

Capital Adequacy (E) Task Force

RBC Proposal Form

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

DATE: <u>11/18/24</u>		FOR NAIC USE ONLY	
CONTACT PERSON: <u>Derek Noe</u>		Agenda Item # <u>2024-26-CA</u>	
TELEPHONE: <u>818-783-8973</u>		Year <u>2025</u>	
EMAIL ADDRESS: <u>dnoe@naic.org</u>		DISPOSITION	
ON BEHALF OF: <u>Capital Adequacy (E) Task Force</u>		ADOPTED:	
NAME: <u>Tom Botsko</u>		<input checked="" type="checkbox"/> TASK FORCE (TF) <u>5/15/25</u>	
TITLE: <u>Chair</u>		<input type="checkbox"/> WORKING GROUP (WG) _____	
AFFILIATION: <u>Ohio Department of Insurance</u>		<input type="checkbox"/> SUBGROUP (SG) _____	
ADDRESS: <u>50 West Town Street, Suite 300</u>		EXPOSED:	
<u>Columbus, OH 43215</u>		<input checked="" type="checkbox"/> TASK FORCE (TF) <u>11/18/24, 3/25/25</u>	
		<input type="checkbox"/> WORKING GROUP (WG) _____	
		<input type="checkbox"/> SUBGROUP (SG) _____	
		REJECTED:	
		<input type="checkbox"/> TF <input type="checkbox"/> WG <input type="checkbox"/> SG _____	
		OTHER:	
		<input type="checkbox"/> DEFERRED TO _____	
		<input type="checkbox"/> REFERRED TO OTHER NAIC GROUP _____	
		<input type="checkbox"/> (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 type="checkbox"/> Life and Fraternal RBC Blanks |
| <input checked="" type="checkbox"/> Health RBC Instructions | <input checked="" type="checkbox"/> Property/Casualty RBC Instructions | <input type="checkbox"/> Life and Fraternal RBC Instructions |
| <input type="checkbox"/> Health RBC Formula | <input type="checkbox"/> Property/Casualty RBC Formula | <input type="checkbox"/> Life and Fraternal RBC Formula |
| <input type="checkbox"/> OTHER _____ | | |

DESCRIPTION/REASON OR JUSTIFICATION OF CHANGE(S)

This proposal is to update the RBC instructions and blanks for the adopted Statutory Accounting Principles (E) Working Group's conceptual changes to SSAP No. 93 –Investments in Tax Credit Structures and SSAP No. 94R – State and Federal Tax Credits resulting from the New Market Tax Credits project. (SAPWG Ref # 2022-14) and the corresponding changes in annual statement blanks and instructions as per 2024-11BWG MOD adopted by the NAIC Blanks (E) Working Group.

This proposal addresses the structural and instructional changes adopted as per 2024-11BWG and does not address the potential factor change resulted from the expansion of the scope of accounting guidance in SAPWG Ref # 2022-14 and the expansion of the types of tax credit investments captured in the guidance.

This proposal also adds lines to XR008 to align Health with P/C on collateral loans. This includes pulling the total amount from Schedule BA and pulling the non-admitted amount from Note to the Financial Statement 5S added by proposal 2024-09BWG Modified.

Additional Staff Comments:

The Task Force Re-expose this proposal for a 30-day public comment period ending April 24.

Line 33 on PR011 description updated to TOTAL - ISSUER #1 (L21+~~L32 L33~~)

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

Revised 2-2023

PR008 – Other Long-Term Assets

Real Estate

The Property & Casualty Risk-Based Capital (E) Working Group adopted the factor of 10% developed for the Life RBC formula. Encumbrances have been included in the real estate base since the value of the property subject to loss would include encumbrances.

The total book/adjusted carrying value of real estate reported should equal the total of Lines 4.1, 4.2 and 4.3, Column 3 on Page 2 of the annual statement plus the insert amounts on the same lines.

Mortgage Loans on Real Estate

The Property & Casualty Risk-Based Capital Working Group adopted a factor of 5% based upon the factors developed by the Life RBC formula, which ranged from 3% to 20%.

The book/adjusted carrying value of mortgage loans reported should equal Page 2, Line 3.1, Column 3 + Page 2, Line 3.2, Column 3 of the annual statement.

Schedule BA Assets (Other Invested Assets – excluding collateral loans, ~~low-income housing tax credits investments~~ and Working Capital Finance Investments)

Other Invested Assets are those that are listed in Schedule BA and are somewhat more speculative and risky than most other investments. The factor for Schedule BA assets excluding collateral loans, ~~low-income housing tax credits investments~~, and working capital finance investments is 20%.

The book/adjusted carrying value of total Schedule BA assets (including collateral loans, ~~low-income housing tax credits investments~~ and Working Capital Finance Investments) should equal Page 2, Line 8, Column 3 of the annual statement.

~~Low-Income Housing Tax Credits Investments~~

Report in Column (1) all investments in tax credit structures ~~accordance with~~ in the scope of SSAP No. 93—Low-Income Housing Tax Credit Property Investments in Tax Credit Structures.

