

On March 24, 2026, the Capital Adequacy (E) Task Force received a referral from the Statutory Accounting Principles (E) Working Group (SAPWG), informing us about the supported elimination of the investment subsidiary concept by SAPWG. The Task Force is therefore being requested to review RBC instruction and/ or Blanks to accommodate the elimination.

In response to SAPWG's referral, NAIC committee support drafted RBC proposal 2026-05-CA *Remove Investment Affiliate Code 4* for all type of businesses. However, it is noted that **Life** RBC framework historically instructed insurers to include investments held in investment subsidiaries when considering asset concentrations (see LR010 and LR011 instructions for details).

Note that the elimination of investment subsidiaries concept is limited to statutory accounting principles and annual statement instructions. This change does not prohibit insurers from owning investment subsidiaries. The Investments of Insurers Model Act (Model 280) permits insurers to hold investments through such subsidiaries. Since adoption of Model 280 varies by state and the consolidation view in Asset Concentration application is more transparent, NAIC staff would like to seek feedback from regulators and interested parties as to whether the elimination of consolidation approach, as it is currently drafted in proposal 2026-05-CA, is appropriate.

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# 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 |

<p style="text-align: right;">DATE: <u>3/24/26</u></p> <p><b>CONTACT PERSON:</b> <u>Eva Yeung</u></p> <p><b>TELEPHONE:</b> <u>816-783-8407</u></p> <p><b>EMAIL ADDRESS:</b> <u>eyeung@naic.org</u></p> <p><b>ON BEHALF OF:</b> <u>Capital Adequacy (E) Task Force</u></p> <p><b>NAME:</b> <u>Ben Slutsker</u></p> <p><b>TITLE:</b> <u>Chair</u></p> <p><b>AFFILIATION:</b> <u>Minnesota Department of Commerce</u></p> <p><b>ADDRESS:</b> <u>85 7<sup>th</sup> Place East, Suite 280, St. Paul, MN 55101</u></p>	<p style="text-align: center;"><b>FOR NAIC USE ONLY</b></p> <p>Agenda Item # <u>2026-05-CA</u> Year <u>2026</u></p> <p style="text-align: center;"><b>DISPOSITION</b></p> <p><b>ADOPTED:</b></p> <p><input type="checkbox"/> TASK FORCE (TF) _____</p> <p><input type="checkbox"/> WORKING GROUP (WG) _____</p> <p><input type="checkbox"/> SUBGROUP (SG) _____</p> <p><b>EXPOSED:</b></p> <p><input checked="" type="checkbox"/> TASK FORCE (TF) <u>03/24/2026</u></p> <p><input type="checkbox"/> WORKING GROUP (WG) _____</p> <p><input type="checkbox"/> SUBGROUP (SG) _____</p> <p><b>REJECTED:</b></p> <p><input type="checkbox"/> TF <input type="checkbox"/> WG <input type="checkbox"/> SG _____</p> <p><b>OTHER:</b></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 checked="" type="checkbox"/> Health RBC Instructions | <input checked="" type="checkbox"/> Property/Casualty RBC Instructions | <input checked="" type="checkbox"/> Life and Fraternal RBC Instructions |
| <input checked="" type="checkbox"/> Health RBC Formula      | <input checked="" type="checkbox"/> Property/Casualty RBC Formula      | <input checked="" type="checkbox"/> Life and Fraternal RBC Formula      |
| <input type="checkbox"/> OTHER _____                        |  |   |

### DESCRIPTION/REASON OR JUSTIFICATION OF CHANGE(S)

This proposal removed the investment subsidiary category in the blanks, instructions and formulas for all line of business as a result of the recently adopted Blanks proposal #2025-20BWG on March 5, 2026.

### Additional Staff Comments:

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

Revised 2-2023

## AFFILIATED/SUBSIDIARY STOCKS

XR002–XR004

There are nine-eight categories of affiliated/subsidiary investments that are subject to Risk-Based Capital requirements for common stock and preferred stock holdings. Those nine-eight 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~~
- 5.4. Directly Owned Alien Insurance Affiliates/Subsidiaries
  - a. Health Insurance Company or Health Entity
  - b. Property and Casualty Insurance Company
  - c. Life Insurance Company
- 6.5. Indirectly Owned Alien Insurance Affiliates/Subsidiaries
  - a. Health Insurance Company or Health Entity
  - b. Property and Casualty Insurance Company
  - c. Life Insurance Company
- 7.6. Investments in Upstream Affiliate (Parent)
- 8.7. 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
- 9.8. 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

Enter applicable items for each affiliate/subsidiary in the Details for Affiliated Stocks worksheet. The program will automatically calculate the risk-based capital charge for each affiliate/subsidiary. When the data is uploaded to the NAIC database, it will be crosschecked, and the company will be required to correct any discrepancies and refile a corrected version with the NAIC and/or any state that requires the company to file RBC with its department. The RBC report will display the number of affiliates/subsidiaries. These numbers should be reviewed to ensure that all affiliates/subsidiaries are appropriately reported.

The total of all reported affiliate/subsidiary stock should equal the amounts reported on Schedule D, Part 2, Section 1, Line 4409999999 plus Schedule D, Part 2, Section 2, Line 5979999999 and should also equal Schedule D, Part 6, Section 1, Line ~~0999999-0899999~~ plus Line ~~18999991699999~~.

Affiliated/Subsidiary investments fall primarily into two broad categories: (a) Insurance Affiliates/Subsidiaries that are Subject to risk-based capital; and (b) Affiliates/Subsidiaries that are Not Subject to risk-based capital. The risk-based capital for these two broad groups differs. A third category of Affiliates/Subsidiaries, publicly traded insurance affiliates/subsidiaries held at market value, has characteristics of both broader categories. As a result, it has a two-part RBC calculation. The general treatment for each is explained below.

