(20)+L(21)C(2)	0
(34)	Preferred - Aff'd Invest Sub	PR004 L(7)C(3)	0
(35)	Preferred - Aff'd Hold. Co. in excess of Ins. Subs.	PR004 L(10)C(3)	0
(36)	Preferred - Investment in Parent	PR004 L(11)C(3)	0
(37)	Preferred - Affil US P&C Not Subj to RBC	PR004 L(12)C(3)	0
(38)	Preferred - Affil US Life Not Subj to RBC	PR004 L(13)C(3)	0
(39)	Preferred - Affil US Health Insurer Not Subj to RBC	PR004 L(14)C(3)	0
(40)	Preferred - Affil Non-insurer	PR004 L(15)C(3)	0
(34)	Unaffiliated Preferred Stock	PR007 L(7)C(2)+PR015 L(34)C(4)	0
(35)	Unaffiliated Common Stock	PR007 L(13)C(2)+PR015 L(35)C(4)	0
(36)	Other Long -Term Assets - Real Estate	PR008 L(7)C(2)	0
(37)	Other Long-Term Assets - Schedule BA Assets	PR008 L(19)C(2)+PR015 L(36)+L(37)C(4)	0
(38)	Misc Assets - Receivable for Securities	PR009 L(1)C(2)	0
(39)	Misc Assets - Aggregate Write-ins for Invested Assets	PR009 L(2)C(2)	0
(40)	Misc Assets - Derivatives	PR009 L(14)C(2)	0
(41)	Replication - Synthetic Asset: One Half	PR010 L(9999999)(7)	0
(42)	Asset Concentration RBC - Equity	PR011 L(33)C(3) Grand Total Page	0
(43)	Total R2	L(27)+L(28)+L(29)+L(30)+L(31)+L(32)+L(33)+L(34) +L(35)+L(36)+L(37)+L(38)+L(39)+L(40)+L(41)+L(42) +L(43)+L(44)+L(45)+L(46)+L(47)+L(48)+L(49)	0
<b>R3 - Asset Risk - Credit</b>			
(44)	Other Credit RBC	PR012 L(8))-L(1)-L(2)C(2)	0
(45)	One half of Rein Recoverables	0.5 x (PR012 L(1)+L(2)C(2))	0
(46)	Other half of Rein Recoverables	<b>If R4 L(51)&gt;(R3 L(45) + R3 L(46)), 0, otherwise, R3 L(46)</b>	0
(47)	Health Credit Risk	PR013 L(12)C(2)	0
(48)	Total R3	<b>L(45) + L(46) + L(47) + L(48)</b>	0

**CALCULATION OF TOTAL RISK-BASED CAPITAL AFTER COVARIANCE PR032 R4-Rcat**

(1)

<b>R4 - Underwriting Risk - Reserves</b>		PRBC O&I Reference	RBC Amount
(49)	One half of Reinsurance RBC	If R4 L(51)>(R3 L(45) + R3 L(46)), R3 L(46), otherwise, 0	0
(50)	Total Adjusted Unpaid Loss/Expense Reserve RBC	PR0017 L(15)C(20)	0
(51)	Excessive Premium Growth - Loss/Expense Reserve	PR016 L(13) C(8)	0
(52)	A&H Claims Reserves Adjusted for LCF	PR024 L(5) C(2) + PR023 L(6) C(4)	0
(53)	Total R4	<b>L(50)+L(51)+L(52)+L(53)</b>	0
<b>R5 - Underwriting Risk - Net Written Premium</b>			
(54)	Total Adjusted NWP RBC	PR018 L(15)C(20)	0
(55)	Excessive Premium Growth - Written Premiums Charge	PR016 L(14)C(8)	0
(56)	Total Net Health Premium RBC	PR022 L(21)C(2)	0
(57)	Health Stabilization Reserves	PR025 L(8)C(2) + PR023 L(3) C(2)	0
(58)	Total R5	<b>L(54)+L(56)+L(57)+L(58)</b>	0
<b>Rcat- Catastrophe Risk</b>			
(59)	Total Rcat	PR027 L(3) C(1)	0
(60)	Total RBC After Covariance Before Basic Operational Risk = $R0 + \text{SQRT}(R1^2 + R2^2 + R3^2 + R4^2 + R5^2 + Rcat^2)$		0
(61)	BasicOperational Risk = $0.030 \times L(61)$		0
(62)	C-4a of U.S. Life Insurance Subsidiaries (from Company records)		0
(63)	Net Basic Operational Risk = Line (62) - Line (63) (Not less than zero)		0
(64)	Total RBC After Covariance including Basic Operational Risk = $L(61) + L(64)$		0
(65)	Authorized Control Level RBC including Basic Operational Risk = $.5 \times L(65)$		0