~~Federal~~ Yield Guaranteed State ~~low-income housing tax credit (LIHTC)~~ Investments are to be included in Line (13). There must be an all-inclusive guarantee from an AROCPR-rated entity that guarantees the yield on the investment. This reporting line is only allowed for tax credit investments which issue state tax credits.

Qualifying Federal ~~Non-guaranteed LIHTC Tax Credit Investments with the following risk mitigation factors~~ are to be included in Line (14): Refer to the Annual Statement Schedule BA Instructions for risk mitigating factors these investments must possess in order to be qualified for this classification.

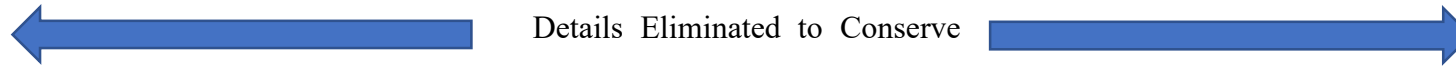
- ~~a) A level of leverage below 50%. For a LIHTC Fund, the level of leverage is measured at the fund level.~~
- ~~b) There is a tax credit guarantee agreement from general partner or managing member. This agreement requires the general partner or managing member to reimburse investors for any shortfalls in tax credits due to errors of compliance, for the life of the partnership. For an LIHTC fund, a tax credit guarantee is required from the developers of the lower-tier LIHTC properties to the upper-tier partnership.~~

Qualifying State LIHTC Tax Credit Investments ~~that at a minimum meet the federal requirements for guaranteed LIHTC investments~~ are to be included in Line (15). Refer to the Annual Statement Schedule BA Instructions for risk mitigating factors these investments must possess in order to be qualified for this classification.

State ~~LIHTC~~ Other Tax Credit Investments ~~that at a minimum meet the federal requirements for non-guaranteed LIHTC investments~~ are to be included in Line (16). Any tax credit investment which cannot be reported as either yield guaranteed State Tax Credit Investment, or qualifying Federal or State Tax Credit Investments are included here.

Federal tax credit investments with all-inclusive yield guarantees which would have previously been reported under the Guaranteed Federal Tax Credit Investment reporting line and are still within the scope of SSAP No. 93 shall be reported in Other Tax Credit Investments. This Federal Guaranteed reporting line was removed as these types of tax credit investment structure were substantially eliminated by the Historic Boardwalk Hall, LLC v. Commissioner of Internal Revenue court decision in 2012.

State and federal LIHTC investments that do not meet the requirements of lines (13) through (16) would be reported on Line (17).



PR011 – Asset Concentration

The purpose of the concentration factor is to reflect the additional risk of high concentrations in single exposures (represented by an issuer of a security or a mortgage borrower, etc.). The concentration factor basically doubles the risk-based capital factor (up to a maximum of 30%) of the 10 largest asset exposures excluding various low-risk categories or categories which already have a 30% factor. Since the risk-based capital of the assets included in the concentration factor has already been counted once in the basic formula, this factor itself only serves to add an additional risk-based capital requirement on these assets.

Concentrated investments in certain types of assets are not expected to represent an additional risk over and above the general risk of the asset itself. Therefore, prior to determining the 10 largest issuers, you should exclude those assets that are exempt from the asset concentration factor. Asset types that are excluded from the calculation include: NAIC 06 bonds and preferred stock, affiliated common stock, affiliated preferred stock, property and equipment, U.S. government guaranteed bonds, NAIC 1.A to 1.G bonds, or NAIC 01 unaffiliated preferred stock, and investment companies (mutual funds) and common trust funds that are diversified within the meaning of the Investment Company Act of 1940 [Section 5(b) (1)]. The pro rata share of individual securities within an investment company (mutual fund) or common trust fund are to be included in the determination of concentrated investments, subject to the exclusions identified.

With respect to investment companies (mutual funds) and common trust funds, the reporting company is responsible for maintaining the appropriate documentation as evidence that such is diversified within the meaning of the Investment Company Act and provide this information upon request of the commissioner, director or superintendent of the department of insurance. The reporting company is also responsible for maintaining a listing of the individual securities and corresponding book/adjusted carrying values making up its investment companies (mutual funds) and common trust funds portfolio, in order to determine whether a concentration charge is necessary. This information should be provided to the commissioner, director or superintendent upon request.