Directly owned insurance and health entity affiliates/subsidiaries are affiliates/subsidiaries in which the reporting company owns the stock of the affiliate/subsidiary. Indirectly owned insurance affiliates/subsidiaries and health entities are those where the reporting company owns stock in a holding company, which in turn owns the stock of the insurance affiliate/subsidiary or health entity. Note that there could be multiple holding companies that control the downstream insurance company.

Enter the book/adjusted carrying value of: the common stock in Column (5), the preferred stock in Column (9), the total outstanding common stock in Column (7) and the total outstanding preferred stock of that affiliate/subsidiary in Column (10) of the appropriate worksheet. The percentage of ownership is calculated by summing the book/adjusted carrying values of the owned preferred and common stock and dividing that amount by the sum of all outstanding preferred and common stock.

### Insurance Affiliates/Subsidiaries that are Subject to RBC

#### 1. Directly Owned U.S. Affiliates/Subsidiaries:

The risk-based capital requirement for the reporting company for those insurance affiliates/subsidiaries that are subject to a risk-based capital requirement is based on the Total Risk-Based Capital After Covariance of the subsidiary, prorated for the percent of ownership of that affiliate/subsidiary.

For purposes of Affiliate/Subsidiary Risk all references to Total Risk-Based Capital After Covariance of the affiliate/subsidiary means:

- a. For a Health affiliate/subsidiary RBC filing, Total Risk-Based Capital After Covariance before Basic Operational Risk (XR025, Line ~~(4140)~~).
- b. For a P/C affiliate/subsidiary RBC filing, Total Risk-Based Capital After Covariance before Basic Operational Risk (PR032, Line ~~(6059)~~).
- c. For a Life affiliate/subsidiary RBC filing, the sum of
  - i. Total Risk-Based Capital After Covariance before Basic Operational Risk (LR031, Line (68)); and
  - ii. Primary Security shortfalls for all cessions covered by Actuarial Guideline XLVIII (AG 48) multiplied by two (LR031, Line (73)).

For RBC purposes, the reporting insurer must determine the carrying value and the RBC requirement of a directly owned RBC filing affiliate/subsidiary company, even if the RBC filing affiliate/subsidiary is non-admitted for financial reporting purposes. The value reported in annual statement Schedule D, Part 6, Section 1 will be used for RBC purposes. In addition to RBC, the carrying value of the RBC filer must be reported in total adjusted capital 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.

Equity method Insurance Affiliates/Subsidiaries: Equity method is defined in *SSAP No. 97—Investments in Subsidiary, Controlled and Affiliated Entities*, paragraph 8.b. as the underlying audited statutory equity of the respective entity's financial statements, adjusted for any unamortized goodwill as provided for in *SSAP No. 68—Business Combinations and Goodwill*. For those insurance affiliates/subsidiaries of the reporting company that are reported under the equity method, the H<sub>0</sub> charge of the ownership of the common and preferred stock in these Affiliates/Subsidiaries is limited to the lesser of:

- (a) the Total RBC After Covariance of the affiliate/subsidiary times the percentage of ownership, which is the total of common stock and preferred stock; or
- (b) the common and preferred stock book/adjusted carrying value at which the affiliate/subsidiary is carried

Market Value (including discounted market value) Insurance Affiliates/Subsidiaries (See SSAP No. 97, paragraph 8.a.): If the affiliate/subsidiary's common stock is publicly traded and the reporting company carries the affiliate/subsidiary at market value, after any "discount," there are generally two components to the reporting company's RBC generated by the affiliate/subsidiary. The prorated portion is the percentage of ownership of total common and preferred stock. The smaller of the prorated portion of the affiliate/subsidiary's own statutory surplus or the prorated portion of its RBC after covariance is added to the H<sub>0</sub> component of the reporting company. Normally, the

common and preferred stock book/adjusted carrying value of the affiliate/subsidiary exceeds the prorated portion of the larger of its statutory surplus and its RBC after covariance, an additional charge is applied to H<sub>1</sub>. The additional charge to the H<sub>1</sub> component is the larger of a) 22.5% of the affiliate/subsidiary's common and preferred stock book/adjusted carrying value in excess of the prorated portion of the affiliate's/subsidiary's statutory surplus or b) the prorated portion of the affiliate's/subsidiary's RBC after covariance in excess of the prorated portion of its statutory surplus. If the affiliate/subsidiary's common and preferred stock book/adjusted carrying value is less than the prorated portion of its RBC after covariance, but greater than the prorated portion of its statutory surplus, 100% of the common and preferred stock book/adjusted carrying value in excess of the prorated portion of the affiliate/subsidiary's statutory surplus is added to the reporting company's H<sub>1</sub> component. If the affiliate/subsidiary's common and preferred stock book/adjusted carrying value is less than the prorated portion of the affiliate/subsidiary statutory surplus, there is no addition to the H<sub>1</sub> component.

## 2. Indirectly Owned U.S. Insurance Affiliates/Subsidiaries

For Indirectly Owned U.S. Insurance Affiliates/Subsidiaries, the carrying value and RBC is calculated in the same manner as for directly owned U.S. Insurance Affiliates/Subsidiaries. The RBC for the indirect affiliates/subsidiaries must be calculated prior to completing this RBC report.

SSAP No. 97 provides guidance for the reporting and admittance requirements of SCAs. Accordingly, there may be cases where an indirectly owned RBC filer 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 RBC filer), 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 requirement of indirectly owned RBC filing affiliate/subsidiary companies. This involves drilling down to the first RBC filing insurance subsidiary and adjusting for percentage ownership of the intermediate entity directly owning the RBC filing affiliate/subsidiary. Both RBC and carrying value of the RBC filer 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 for each indirect insurance affiliate/subsidiary is established based on company records using the statutory value of the insurer as reported in the NAIC annual financial statement blank submitted by the affiliate/subsidiary or market value when applicable, and the RBC requirement as determined in its RBC Report adjusted for the ownership percentages (both the percentage of the indirectly owned RBC filing affiliate/subsidiary that is owned by the directly held downstream holding company and the reporting insurer's ownership percentage in that downstream entity). The value reported by the downstream holding company for the U.S. RBC filing insurer is the same as the statutory value established for the insurer on a look-through basis.

