

Capital Adequacy (E) Task Force

RBC Proposal Form

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

<p style="text-align: right;">DATE: <u>4-8-24</u></p> <p>CONTACT PERSON: <u>Eva Yeung</u></p> <p>TELEPHONE: <u>816-783-8407</u></p> <p>EMAIL ADDRESS: <u>eyeung@naic.org</u></p> <p>ON BEHALF OF: <u>Capital Adequacy (E) Task Force</u></p> <p>NAME: <u>Tom Botsko</u></p> <p>TITLE: <u>Chair</u></p> <p>AFFILIATION: <u>Ohio Department of Insurance</u></p> <p>ADDRESS: <u>50 West Town Street, Suite 300</u> <u>Columbus, OH 43215</u></p>	<p style="text-align: center;">FOR NAIC USE ONLY</p> <p>Agenda Item # <u>2024-13-CA</u> Year <u>2024</u></p> <hr/> <p style="text-align: center;">DISPOSITION</p> <p>ADOPTED:</p> <p><input checked="" type="checkbox"/> TASK FORCE (TF) <u>06/28/2024</u></p> <p><input type="checkbox"/> WORKING GROUP (WG) _____</p> <p><input type="checkbox"/> SUBGROUP (SG) _____</p> <p>EXPOSED:</p> <p><input checked="" type="checkbox"/> TASK FORCE (TF) <u>04/30/2024</u></p> <p><input type="checkbox"/> WORKING GROUP (WG) _____</p> <p><input type="checkbox"/> SUBGROUP (SG) _____</p> <p>REJECTED:</p> <p><input type="checkbox"/> TF <input type="checkbox"/> WG <input type="checkbox"/> SG _____</p> <p>OTHER:</p> <p><input type="checkbox"/> DEFERRED TO _____</p> <p><input type="checkbox"/> REFERRED TO OTHER NAIC GROUP _____</p> <p><input type="checkbox"/> (SPECIFY) _____</p>
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IDENTIFICATION OF SOURCE AND FORM(S)/INSTRUCTIONS TO BE CHANGED

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

DESCRIPTION/REASON OR JUSTIFICATION OF CHANGE(S)

Update the RBC factors for Receivables for Securities.

Based on a weighted average calculation of bonds, common, preferred and hybrid stock investments, the receivable for securities factors were adjusted for all RBC forecasting blanks.

Additional Staff Comments:

** This section must be completed on all forms.

Revised 2-2023

	Proposed 2024	2021	2018	2016	2014
Life	0.016	0.015	0.014	0.014	0.014
Health	0.024	0.024	0.025	0.024	0.024
P/C	0.025	0.020	0.025	0.023	0.024

Proposed 2024 Life RBC Factor for Receivables for Securities

	(1)	(2)	(3)	(4)	(5)	(6)	
	Statement Value	Allocation % by Class Type	RBC Factors by Class Type	Weighted Avg RBC Factor by Class type (2)x(3)	Allocation % by Asset type (1)/Total (1)	Weighted Avg RBC by Asset type (4)x(5)	
Bonds and Hybrids							
Exempt Obligations	194,021,789,334	5.24%	0.00000	0.000			
NAIC 1.A	506,148,695,508	13.67%	0.00158	0.000			
NAIC 1.B	90,036,719,503	2.43%	0.00271	0.000			
NAIC 1.C	156,268,586,715	4.22%	0.00419	0.000			
NAIC 1.D	173,081,182,677	4.67%	0.00523	0.000			
NAIC 1.E	204,207,960,748	5.51%	0.00657	0.000			
NAIC 1.F	421,796,587,793	11.39%	0.00816	0.001			
NAIC 1.G	438,737,173,476	11.85%	0.01016	0.001			
NAIC 2.A	442,373,341,861	11.94%	0.01261	0.002			
NAIC 2.B	571,155,764,811	15.42%	0.01523	0.002			
NAIC 2.C	319,838,831,236	8.64%	0.02168	0.002			
NAIC 3.A	40,428,385,027	1.09%	0.03151	0.000			
NAIC 3.B	33,826,609,661	0.91%	0.04537	0.000			
NAIC 3.C	41,859,274,788	1.13%	0.06017	0.001			
NAIC 4.A	17,558,056,343	0.47%	0.07386	0.000			
NAIC 4.B	18,027,424,521	0.49%	0.09535	0.000			
NAIC 4.C	14,980,620,137	0.40%	0.12428	0.001			
NAIC 5.A	4,618,312,997	0.12%	0.16942	0.000			
NAIC 5.B	11,908,785,835	0.32%	0.23798	0.001			
NAIC 5.C	1,008,244,423	0.03%	0.30000	0.000			
NAIC 6	2,087,040,768	0.06%	0.30000	0.000			
Subtotal	3,703,969,388,162	100.00%		0.013	98.37%	0.013	
Preferred stock							
NAIC 1	3,273,389,198	18.48%	0.0039	0.001			
NAIC 2	10,075,067,030	56.89%	0.0126	0.007			
NAIC 3	2,058,350,579	11.62%	0.0446	0.005			
NAIC 4	980,582,619	5.54%	0.0970	0.005			
NAIC 5	866,090,716	4.89%	0.2231	0.011			
NAIC 6	455,936,493	2.57%	0.3000	0.008			
Subtotal	17,709,416,635	100.00%		0.037	0.47%	0.000	
Common stock (subtotal)	43,789,344,739	100.00%	0.3000	0.300	1.16%	0.003	
Total	3,765,468,149,536				100.00%	0.016	RBC Factor Receivables for Securities Life