The assets that ARE INCLUDED in the calculation are divided into two categories – Fixed Income Assets and Equity Assets. The following asset types should be aggregated to determine the 10 largest issuers:

FIXED INCOME ASSETS

Bonds –NAIC Designation Category 2.A
Bonds – NAIC Designation Category 2.B
Bonds – NAIC Designation Category 2.C
Bonds –NAIC Designation Category 3.A
Bonds –NAIC Designation Category 3.B
Bonds –NAIC Designation Category 3.C
Bonds –NAIC Designation Category 4.A
Bonds –NAIC Designation Category 4.B
Bonds –NAIC Designation Category 4.C
Bonds –NAIC Designation Category 5.A

EQUITY ASSETS

Unaffiliated Preferred Stock –NAIC 02
Unaffiliated Preferred Stock –NAIC 03
Unaffiliated Preferred Stock –NAIC 04
Unaffiliated Preferred Stock –NAIC 05

Unaffiliated Common Stock
Investment Real Estate

Bonds –NAIC Designation Category 5.B
Bonds –NAIC Designation Category 5.C
Collateral Loans
Mortgage Loans
Working Capital Finance Investments – NAIC 02

Encumbrances on Inv. Real Estate
Schedule BA Assets (excluding Collateral Loans)
Receivable for Securities
Aggr Write-Ins for Invested Assets
Derivatives

~~Yield Guaranteed State Tax Credit Investments Federal Guaranteed Low-Income Housing Tax Credits —~~
~~Qualifying Federal Tax Credit Investments Federal Non-Guaranteed Low-Income Housing Tax Credits —~~
~~Qualifying State Tax Credit Investments State Guaranteed Low-Income Housing Tax Credits —~~
~~Other Tax Credit Investments State Non-Guaranteed Low-Income Housing Tax Credits~~
~~All Other Low-Income Housing Tax Credits~~

The name of each of the largest 10 issuers is entered at the top of the table and the appropriate statement amounts are entered in C(2) Ls (01) through (20) for fixed income assets and C(2), Ls (22) through (32) for equity assets. Aggregate all similar asset types before entering the amount in C(2). For instance, if you own five separate \$1,000,000 NAIC 3.A bonds from Issuer #1, enter \$5,000,000 in C(2)L(04) – NAIC 3.A Unaffiliated Bonds.

Miscellaneous Fixed Income Assets (XR008)

The factor for cash is 0.3%. It is recognized that there is a small risk related to possible insolvency of the bank where cash deposits are held. This factor was based on the original unaffiliated NAIC 01 bond risk factor prior to the increased granularity of the NAIC Designation Categories in 2021 and reflects the short-term nature of this risk. The required risk-based capital for cash will not be less than zero, even if the company's cash position is negative.

The short-term investments to be included in this section are those short-term investments not reflected elsewhere in the formula. The 0.3% factor is equal to the factor for cash. The amount reported in Line (8) reflects the total from Schedule DA: Short-Term Investments (Line (6)), less the short-term bonds (Line (7)). (The short-term bonds reported in Line (7) should equal Schedule DA, Part 1, Column 7, Line 2509999999.)

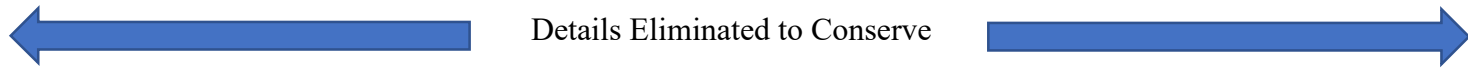
Mortgage loans (reported on Schedule B) and Derivatives (reported on Schedule DB) receive a factor of 5%, consistent with other risk-based capital formulas studied by the Working Group.

The following investment types are captured on Schedule BA: Other Long-Term Invested Assets. Specific factors have been established for certain Schedule BA assets based on the nature of the investment. Those Schedule BA assets not specifically identified below receive a 20% factor (Line (16) and Line (22)).

- Collateral Loans reported on Line (13) receive a factor of 5%, consistent with other risk-based capital formulas studied by the Working Group.
- Working Capital Finance Investments: The book adjusted carrying value of NAIC 01 and 02 Working Capital Finance Investments, Lines (14) and (15), should equal the Notes to Financial Statement, Lines 5M(01a) and 5M(01b), Column 3 of the annual statement.
- ~~Low-income housing tax credit~~ All investments in tax credit structures within the scope of SSAP No. 93—*Investments in Tax Credit Structures* are reported on Column (1) ~~in accordance with SSAP No. 93—Low-Income Housing Tax Credit Property Investments.~~
 - ~~Federal Guaranteed Low-Income Housing Tax Credit (LIHTC)~~Yield Guaranteed State Tax Credit investments are to be included in Line (1917). There must be an all-inclusive guarantee from an ~~AROCPR~~-rated entity that guarantees the yield on the investment. This reporting line is only allowed for tax credit investments which issue state tax credits.
 - ~~Qualifying Federal Tax Credit Non-Guaranteed LIHTC~~ iInvestments with the following risk mitigation factors are to be included in Line (2048):. Refer to the Annual Statement Schedule BA Instructions for risk mitigating factors these investments must possess in order to be qualified for this classification.
 - a) ~~A level of leverage below 50%. For a LIHTC Fund, the level of leverage is measured at the fund level.~~
 - b) ~~There is a tax credit guarantee agreement from general partner or managing member. This agreement requires the general partner or managing member to reimburse investors for any shortfalls in tax credits due to errors of compliance, for the life of the partnership. For an LIHTC fund, a tax credit guarantee is required from the developers of the lower tier LIHTC properties to the upper tier partnership.~~
 - ~~Qualifying State Guaranteed LIHTC Tax Credit~~ iInvestments that at a minimum meet the federal requirements for guaranteed LIHTC investments are to be included in Line (2149). Refer to the Annual Statement Schedule BA Instructions for risk mitigating factors these investments must possess in order to be qualified for this classification.
 - ~~State Non-Guaranteed LIHTC Other Tax Credit~~ iInvestments that at a minimum meet the federal requirements for non-guaranteed LIHTC investments are to be included on Line (220). Any tax credit investment which cannot be reported as either yield guaranteed State Tax Credit Investment, or qualifying Federal or State Tax Credit Investments are included here.