## 3. Holding Company Value in Excess of Indirectly Owned Insurance Affiliates/Subsidiaries

The carrying value of a U.S. Insurance Affiliate/Subsidiary that is subject to RBC 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 remaining value of the directly held holding company is then subject to a charge that is calculated in accordance with the instructions for Holding Company Value in Excess of Indirectly Owned Insurance Affiliates/Subsidiaries as specified in the RBC formula. If the holding company is not admitted, report the excess carrying value as zero and the corresponding RBC charge will also be zero. If a negative excess value for the downstream holding company results from removing the value of U.S. RBC filing insurers from the downstream holding company's reported value, then the value of that holding company will be floored at zero and the corresponding RBC charge will also be zero.

The following hypothetical Balance Sheet indicates the view of a Holding Company - Holder, Inc. which is 100% owned by MEGA Health Insurance Company (it assumes that the value reported by the downstream holding company for the U.S. RBC filing insurer is the same as the statutory value established for the insurer on a look-through basis):

Balance Sheet					
Holder, Inc.					
12/31/XXXX					
Cm Stk:	ABC Life Company	10,000,000		Long Term Debt	5,000,000
	XYZ Casualty Company	15,000,000		Other Liabilities	2,000,000
	ANH Health Company	3,000,000			
	Other Common Stock	17,000,000		Total Liabilities	7,000,000
	Cash	7,000,000			
	Other Assets	5,000,000		Equity	50,000,000
	Total Assets	57,000,000		Total Liabilities & Equity	57,000,000

The RBC calculation for Holder, Inc.'s value in excess of the indirectly owned insurance affiliates/subsidiaries is as follows:

<u>Company</u>	<u>Stat. Book Value</u>	<u>Source:</u>
Holder, Inc.	50,000,000	MEGA Health Sch D - Part 6, Section 1
<i>Holder, Inc. aff/subs subject to RBC</i>		
ABC Life Company	10,000,000	Holder, Inc. Stat. balance sheet
XYZ Casualty Company	15,000,000	Holder, Inc. Stat. balance sheet
ANH Health Company	<u>3,000,000</u>	Holder, Inc. Stat. balance sheet
Subtotal	28,000,000	
Holder, Inc. excl. RBC aff/subs	22,000,000	<i>(amount subject to the 30.0% factor for Holding Company Value in Excess of Indirectly Owned Insurance Affiliates/Subsidiaries)</i>

The following table shows the XR002 entries that MEGA Health Insurance Company (which owns 100% owns of Holder, Inc.) would report for the indirectly owned insurance affiliates/subsidiaries under Holder, Inc. This table assumes that Holder, Inc. owns 40%, 50% and 25% of ABC Life, XYZ Casualty, and ANH Health, respectively. The table also assumes that the RBC values shown for these affiliates/subsidiaries at the 100% level are the correct RBC After Covariance but Before Operational Risk.

		XR002 Column					
		4	5	7	8	11	12
Affiliates/Subsidiaries	Affiliates/Subsidiaries Type	100% RBC	Book Adjusted Carrying Value	Total Value of Affiliates/Subsidiaries	Statutory Surplus of Affiliates/Subsidiaries	% Owned	RBC Required
ABC Life Company	Indirect U.S. Life Aff/Sub	5,000,000	10,000,000	25,000,000	25,000,000	40%	2,000,000
XYZ Casualty Company	Indirect U.S. P&C Aff/Sub	12,000,000	15,000,000	30,000,000	30,000,000	50%	6,000,000
ANH Health Company	Indirect U.S. Health Aff/Sub	6,000,000	3,000,000	12,000,000	12,000,000	25%	1,500,000

The risk-based capital charge for the parent insurer preparing the calculation is a 30% charge against the holding company value in excess of the indirectly owned insurance affiliates/subsidiaries as calculated in the prior example. Enter information in the appropriate columns of the worksheet, omitting those columns that do not apply (Column (3) – NAIC Company Code or Alien ID Number and Column (4) Affiliate’s RBC After Covariance).

Affiliates/Subsidiaries that are Not Subject to RBC

4. Investment Subsidiaries

~~An investment subsidiary is a subsidiary that exists only to invest the funds of the parent company. The term investment subsidiary is defined in the annual statement instructions as any subsidiary, other than a holding company, engaged or organized primarily to engage in the ownership and management of investments for the insurer. An investment subsidiary shall not include any broker-dealer or a money management fund managing funds other than those of the parent company. The risk-based capital for an investment in an investment subsidiary is 30% of the carrying value of the common and preferred stock.~~

5.4. Directly Owned Alien Insurance Affiliates/Subsidiaries

For purposes of this formula, the Risk-Based Capital (RBC) of each directly owned alien insurance affiliate/subsidiary is the annual statement book adjusted carrying value of the reporting company’s interest in the affiliate multiplied by 1.000. Enter information for any non-U.S. insurance affiliate/subsidiary: life, property and casualty, and health insurers.

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 ~~1499999-1399999~~ and 0599999. If no value is reported in the Total Value of Affiliate’s common and preferred stock columns (7) and (10), the program will assume 100% ownership.

6.5. 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% shares of Holder (a holding company), and Holder owns an Alien Life Insurance Company, which represents 50% 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 \$10,000,000 (1.000 times \$10,000,000). The risk-based capital charge for the parent insurer preparing the calculation is a 30% charge against the holding company value in excess of the indirectly owned insurance affiliates/subsidiaries.

