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

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

**DESCRIPTION OF CHANGE(S)**

Update preferred stock instructions to delete reference to bond factors and revised for consistency with P/C RBC preferred stock instructions.

**REASON OR JUSTIFICATION FOR CHANGE **

The purpose of the change is to add clarity to the preferred stock instructions with regard to the bond factors changes for increased granularity.

**Additional Staff Comments:**

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**FOR NAIC USE ONLY**

- Agenda Item # 2022-10-H
- Year 2023
- DISPOSITION
  - [ ] ADOPTED
  - [ ] REJECTED
  - [ ] DEFERRED TO
  - [ ] REFERRED TO OTHER NAIC GROUP
  - [ ] EXPOSED
  - [ ] OTHER (SPECIFY)

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EQUITY ASSETS
XR010

Unaffiliated Preferred Stocks

Experience data to develop preferred stock factors is not readily available; however, it is believed that preferred stocks are somewhat more likely to default than bonds. The loss on default would be somewhat higher than that experienced on bonds; however, formula factors are equal to bond factors.

The RBC requirements for unaffiliated preferred stocks are based on the NAIC designation. Detailed information on unaffiliated preferred stock is found in Column (1) amounts are from Schedule D, Part 2, Section 1 not including affiliated preferred stock. The preferred stocks must be broken out by asset designation (NAIC 01 through NAIC 06) and these individual groups are to be entered in the appropriate lines. The total amount of unaffiliated preferred stock reported should equal annual statement Page 2, Column 3, Line 2.1, less any affiliated preferred stock in Schedule D Summary by Country, Column 1, Line 18.