Federal tax credit investments with all-inclusive yield guarantees which would have previously been reported under the Guaranteed Federal Tax Credit Investment reporting line and are still within the scope of SSAP No. 93 shall be reported in Other Tax Credit Investments. The Federal Guaranteed reporting line was removed as these types of tax credit investment structure were substantially eliminated by the Historic Boardwalk Hall, LLC v. Commissioner of Internal Revenue court decision in 2012.

○ ~~All Other LIHTC investments, state and federal LIHTC investments that do not meet the requirements of Lines (17) through (20) would be reported on Line (21).~~



ASSET CONCENTRATION XR012

The purpose of the asset concentration calculation is to reflect the additional risk of high concentrations of certain types of assets in single exposures, termed “issuers.” An issuer is a single entity, such as IBM or the Ford Motor Company. When the reporting entity has a large portion of its asset portfolio concentrated in only a few issuers, there is a heightened risk of insolvency if one of those issuers should default. An issuer may be represented in the reporting entity’s investment portfolio by a single security designation, such as a large block of NAIC Designation Category 2.A bonds, or a combination of various securities, such as common stocks, preferred stocks, and bonds. The additional RBC for asset concentration is applied to the ten largest issuers.

Concentrated investments in certain types of assets are not expected to represent an additional risk over and above the general risk of the asset itself. Therefore, prior to determining the ten largest issuers, you should exclude those assets that are exempt from the asset concentration factor. Asset types that are excluded from the calculation include: NAIC 06 bonds and unaffiliated preferred stock; affiliated common stock; affiliated preferred stock; property and equipment; U.S. government full faith and credit, Other U.S. government obligations, and NAIC U.S. government money market fund list securities; NAIC 01 bonds and unaffiliated preferred stock; any other asset categories with risk-based capital factors less than 1%, and investment companies (mutual funds) and common trust funds that are diversified within the meaning of the federal Investment Company Act of 1940 [Section 5(b) (1)]. The pro rata share of individual securities within an investment company (mutual fund) or common trust fund are to be included in the determination of concentrated investments, subject to the exclusions identified.

With respect to investment companies (mutual funds) and common trust funds, the reporting entity is responsible for maintaining the appropriate documentation as evidence that such is diversified within the meaning of the federal Investment Company Act and providing this information upon request of the Commissioner, Director or Superintendent of the Department of Insurance. The reporting entity is also responsible for maintaining a listing of the individual securities and corresponding book/adjusted carrying values making up its investment companies (mutual funds) and common trust funds portfolio, in order to determine whether a concentration charge is necessary. This information should be provided to the Commissioner, Director or Superintendent upon request.

The assets that **ARE INCLUDED** in the calculation when determining the 10 largest issuers are as follows:

- NAIC Designation Category 2.A-2.C Bonds
- NAIC Designation Category 3.A-3.C Bonds
- NAIC Designation Category 4.A-4.C Bonds
- NAIC Designation Category 5.A-5.C Bonds
- Collateral Loans
- Mortgage Loans
- NAIC 02 Unaffiliated Preferred Stock
- NAIC 03 Unaffiliated Preferred Stock
- NAIC 04 Unaffiliated Preferred Stock

NAIC 05 Unaffiliated Preferred Stock

Other Long-Term Assets

NAIC 02 Working Capital Finance Investments

~~Yield Guaranteed State Tax Credit Investments Federal Guaranteed Low Income Housing Tax Credits~~

~~Qualifying Federal Tax Credit Investments Federal Non-Guaranteed Low Income Housing Tax Credits~~

~~Qualifying State Tax Credit Investments State Guaranteed Low Income Housing Tax Credits~~

~~Other Tax Credit Investments State Non-Guaranteed Low Income Housing Tax Credits~~

~~All Other Low Income Housing Tax Credits~~

Unaffiliated Common Stock

The concentration factor basically doubles the risk-based capital factor (up to a maximum of 30%) for assets held in the 10 largest issuers. Since the risk-based capital of the assets included in the concentration factor has already been counted once in the basic formula, this factor itself only serves to add an additional risk-based capital requirement on these assets.