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

If NEWBIE Insurance Company only acquired 50% shares of Holder, NEWBIE Insurance Company would enter \$5,000,000 (50% 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 \$5,000,000 (1.0 times \$5,000,000). Enter information for any indirectly owned alien insurance subsidiaries.

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

For each affiliate/subsidiary enter the following information:

- Company Name,
- Alien Insurer Identification Number,
- Book Adjusted carrying 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~~1399999 and 0599999. If no value is reported in the Total Value of Affiliate’s Common and preferred stock column (7) and (10), the program will assume 100% ownership.

**7.6. Investment in Upstream Affiliate (Parent)**

The risk-based capital (RBC) for an investment in an upstream parent is 30.0% of the book/adjusted carrying value of the common and preferred stock, regardless of whether that upstream parent is subject to RBC. Report the appropriate information from Schedule D, Part 6, Section 1, Lines 0199999 and ~~1099999~~0999999 in Columns (1) through (10).

For each affiliate, enter the following information:

- Company Name,
- Affiliate Type Code,
- NAIC Company Code,
- Book Adjusted carrying value of common stock
- Book Adjusted carrying value of preferred stock,
- Total Outstanding value of common and preferred stock.

**87. Directly Owned U.S. Insurance Affiliates/Subsidiaries Not Subject to RBC**

- Health Insurance Companies and Health Entities Not Subject to RBC
- Property and Casualty Insurance Companies Not Subject to RBC, such as title insurers, monoline financial guaranty insurers, and monoline mortgage guarantee insurers
- Life Insurance Companies Not Subject to RBC, such as life insurance subsidiary exempted from RBC

The risk-based capital for insurers not subject to RBC is based on the underlying statute, regulation, or rule governing capital requirements for such entities. If not otherwise specified by statute regulation or rule, the risk-based capital for an investment in a U.S. insurer that is not required to file an RBC formula is 30% of the book/adjusted carrying value of the common and preferred stock.

**98. Non-Insurance Affiliates/Subsidiaries Not Subject to RBC**

- Financial entities with a capital requirement imposed by a regulatory body (e.g., a bank)
- Other financial entities without regulatory capital requirements
- Other non-financial entities

The risk-based capital for entity types a, b, and c is 30% of the book/adjusted carrying value of the common and preferred stock. The affiliate/subsidiary code for Non-Insurer Affiliates/Subsidiaries Not Subject to RBC is “98”. Reported amounts use Schedule D, Part 6, Section 1, Line ~~0899999~~0799999, and Line ~~1799999~~1599999 as the basis of reporting.



Detail Eliminated To Conserve Space

## COVARIANCE CALCULATION XR024–XR025

The purpose of the Health RBC formula is to estimate the minimum risk-based capital required to absorb losses that can be caused by a series of catastrophic financial events. However, it is extremely unlikely that all such losses will occur simultaneously. The covariance formula adjusts the combined effect of the H0, H1, H2, H3, and H4 risks so that the combination of risks is less than the sum of the parts. Statistically, this assumes that the H1, H2, H3 and H4 risks are uncorrelated. The H0 risk of subsidiaries is added to the total under the assumption that the risk of the subsidiaries is highly correlated with the risk of the parent, so that if the parent were to experience severe financial distress, the subsidiaries would also be adversely affected.

The components of the RBC after Covariance Formula are:

- H0 – Insurance Affiliates and Misc. Other
- H1 – Asset Risk – Other
- H2 – Underwriting Risk
- H3 – Credit Risk
- H4 – Business Risk

The covariance formula is applied before adding operational risk on Line (4140) on XR025:

RBC after Covariance Before Operational Risk = Square Root of  $(H1^2 + H2^2 + H3^2 + H4^2) + H0$

### Operational Risk:

Operational risk is defined as the risk of financial loss resulting from operational events, such as the inadequacy or failure of internal systems, personnel, procedures or controls, as well as external events. Operational risk includes legal risk but excludes reputational risk and risk arising from strategic decisions. Operational risk has been identified as a risk that should be explicitly addressed in the RBC formulas. The Operational Risk charge is intended to account for operational risks that are not already reflected in existing risk categories.

An operational risk charge will be reported on Line (4241) using a percentage of RBC or “add-on” approach that will apply a risk factor of 3.00% to the amount reported in Line (4140) - RBC after Covariance Before Operational Risk reported on page XR025. A reduction to the operational risk charge equal to the sum of the C-4a offset amounts reported by the direct Life RBC filing insurance subsidiaries (Page LR031, Lines (65 + 71)), adjusted for the percentage of ownership in the direct life insurance subsidiary, will be reported on Page XR025 in Line (4342), and the Net Basic Operational Risk charge will be reported in Line (4443), but not to produce a charge that is less than zero.

Total RBC After Covariance including Operational Risk will be reported in Line (4544) as the sum of lines (4140) and (4443).

Authorized Control Level RBC is computed from the RBC after Covariance and is set at 50% of RBC after Covariance including Operational Risk.

Company Action Level RBC is 200% of Authorized Control Level RBC. Regulatory Action Level RBC is 150% of Authorized Control Level RBC. Mandatory Control Level RBC is 70% of Authorized Control Level RBC.

# ASSET CONCENTRATION FACTOR

LR010

## *Basis of Factors*

The purpose of the concentration factor is to reflect the additional risk of high concentrations in single exposures (represented by an individual issuer of a security or a holder of a mortgage, etc.) The concentration factor doubles the risk-based capital pre-tax factor (with a maximum of 45% pre-tax) of the 10 largest asset exposures excluding various low-risk categories or categories that already have a maximum factor. Since the risk-based capital of the assets included in the concentration factor has already been counted once in the basic formula, the asset concentration factor only serves to add in the additional risk-based capital required. The calculation is completed on a consolidated basis; however, the concentration factor is reduced by amounts already included in the concentration factors of subsidiaries to avoid double-counting.