Proposed 2023 P&C RBC Factor for Receivables for Securities

	(1)	(2)	(3)	(4)	(5)	(6)	
	Statement Value	Allocation % by Class Type	RBC Factors by Class Type	Weighted Avg RBC Factor by Class type (2)x(3)	Allocation % by Asset type (1)/Total (1)	Weighted Avg RBC by Asset type (4)x(5)	
Bonds and Hybrids							
Exempt Obligations	252,990,862,025	20.57%	0.00000	0.000			
NAIC 1.A	293,555,850,261	23.87%	0.00200	0.000			
NAIC 1.B	57,186,968,605	4.65%	0.00400	0.000			
NAIC 1.C	57,461,059,052	4.67%	0.00600	0.000			
NAIC 1.D	50,141,495,694	4.08%	0.00800	0.000			
NAIC 1.E	61,085,788,433	4.97%	0.01000	0.000			
NAIC 1.F	85,436,350,941	6.95%	0.01300	0.001			
NAIC 1.G	86,898,961,945	7.07%	0.01500	0.001			
NAIC 2.A	79,007,157,871	6.43%	0.01800	0.001			
NAIC 2.B	96,122,789,301	7.82%	0.02100	0.002			
NAIC 2.C	54,436,332,403	4.43%	0.02500	0.001			
NAIC 3.A	7,779,786,778	0.63%	0.05500	0.000			
NAIC 3.B	8,926,659,821	0.73%	0.06000	0.000			
NAIC 3.C	10,342,767,727	0.84%	0.06600	0.001			
NAIC 4.A	7,546,890,280	0.61%	0.07100	0.000			
NAIC 4.B	9,061,773,416	0.74%	0.07700	0.001			
NAIC 4.C	6,003,639,607	0.49%	0.08700	0.000			
NAIC 5.A	1,137,504,077	0.09%	0.09800	0.000			
NAIC 5.B	3,454,683,084	0.28%	0.10900	0.000			
NAIC 5.C	244,917,020	0.02%	0.12000	0.000			
NAIC 6	809,283,663	0.07%	0.30000	0.000			
Subtotal	1,229,631,522,004	100.00%		0.011	89.38%	0.010	
Preferred stock							
NAIC 1	375,682,422	6.59%	0.0030	0.000			
NAIC 2	3,418,704,780	59.95%	0.0100	0.006			
NAIC 3	1,096,732,027	19.23%	0.0200	0.004			
NAIC 4	102,641,767	1.80%	0.0450	0.001			
NAIC 5	451,218,320	7.91%	0.1000	0.008			
NAIC 6	257,641,690	4.52%	0.3000	0.014			
Subtotal	5,702,621,006	100.00%		0.032	0.41%	0.000	
Common stock (subtotal)	140,397,670,137	100.00%	0.1500	0.150	10.21%	0.015	
Total	1,375,731,813,147				100.00%	0.025	RBC Factor Receivables for Securities P/C

Proposed 2023 Health RBC Factor for Receivables for Securities

	(1)	(2)	(3)	(4)	(5)	(6)	
	Statement Value	Allocation % by Class Type	RBC Factors by Class Type	Weighted Avg RBC Factor by Class type (2)x(3)	Allocation % by Asset type (1)/Total (1)	Weighted Avg RBC by Asset type (4)x(5)	
Bonds and Hybrids							
Exempt Obligations	52,262,379,200	22.62%	0.00000	0.000			
NAIC 1.A	62,144,903,778	26.90%	0.00200	0.001			
NAIC 1.B	7,492,842,706	3.24%	0.00400	0.000			
NAIC 1.C	7,065,813,766	3.06%	0.00600	0.000			
NAIC 1.D	7,721,775,528	3.34%	0.00800	0.000			
NAIC 1.E	12,240,802,320	5.30%	0.01000	0.001			
NAIC 1.F	13,817,276,206	5.98%	0.01300	0.001			
NAIC 1.G	15,890,795,938	6.88%	0.01500	0.001			
NAIC 2.A	15,262,265,442	6.61%	0.01800	0.001			
NAIC 2.B	15,431,587,412	6.68%	0.02100	0.001			
NAIC 2.C	10,763,397,705	4.66%	0.02500	0.001			
NAIC 3.A	1,673,474,938	0.72%	0.05500	0.000			
NAIC 3.B	2,260,008,331	0.98%	0.06000	0.001			
NAIC 3.C	2,557,378,488	1.11%	0.06600	0.001			
NAIC 4.A	1,324,818,598	0.57%	0.07100	0.000			
NAIC 4.B	1,735,799,906	0.75%	0.07700	0.001			
NAIC 4.C	838,977,643	0.36%	0.08700	0.000			
NAIC 5.A	172,416,227	0.07%	0.09800	0.000			
NAIC 5.B	122,085,597	0.05%	0.10900	0.000			
NAIC 5.C	59,483,949	0.03%	0.12000	0.000			
NAIC 6	163,161,494	0.07%	0.30000	0.000			
Subtotal	231,001,445,172	100.00%		0.011	90.02%	0.010	
Preferred stock							
NAIC 1	91,479,908	13.53%	0.0030	0.000			
NAIC 2	312,656,134	46.23%	0.0100	0.005			
NAIC 3	130,474,575	19.29%	0.0200	0.004			
NAIC 4	25,557,463	3.78%	0.0450	0.002			
NAIC 5	98,310,363	14.54%	0.1000	0.015			
NAIC 6	17,838,817	2.64%	0.3000	0.008			
Subtotal	676,317,260	100.00%		0.033	0.26%	0.000	
Common stock (subtotal)	24,939,438,935	100.00%	0.1500	0.150	9.72%	0.015	
Total	256,617,201,367				100.00%	0.024	RBC Factor Receivables for Securities Health