The name of each of the largest 10 issuers is entered at the top of the table and the appropriate statement amounts are entered in Column (2), Lines (1) through (26). Aggregate all similar asset types before entering the amount in Column (2). To determine the 10 largest issuers, first pool all of the assets subject to the concentration factor. From this pool, aggregate the various securities by issuer. The aggregate book/adjusted carrying values for the assets are computed, and the 10 largest are subject to the concentration factor. For example, an organization might own \$6,000,000 in NAIC Designation Category 2.A bonds of IBM plus \$4,000,000 in NAIC Designation Category 2.C plus \$5,000,000 of common stock. The total investment in that issuer is \$15,000,000. If that is the largest issuer, then the identifier ("IBM Corporation") would be entered in the space allowed for the first Issuer Name, and the \$6,000,000 would be entered under the book/adjusted carrying value column for Line (1) (NAIC Designation Category 2.A bonds), \$4,000,000 would be entered on Line (3) (NAIC Designation Category 2.C Bonds) and the \$5,000,000 would be entered on Line (22) (unaffiliated common stock).

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

FIXED INCOME ASSETS - MISCELLANEOUS

	Annual Statement Source	(1) Bk/Adj Carrying Value	(2) Factor	(2) RBC Requirement
(1) Cash	Page 2, Line 5, inside amount 1		0.0030	
(2) Cash Equivalents	Page 2, Line 5, inside amount 2			
(3) Less: Cash Equivalents, Total Bonds	Schedule E, Part 2, Column 7, Line 2509999999			
(4) Less: Exempt Money Market Mutual Funds as Identified by SVO	Schedule E, Part 2, Column 7, Line 8209999999			
(5) Net Cash Equivalents	Lines (2) - (3) - (4)		0.0030	
(6) Short-Term Investments	Page 2, Line 5, inside amount 3			
(7) Short-Term Bonds	Schedule DA, Part 1, Column 7, Line 2509999999			
(8) Total Other Short-Term Investments	Lines (6) - (7)		0.0030	
(9) Mortgage Loans - First Liens	Page 2, Column 3, Line 3.1		0.0500	
(10) Mortgage Loans - Other Than First Liens	Page 2, Column 3, Line 3.2		0.0500	
(11) Receivable for Securities	Page 2, Column 3, Line 9		0.0240	
(12) Aggregate Write-Ins for Invested Assets	Page 2, Column 3, Line 11		0.0500	
(13) Collateral Loans	Schedule BA Part 1, Column 12 Lines 3199999 + 3299999-Included in Page 2, Column 3, Line 8		0.0500	
(14) Less: Non-Admitted Collateral Loans	Notes to the Financial Statement 5S, Column 3 Line 11			
(15) Net Collateral Loans	Lines (13) - (14)		0.0500	
(14)(16) NAIC 01 Working Capital Finance Investments	Notes to Financial Statement 5M(01a), Column 3		0.0038	
(15)(17) NAIC 02 Working Capital Finance Investments	Notes to Financial Statement 5M(01b), Column 3		0.0125	
(16)(18) Other Long-Term Invested Assets Excluding Collateral Loans, Tax Credit Investments , Residual Tranches or Interests and Working Capital Finance Investments	Included in Page 2, Column 3, Line 8		0.2000	
(17)(19) Yield Guaranteed State Tax Credit Investments Federal-Guaranteed-Low-Income-Housing-Tax-Credits	Schedule BA Part 1, Column 12 Lines 3599999 + 3699999		0.0014	
(18)(20) Qualifying Federal Tax Credit Investments Non-Guaranteed-Low-Income-Housing-Tax-Credits	Schedule BA Part 1, Column 12 Lines 3799999 + 3899999		0.0260	
(19)(21) Qualifying State Tax Credit Investments Guaranteed-Low-Income-Housing-Tax-Credits	Schedule BA Part 1, Column 12 Lines 3999999 + 4099999		0.0260	
(20)(22) All Other Tax Credit Investments State Non-Guaranteed-Low-Income-Housing-Tax-Credits	Schedule BA Part 1, Column 12 Lines 4199999 + 4299999		0.1500	
(21) All Other Low-Income-Housing-Tax-Credits	Schedule BA Part 1, Column 12 Lines 4399999 + 4499999		0.1500	
(22)(23) Total Residual Tranches or Interests	Schedule BA, Part 1, Column 12 Lines 4699999 + 4799999 + 4899999 + 4999999 + 5099999 + 5199999 + 5299999 + 5399999 + 5499999 + 5599999 + 5699999 + 5799999		0.2000	
(23)(24) Total Other Long-Term Invested Assets (Page 2, Column 3, Line 8)	Lines (13) + (14) + (15) + (16) + (17) + (18) + (19) + (20) + (21) + (22) + (23)			
(24)(25) Derivatives	Page 2, Column 3, Line 7		0.0500	
(25)(26) Total Miscellaneous Fixed Income Assets RBC	Lines (1) + (5) + (8) + (9) + (10) + (11) + (12) + (23) + (24) + (25)			

Denotes items that must be manually entered on filing software.