## *Specific Instructions for Application of the Formula*

The 10 largest asset exposures should be developed by consolidating the assets of the parent with the assets of the company's insurance ~~and investment subsidiaries~~. The concentration factor component on any asset already reflected in the subsidiary's RBC for the concentration factor should be deducted from Column (4). This consolidation process affects higher tiered companies only. Companies on the lowest tier of the organizational chart will prepare the asset concentration on a "stand-alone" basis.

The 10 largest exposures should exclude the following: affiliated and non-affiliated common stock, affiliated preferred stock, home office properties, policy loans, bonds for which AVR and RBC are zero, NAIC 1 bonds, NAIC 1 unaffiliated preferred stock, CM 1 Commercial and Farm Mortgages and any other asset categories with RBC factors less than 0.8% post-tax (this includes residential mortgages in good standing, insured or guaranteed mortgages, cash, certain cash equivalents and short-term investments).

In determining the assets subject to the concentration factor for both C-1o and C-1cs, the ceding company should exclude any asset whose performance inures primarily (>50%) to one reinsurer under modified coinsurance or funds withheld arrangements. The reinsurer should include 100% of such assets. Any asset where no one reinsurer receives more than 50% of its performance should remain with the ceding company.

Assets should be aggregated by issuer before determining the 10 largest exposures. Aggregations should be done separately for bonds including applicable Other Invested Assets with Underlying Characteristics of Bonds that are reported in Line 22 through 28 of Asset Valuation Reserve (AVR) Equity and Other Invested Asset Component table, and preferred stock (the first six digits of the CUSIP number can be used as a starting point) (please note that the same issuer may have more than one unique series of the first six digits of the CUSIP), mortgages and real estate. Securities held within Schedule BA joint ventures, partnerships, limited liability and other fund structures should be aggregated by issuer as if the securities are held directly. Likewise, where joint venture real estate is mortgaged by the insurer, both the mortgage and the joint venture real estate should be considered as part of a single exposure. Tenant exposure is not included. For bonds and unaffiliated preferred stock, aggregations should be done first for classes 2 through 6. After the 10 largest issuer exposures are chosen, any NAIC 1 bonds or NAIC 1 unaffiliated preferred stock, from any of these issuers should be included before doubling the risk-based capital. For some companies, following the above steps may generate less than 10 "issuer" exposures. These companies should list all available exposures.

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

The book/adjusted carrying value of each asset is listed in Column (2).



Detail Eliminated To Conserve Space



## COMMON STOCK CONCENTRATION FACTOR

LR011

### *Basis of Factors*

The purpose of the common stock concentration factor is to reflect the additional risk of high concentrations in a single exposure of common stock. The common stock concentration factor increases by 50% the risk-based capital factor for the five largest common stock exposures. The 50% increase was chosen by comparing the total variance of particular holdings of common stock to the portion of the variance that can be explained by movements of the overall stock market. The risk-based capital of the assets included in the unaffiliated common stock concentration factor has already been counted once in the basic formula; the common stock concentration factor only serves to add in the additional risk-based capital required. The calculation is completed on a consolidated basis; however, the common stock concentration factor is reduced by amounts already included in the concentration factors of subsidiaries to avoid double-counting.

### *Specific Instructions for Application of the Formula*

The five largest common stock exposures should be developed by consolidating the assets of the parent with the assets of the company's insurance **and investment subsidiaries**. The concentration factor component on any asset already reflected in the subsidiary's RBC for the concentration factor should be deducted from Column (4). This consolidation process affects higher tiered companies only. Companies on the lowest tier of the organizational chart will prepare the asset concentration on a "stand-alone" basis.

The five largest holdings should exclude common stock in the FHLB, investment companies (mutual funds) and common trust funds, that are diversified with the meaning of the Investment Company Act, and affiliated investments other than investments in non-insurance subsidiaries. For non-insurance subsidiaries, i.e., those with affiliate code 3 on LR044 (the portion of holding companies in excess of indirect subsidiaries) and those with affiliate code 9 (other subsidiaries), the total stock investment including both preferred and common stock should be used.

Replicated assets in the nature of common stock other than synthetically created indices should be included in the common stock concentration calculation in the same manner as other investments in common stock.

Assets should be aggregated by issuer before determining the five largest exposures.

The book/adjusted carrying value of each asset is listed in Column (2).

## CALCULATION OF AUTHORIZED CONTROL LEVEL RISK-BASED CAPITAL LR031

### *Basis of Factors*

The purpose of the formula is to estimate the risk-based capital levels required to manage losses that can be caused by a series of catastrophic financial events. However, it is remote that all such losses will occur simultaneously. The covariance adjustment states that the combined effect of the C-1o, C-1cs, C-2 and C-3 and a portion of the C-4 risks are not equal to their sum but are equal to the square root calculation described below. It is statistically assumed that the C-1o risk and a portion of the C-3 risk are correlated, while the C-1cs risk, the C-2 risk, the balance of the C-3 risk and a portion of the C-4 risk are independent of both. The split of the C-3 and C-4 risks allows for general consistency with the health RBC formula. This assumption provides a reasonable approximation of the capital requirements needed at any particular level of losses.

The covariance formula is applied on Line (69) on LR031 before adding operational risk and Primary Security Shortfall Calculated in Accordance With Actuarial Guideline XLVIII:

$$\text{RBC after Covariance Before Operational Risk} = C0 + C4a + \text{Square Root of } [(C1o + C3a)^2 + (C-1cs + C-3c)^2 + (C2)^2 + (C3b)^2 + C4b)^2]$$

### Operational Risk:

Operational risk is defined as the risk of financial loss resulting from operational events, such as the inadequacy or failure of internal systems, personnel, procedures or controls, as well as external events. Operational risk includes legal risk but excludes reputational risk and risk arising from strategic decisions. Operational risk has been identified as a risk that should be explicitly addressed in the RBC formulas. The Operational Risk charge is intended to account for operational risks that are not already reflected in existing risk categories.

A Gross Operational Risk charge will be reported on Line (70) using a percentage of RBC or “add-on” approach that will apply a risk factor of 3.00% to the amount reported in Line (69) – Total RBC after Covariance Before Operational Risk reported on page LR031. The result will represent an initial value of operational risk. Because the current C-4a risk charge is assumed to include some operational risk, a company’s C-4a – Post Tax reported on Line (65) is offset against operational risk. A further reduction to the operational risk charge equal to the sum of the C-4a offset amounts reported by direct life RBC filing insurance subsidiaries (Page LR031, Lines (65 + 71)), adjusted for the percentage of ownership in the direct life insurance subsidiary, will be reported on Page LR031 in Line (71).

Net Operational risk after C-4a offset is reported on Line (72), but not less than zero.

Total RBC After Covariance including Operational Risk will be reported in Line (74) as the sum of lines (69), (72) and (73) - Primary Security Shortfall Calculated in Accordance With Actuarial Guideline XLVIII as described below.

Authorized Control Level Risk-Based Capital is 50% of the sum of items A plus B plus C where:

“A” equals C-0 plus the C-4a risk-based capital and the square root of the sum of the C-1o and C-3a risk-based capital squared, the C-1cs and C-3c risk-based capital squared, the C-2 risk-based capital squared, the C-3b risk-based capital squared and the C-4b risk-based capital squared as reported on Line (69) and,

“B” equals the amount of operational risk after C-4a offset as reported on Line (72) and

“C” equals the greater of zero and the amount of Primary Security shortfalls for all cessions covered by Actuarial Guideline XLVIII (AG 48) multiplied by two on Line (73).

The intent of this addend is to produce a dollar for dollar increase in the Authorized Control Level for the total of the AG 48 Primary Security shortfall. This Authorized Control Level increase for the amount of Primary Security shortfall applies to all insurers and all cessions of Covered Policies as defined in AG 48, that do not fall within an exemption set forth in AG 48, regardless of whether a state may have chosen to waive all or part of AG 48. For example, if a cession is of Covered Policies and no exemption is available under the terms of AG 48 for a particular insurer or transaction, but a state nevertheless determines that the insurer or Appointed Actuary will not be required to comply in full with the Guideline, then for RBC a computation of shortfall, if any, will still be required and an increase to Authorized Control Level for any such shortfall will still apply.

The information reported should be consistent with the information that will be included in Part 2B, Column 19, of the annual statement Supplemental Term and Universal Life Insurance Reinsurance Exhibit.

Mandatory Control Level Risk-Based Capital is 70% of Authorized Control Level Risk-Based Capital.

*Specific Instructions for Application of the Formula*

All amounts reflected for the calculation of Authorized Control Level Risk-Based Capital will be calculated automatically by the software.

In recognition of the exclusion of the carrying value of **Directly and Indirectly Owned** Alien Insurance **Affiliates**/Subsidiaries—**Other** from Total Adjusted Capital, the carrying value of these entities is also to be excluded from the calculation of C-0 risk-based capital.



**CALCULATION OF TOTAL ADJUSTED CAPITAL**  
(Including Total Adjusted Capital Tax Sensitivity Test)  
LR033

Lines (6), (7) and (9)

The source for subsidiary amounts should be reported from the subsidiaries’ annual statements. These amounts should be adjusted by percentage of ownership before entering. All U.S. life, property and casualty **and investment** subsidiaries should be included. An adjustment to reduce the Total Adjusted Capital for the carrying value of **Directly and Indirectly Owned** Alien Insurance **Affiliates**/Subsidiaries—**Other** should be made for the parent company on Line (9).

Lines (11.1) through (11.4)

These lines calculate the credit to Total Adjusted Capital for the insurer’s qualifying capital notes. The calculation on Line (11.2) limits the credit for capital notes so the total amount of capital and surplus notes included in Total Adjusted Capital is not more than one-half of Total Adjusted Capital from other sources. This is equivalent to a limit of one-third of Total Adjusted Capital from all sources, including the capital and surplus notes themselves.

Line (12)

Line (12) should include all XXX/AXXX reinsurance RBC shortfalls as reported in LR037 XXX/AXXX Captive Reinsurance Consolidated Exhibit Column (10) Line (10).

Lines (13) through (17)

The tax sensitivity test provides a “what if” scenario eliminating deferred tax assets and deferred tax liabilities from the calculation of Total Adjusted Capital. The sensitivity test has no effect on the risk-based capital amounts reported in the annual statement.

Line (14)

Include only the admitted portion of the deferred tax asset.

Line (16)

Line (16) should include only the admitted portion of deferred tax assets for insurance subsidiaries that are subject to RBC.

**XXX/AXXX REINSURANCE PRIMARY SECURITY SHORTFALL BY CESSION**  
LR036



**Detail Eliminated To Conserve Space**

Column 7 – Primary Security Shortfall

For a given cession the Column 7 Primary Security Shortfall equals the greater of (a) zero and (b) Column 5 Required Level of Primary Security less Column 6 Primary Security and Remediation Adjustments. The total for line (9999999) will be doubled and added to line (6873) of LR031 Calculation of Authorized Control Level Risk-Based Capital. The adjustment will result in a dollar for dollar increase in Authorized Control Level for the total of all primary security shortfalls.



**Detail Eliminated To Conserve Space**

**SENSITIVITY TESTS**

LR038, LR039 and LR040

The sensitivity tests provide a “what if” scenario recalculating Authorized Control Level RBC or Total Adjusted Capital using a specified alternative for a particular factor in the formula.