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ASSET CONCENTRATION

(1)		(2)		(3)	
Issuer Name		Bk/Adj Carrying Value	Factor	Additional RBC	
(1) NAIC Designation Category 2.A Bonds			0.0220		
(2) NAIC Designation Category 2.B Bonds			0.0250		
(3) NAIC Designation Category 2.C Bonds			0.0310		
(4) NAIC Designation Category 3.A Bonds			0.0690		
(5) NAIC Designation Category 3.B Bonds			0.0760		
(6) NAIC Designation Category 3.C Bonds			0.0830		
(7) NAIC Designation Category 4.A Bonds			0.0890		
(8) NAIC Designation Category 4.B Bonds			0.0970		
(9) NAIC Designation Category 4.C Bonds			0.1100		
(10) NAIC Designation Category 5.A Bonds			0.1230		
(11) NAIC Designation Category 5.B Bonds			0.1370		
(12) NAIC Designation Category 5.C Bonds			0.1490		
(13) Collateral Loans			0.0500		
(14) Mortgages			0.0500		
(15) NAIC 02 Unaffiliated Preferred Stock			0.0100		
(16) NAIC 03 Unaffiliated Preferred Stock			0.0200		
(17) NAIC 04 Unaffiliated Preferred Stock			0.0450		
(18) NAIC 05 Unaffiliated Preferred Stock			0.1000		
(19) Other Long-Term Invested Assets			0.1000		
(20) NAIC 02 Working Capital Finance Investments			0.0125		
Yield Guaranteed State Tax Credit Investments Federal-					
(21) Guaranteed Low Income Housing Tax Credits			0.0014		
Qualifying Federal Tax Credit Investments Non-Guaranteed-					
(22) Low Income Housing Tax Credits			0.0260		
Qualifying State Tax Credit Investments-Guaranteed-Low-					
(23) Income Housing Tax Credits			0.0260 0.0014		
Other Tax Credit Investments State Non-Guaranteed-Low-					
(24) Income Housing Tax Credits			0.1500 0.0260		
(25) All Other Low Income Housing Tax Credits			0.1500		
(25)(26) Unaffiliated Common Stock			0.1500		
(26)(27) Total of Issuer = Lines (1) through (26)					

Note: Ten issuer sections and a grand total page will be available on the filing software. The grand total page is calculated as the sum of issuers 1-10 by asset type.

Denotes items that must be manually entered on filing software.

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CALCULATION OF TOTAL RISK-BASED CAPITAL AFTER COVARIANCE

		(1) RBC Amount
H0 - INSURANCE AFFILIATES AND MISC. OTHER AMOUNTS		
(1)	Off-Balance Sheet Items	XR005, Off-Balance Sheet Page, Line (21)
(2)	Directly Owned Health Insurance Companies or Health Entities	XR003, Affiliates Page, Column (2), Line (1)
(3)	Directly Owned Property and Casualty Insurance Affiliates	XR003, Affiliates Page, Column (2), Line (2)
(4)	Directly Owned Life Insurance Affiliates	XR003, Affiliates Page, Column (2), Line (3)
(5)	Indirectly Owned Health Insurance Companies or Health Entities	XR003, Affiliates Page, Column (2), Line (4)
(6)	Indirectly Owned Property and Casualty Insurance Affiliates	XR003, Affiliates Page, Column (2), Line (5)
(7)	Indirectly Owned Life Insurance Affiliates	XR003, Affiliates Page, Column (2), Line (6)
(8)	Affiliated Alien Insurers - Directly Owned	XR003, Affiliates Page, Column (2), Line (9) + (10) + (11)
(9)	Affiliated Alien Insurers - Indirectly Owned	XR003, Affiliates Page, Column (2), Line (12) + (13) + (14)
(10)	Total H0	Sum Lines (1) through (9)
H1 - ASSET RISK - OTHER		
(11)	Holding Company in Excess of Indirect Subs	XR003, Affiliates Page, Column (2), Line (7)
(12)	Investment Subsidiary	XR003, Affiliates Page, Column (2), Line (8)
(13)	Investment in Upstream Affiliate (Parent)	XR003, Affiliates Page, Column (2), Line (15)
(14)	Directly Owned Health Insurance Companies or Health Entities Not Subject to RBC	XR003, Affiliates Page, Column (2), Line (16)
(15)	Directly Owned Property and Casualty Insurance Companies Not Subject to RBC	XR003, Affiliates Page, Column (2), Line (17)
(16)	Directly Owned Life Insurance Companies Not Subject to RBC	XR003, Affiliates Page, Column (2), Line (18)
(17)	Affiliated Non-Insurer	XR003, Affiliates Page, Column (2), Line (19) + (20) + (21)
(18)	Fixed Income Assets	XR006, Off-Balance Sheet Collateral, Lines (27) + (37) + (38) + (39) + XR007, Fixed Income Assets - Bonds, Line (27) + XR008, Fixed Income Assets - Miscellaneous, Line (25) (26)
(19)	Replication & Mandatory Convertible Securities	XR009, Replication/MCS Page, Line (9999999)
(20)	Unaffiliated Preferred Stock	XR006, Off-Balance Sheet Collateral, Line (34) + XR010, Equity Assets Page, Line (7)
(21)	Unaffiliated Common Stock & Market Value Excess Affiliated Stocks	XR006, Off-Balance Sheet Collateral, Line (35) + XR010, Equity Assets Page, Line (13)
(22)	Property & Equipment	XR006, Off-Balance Sheet Collateral, Line (36) + XR011, Prop/Equip Assets Page, Line (9)
(23)	Asset Concentration	XR012, Grand Total Asset Concentration Page, Line (27) (26)
(24)	Total H1	Sum Lines (11) through (23)
H2 - UNDERWRITING RISK		
(25)	Net Underwriting Risk	XR013, Underwriting Risk Page, Line (21)
(26)	Other Underwriting Risk	XR015, Underwriting Risk Page, Line (25.3)
(27)	Disability Income	XR015, Underwriting Risk Page, Lines (26.3) + (27.3) + (28.3) + (29.3) + (30.6) + (31.3) + (32.3)
(28)	Long-Term Care	XR016, Underwriting Risk Page, Line (41)
(29)	Limited Benefit Plans	XR017, Underwriting Risk Page, Lines (42.2) + (43.6) + (44)
(30)	Premium Stabilization Reserve	XR017, Underwriting Risk Page, Line (45)
(31)	Total H2	Sum Lines (25) through (30)

Denotes items that must be manually entered on filing software.

OTHER LONG-TERM ASSETS PR008

	Annual Statement Source	(1) <u>Book/Adjusted</u> <u>Carrying Value</u>	<u>Factor</u>	(2) <u>RBC Requirement</u>
(1) Company Occupied Real Estate	P2 L4.1 C3	0	0.100	0
(2) Encumbrances	P2 L4.1, inside item	0	0.100	0
(3) Property Held For the Production of Income	P2 L4.2 C3	0	0.100	0
(4) Property Held For Sale	P2 L4.3 C3	0	0.100	0
(5) Encumbrances (Property Held For the Production of Income)	P2 L4.2, inside item	0	0.100	0
(6) Encumbrances (Property Held For Sale)	P2 L4.3, inside item	0	0.100	0
(7) Total Real Estate	L(1)+L(2)+L(3)+L(4)+L(5)+L(6)	0		0
(8) Mortgage Loans - First Liens	P2 L3.1 C3	0	0.050	0
(9) Mortgage Loans - Other Than First Liens	P2 L3.2 C3	0	0.050	0
(10) Total Mortgage Loans	L(8) + L(9)	0		0
(11) Schedule BA Assets - Total	P2 L8 C3	0		
(12) Less: Collateral Loans	PR009 L(13)	0		
(13) Yield Guaranteed State Tax Credit Investments Federal-Guaranteed-Low-Income-Housing-Tax-Credits	Schedule BA Part 1, C12 L3599999 +L3699999	0	0.0014	0
(14) Qualifying Federal Tax Credit Investments-Non-Guaranteed-Low-Income-Housing-Tax-Credits	Schedule BA Part 1, C12 L3799999 +L3899999	0	0.0260	0
(15) Qualifying State Tax Credit Investments-Guaranteed-Low-Income-Housing-Tax-Credits	Schedule BA Part 1, C12 L3999999 +L4099999	0	0.0260 0.0014	0
(16) Other Tax Credit Investments State-Non-Guaranteed-Low-Income-Housing-Tax-Credits	Schedule BA Part 1, C12 L4199999 +L4299999	0	0.1500 0.0260	0
(17) All-Other-Low-Income-Housing-Tax-Credits	Schedule BA Part 1, C12 L4399999 +L4499999	0	0.1500	0
(17)(18) Working Capital Finance Investments	L(20)+L(21)+L(22)	0		
(18)(19) Total Residual Tranches or Interests	Schedule BA, Part 1, Column 12 Lines 4699999 + 4799999 + 4899999 + 4999999 + 5099999 + 5199999 + 5299999 + 5399999 + 5499999 + 5599999 + 5699999 + 5799999	0	0.2000	0
(19)(20) Schedule BA Assets Excluding Collateral Loans, Tax Credit Investments LIHTC, &-WCFL, & Residual Tranches or Interests	L(11)-L(12)-L(13)-L(14)-L(15) -L(16)-L(17)-L(18)-L(19)	0	0.2000	0
(20)(21) NAIC 01 Working Capital Finance Investments	Notes to Financial Statement Item L5M(01a) C3	0	0.0038	0
(21)(22) NAIC 02 Working Capital Finance Investments	Notes to Financial Statement Item L5M(01b) C3	0	0.0125	0
(22)(23) Total Other Long-Term Assets	L(7)+L(10)+L(13)+L(14)+L(15) +L(16)+L(17)+L(18)+L(19)+L(20)+L(21)+L(22)	0		0