The amounts reported in the sensitivity tests will be an actual recalculation of the Authorized Control Level RBC and Total Adjusted Surplus. If a company does not have any of these specified items, the amounts reported will be the same as the Authorized Control Level RBC and Total Adjusted Surplus as originally calculated.

Other affiliates, noncontrolled assets, guarantees for affiliates, contingent liabilities, long-term leases and interest swaps reported elsewhere will automatically trigger recalculations of the RBC Authorized Control Level. Companies who own lower-tier subsidiaries should enter the referenced amounts from the subsidiaries’ LRBC report or annual statement times the percent of ownership.

Affiliated investments owned by the company, other than preferred and common stock, should be reported on Line (7.1). Companies owning lower-tier subsidiaries should report the referenced amounts from the subsidiaries’ annual statement multiplied by the percent of ownership on Line (7.2).

Surplus notes reported on Page 3 should be reported where indicated. Companies who own lower-tier subsidiaries should report the referenced amounts from the subsidiaries’ annual statement times percent of ownership (as defined in the affiliated stock section).

Current year capital contributions are reported on Page 4, Line 50.1 and Line 51.1. This amount should be reported where indicated. Companies who own lower-tier subsidiaries should report the referenced amounts from the subsidiaries' annual statement multiplied by the percent of ownership.

The amounts reported on this page for subsidiaries should include only those subsidiaries that are subject to a "look through" risk-based capital calculation (i.e., insurance ~~and investment~~ subsidiaries). Other subsidiaries have a fixed RBC factor and therefore, have no impact on the sensitivity tests.



## AFFILIATED/SUBSIDIARY STOCKS

LR042, LR043 and LR044

### *Basis of Factors*

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~~
- ~~5.4. Directly Owned Alien Insurance Affiliates/Subsidiaries~~
  - a. Health Insurance Company or Health Entity
  - b. Property and Casualty Insurance Company
  - c. Life Insurance Company
- ~~6.5. Indirectly Owned Alien Insurance Affiliates/Subsidiaries~~
  - a. Health Insurance Company or Health Entity
  - b. Property and Casualty Insurance Company
  - c. Life Insurance Company
- ~~7.6. Investments in Upstream Affiliate (Parent)~~
- ~~8.7. 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
- ~~9.8. 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. Non-financial entities
- ~~10.9. Publicly Traded Insurance Affiliates/Subsidiaries Held at Market Value~~

Enter applicable items for each affiliate/subsidiary in the Details for Affiliated/Subsidiary Stocks worksheet. The program will automatically calculate the risk-based capital charge for each affiliate/subsidiary. When the data is uploaded to the NAIC database, it will be cross-checked and the company will be required to correct any discrepancies and refile a corrected version with the NAIC and/or any state that requires the company to file RBC with its department. The RBC report will display the number of affiliates/subsidiaries. These numbers should be reviewed to ensure that all affiliates/subsidiaries are appropriately reported.

The total of all reported affiliate/subsidiary stock should equal the amounts reported on Schedule D, Part 2, Section 1, Line 440999999 plus Schedule D, Part 2, Section 2, Line 597999999 and should also equal Schedule D, Part 6, Section 1, Line ~~0999999-0899999~~ plus Line ~~18999991699999~~.

Affiliated/Subsidiary investments fall into two broad categories: (A) Insurance Affiliates/Subsidiaries that are Subject to risk-based capital; and (B) Affiliates/Subsidiaries that are Not Subject to risk-based capital. The risk-based capital for these two broad groups differs. ~~Investment subsidiaries are a subset of category A in that they are subject to a risk-based capital charge that includes the life RBC risk factors applied only to the investments held by the investment subsidiary for its parent insurer.~~ Publicly traded insurance affiliates/subsidiaries held at market value have characteristics of both broader categories. As a result, there is a two-part RBC calculation. The general treatment for each is explained below.

Directly owned insurance and health entity affiliates/subsidiaries are affiliates/subsidiaries in which the reporting company owns the stock of the affiliate/subsidiary. Indirectly owned insurance affiliates/subsidiaries and health entities are those where the reporting company owns stock in a holding company, which in turn owns the stock of the insurance affiliate/subsidiary or health entity. Note that there could be multiple holding companies that control the downstream insurance company.

Enter the book/adjusted carrying value of: the common stock in Column (5), the preferred stock in Column (7), the total outstanding common stock in Column (6) and the total outstanding preferred stock of that affiliate/subsidiary in Column (8) of the appropriate worksheet. The percentage of ownership is calculated by summing the book/adjusted carrying values of the owned preferred stock and common stock and dividing that amount by the sum of all outstanding preferred and common stock.

#### Insurance Affiliate/Subsidiaries that are Subject to RBC

##### 1. Directly Owned U.S. Affiliates/Subsidiaries:

The risk-based capital requirement for the reporting company for those insurance affiliates/subsidiaries that are subject to a risk-based capital requirement is based on the Total Risk-Based Capital After Covariance of the affiliate/subsidiary, prorated for the percent of ownership of that affiliate/subsidiary.

For purposes of Subsidiary Risk all references to Total Risk-Based Capital After Covariance of the affiliate/subsidiary means:

- a. For a Health affiliate/subsidiary RBC filing, Total Risk-Based Capital After Covariance before Basic Operational Risk (~~XR024XR025~~, Line ~~(4140)~~);
- b. For a P/C affiliate/subsidiary RBC filing, Total Risk-Based Capital After Covariance before Basic Operational Risk (PR032, Line ~~(6059)~~); and
- c. For a Life affiliate/subsidiary RBC filing, the sum of
  - (a) Total Risk-Based Capital After Covariance before Basic Operational Risk (LR031, Line (69)); and
  - (b) Primary Security shortfalls for all cessions covered by Actuarial Guideline XLVIII (AG 48) multiplied by two (LR031, Line (73)).