ASSET CONCENTRATION PR011

(1)	(2)	(3)
ISSUER #1		
	Book/Adjusted Carrying Value	Factor
		Additional RBC
(1) NAIC Designation Category 2.A Bonds	0	0.0180
(2) NAIC Designation Category 2.B Bonds	0	0.0210
(3) NAIC Designation Category 2.C Bonds	0	0.0250
(4) NAIC Designation Category 3.A Bonds	0	0.0550
(5) NAIC Designation Category 3.B Bonds	0	0.0600
(6) NAIC Designation Category 3.C Bonds	0	0.0660
(7) NAIC Designation Category 4.A Bonds	0	0.0710
(8) NAIC Designation Category 4.B Bonds	0	0.0770
(9) NAIC Designation Category 4.C Bonds	0	0.0870
(10) NAIC Designation Category 5.A Bonds	0	0.0980
(11) NAIC Designation Category 5.B Bonds	0	0.1090
(12) NAIC Designation Category 5.C Bonds	0	0.1200
(13) Collateral Loans	0	0.0500
(14) Mortgage Loans	0	0.0500
(15) NAIC 02 Working Capital Finance Investments	0	0.0125
(16) Yield Guaranteed State Tax Credit Investments Federal Guaranteed Low Income Housing Tax Credits	0	0.0014
(17) Qualifying Federal Tax Credit Investments Federal Non-Guaranteed Low Income Housing Tax Credits	0	0.0260
(18) Qualifying State Tax Credit Investments State Guaranteed Low Income Housing Tax Credits	0	0.0260 0.0014
(19) Other Tax Credit Investments State Non-Guaranteed Low Income Housing Tax Credits	0	0.1500 0.0260
(20) All Other Low Income Housing Tax Credits	0	0.1500
(20)(21) SUBTOTAL - FIXED INCOME	0	0
(21)(22) NAIC 02 Unaffiliated Preferred Stock	0	0.0100
(22)(23) NAIC 03 Unaffiliated Preferred Stock	0	0.0200
(23)(24) NAIC 04 Unaffiliated Preferred Stock	0	0.0450
(24)(25) NAIC 05 Unaffiliated Preferred Stock	0	0.1000
(25)(26) Property Held For Production of Income or For Sale Excluding Home Office	0	0.1000
(26)(27) Property Held For Production of Income or For Sale Encumbrances Excluding Home Office	0	0.1000
(27)(28) Schedule BA Assets	0	0.1000
(28)(29) Receivable for Securities	0	0.0250
(29)(30) Aggregate Write-Ins for Invested Assets	0	0.0500
(30)(31) Derivatives	0	0.0500
(31)(32) Unaffiliated Common Stock	0	0.1500
(32)(33) SUBTOTAL - EQUITY	0	0
(33)(34) TOTAL - ISSUER #1 (L21+L32 L33)	0	0

NOTE: Ten issuer sections and a grand total page will be available on the filing software. The grand total page is calculated as the sum of issuers 1-10 by asset type.

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

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)	Directly Owned Property and Casualty Insurance Affiliates	PR004 L(2)C(2)	0
(2)	Indirectly Owned Property and Casualty Insurance Affiliates	PR004 L(5)C(2)	0
(3)	Directly Owned Life Insurance Affiliates	PR004 L(3)C(2)	0
(4)	Indirectly Owned Life Insurance Affiliates	PR004 L(6)C(2)	0
(5)	Directly Owned Health Insurance Companies or Health Entities	PR004 L(1)C(2)	0
(6)	Indirectly Owned Health Insurance Companies or Health Entities	PR004 L(4)C(2)	0
(7)	Directly Owned Alien Insurance Companies or Health Entities	PR004 L(9)+L(10)+L(11)C(2)	0
(8)	Indirectly Owned Alien Insurance Companies or Health Entities	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
R1 - Asset Risk - Fixed Income			
(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, Tax Credit Investments LHTC , & WCFI, & Residual Tranches or Interests	PR008	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(20) 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

Calculation of Total Risk-Based Capital After Covariance PR031 R2-R3

(1)

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 Holding Company in excess of Indirect 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)	Unaffiliated Preferred Stock	PR007 L(7)C(2)+PR015 L(34)C(4)	0
(35)	Total Unaffiliated Common Stock and Fair Value Excess Affiliated Stocks	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)L(20)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)C(7)	0
(42)	Asset Concentration RBC - Equity	PR011 L(32)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)	0
R3 - Asset Risk - Credit			
(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	If R4 L(50)>(R3 L(44) + R3 L(45)), 0, otherwise, R3 L(45)	0
(47)	Health Credit Risk	PR013 L(12)C(2)	0
(48)	Total R3	L(44) + L(45) + L(46) + L(47)	0