For RBC purposes, the reporting insurer must determine the carrying value and the RBC requirement of directly owned RBC filing affiliate/subsidiary company, even if the RBC filing affiliate/subsidiary is non-admitted. The value reported in annual statement Schedule D, Part 6, Section 1 should be used for RBC purposes. In addition to RBC, the carrying value of the RBC filer must be reported in total adjusted carrying value for RBC purposes, in order to appropriately balance the numerator with the addition of the denominator value. Enter the carrying value of the insurer as an additional amount in line (8) of the Calculation of Total Adjusted Capital page to satisfy these instructions.

Equity method Insurance Affiliates/Subsidiaries: Equity method is defined in *SSAP No. 97—Investments in Subsidiary, Controlled and Affiliated Entities*, paragraph 8.b. as the underlying audited statutory equity of the respective entity’s financial statements, adjusted for any unamortized goodwill as provided for in *SSAP No. 68—Business Combinations and Goodwill*. For those insurance Affiliates/Subsidiaries of the reporting company that are reported under the equity method, the C<sub>0</sub> charge of the ownership of the common and preferred stock in these Affiliates/Subsidiaries is limited to the lesser of:

- (a) the Total RBC After Covariance of the affiliate/subsidiary times the percentage of ownership, which is the total of common stock and preferred stock; or
- (b) the common and preferred stock book/adjusted carrying value at which the affiliate/subsidiary is carried.

Market Value (including discounted market value) Insurance Affiliates/Subsidiaries (See SSAP No. 97, paragraph 8.a.): See ~~10-9~~ below.

## 2. Indirectly Owned U.S. Insurance Affiliates/Subsidiaries

For Indirectly Owned U.S. Insurance Affiliates/Subsidiaries, the carrying value and RBC is calculated in the same manner as for directly owned U.S. Insurance Affiliates/Subsidiaries. The RBC for the indirect affiliates/subsidiaries must be calculated prior to completing this RBC report.

SSAP No. 97 provides guidance for the reporting and admittance requirements of SCAs. Accordingly, there may be cases where an indirectly owned RBC filer 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 RBC filer), 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 requirement of indirectly owned RBC filing affiliate/subsidiary company. This involves drilling down to the first RBC filing insurance affiliate/subsidiary and adjusting for percentage ownership of the intermediate entity directly owning the RBC filing affiliate/subsidiary. Both RBC and carrying value of the RBC filer 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 (8) of the Calculation of Total Adjusted Capital page to satisfy these instructions.

The carrying value for each indirect insurance affiliate/subsidiary is established based on company records using the statutory value of the insurer as reported in the NAIC annual financial statement blank submitted by the affiliate/subsidiary or market value when applicable, and the RBC requirement as determined in its RBC Report adjusted for the ownership percentages (both the percentage of the indirectly owned RBC filing affiliate/subsidiary that is owned by the directly held downstream holding company and the reporting insurer’s ownership percentage in that downstream entity). The value reported by the downstream holding company for the U.S. RBC filing insurer is the same as the statutory value established for the insurer on a look-through basis.

## 3. Holding Company Value in Excess of Indirectly Owned Insurance Affiliates/Subsidiaries:

The carrying value of a U.S. Insurance Affiliate/Subsidiary that is subject to RBC 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 affiliate/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 remaining value of the directly held holding company is then subject to a charge that is calculated in accordance with the instructions for Holding Company Value in Excess of Indirectly Owned Insurance Affiliates/Subsidiaries as specified in the RBC formula. If the holding company is not admitted, report the excess carrying value as zero and the corresponding RBC charge will also be zero. If a negative excess value for the downstream holding company results from removing the value of U.S. RBC filing insurers from the downstream holding company’s reported value, then the value of that holding company will be floored at zero and the corresponding RBC charge will also be zero.

The following hypothetical Balance Sheet indicates the view of a Holding Company - Holder, Inc. which is 100% owned by MEGA Life Insurance Company (it assumes that the value reported by the downstream holding company for the U.S. RBC filing insurer is the same as the statutory value established for the insurer on a look-through basis):

Balance Sheet					
Holder, Inc.					
12/31/XXXX					
Cm Stk:	ABC Life Company	10,000,000		Long Term Debt	5,000,000
	XYZ Casualty Company	15,000,000		Other Liabilities	2,000,000
	ANH Health Company	3,000,000			
	Other Common Stock	17,000,000		Total Liabilities	7,000,000
	Cash	7,000,000			
	Other Assets	5,000,000		Equity	50,000,000
	Total Assets	57,000,000		Total Liabilities & Equity	57,000,000

The RBC calculation for Holder, Inc.'s value in excess of the indirectly owned insurance affiliates is as follows:

<u>Company</u>	<u>Stat. Book Value</u>	<u>Source:</u>
Holder, Inc.	50,000,000	MEGA Life Sch D - Part 6, Section 1
<i>Holder, Inc. aff/subs subject to RBC</i>		
ABC Life Company	10,000,000	Holder, Inc. Stat. balance sheet
XYZ Casualty Company	15,000,000	Holder, Inc. Stat. balance sheet
ANH Health Company	<u>3,000,000</u>	Holder, Inc. Stat. balance sheet
Subtotal	28,000,000	
Holder, Inc. excl. RBC aff/subs	22,000,000	<i>(amount subject to the 30.0% factor for Holding Company Value in Excess of Indirectly Owned Insurance Affiliates/Subsidiaries)</i>

The following table shows the LR044 entries that MEGA Life Insurance Company (which owns 100% of Holder, Inc.) would report for the indirectly owned insurance subsidiaries under Holder, Inc. This table assumes that Holder, Inc. owns 40%, 50% and 25% of ABC Life, XYZ Casualty, and ANH Health, respectively. The table also assumes that the RBC values shown for these subsidiaries at the 100% level are the correct RBC After Covariance but Before Operational Risk.

		LR044 Column				
		4	5	6	9	10
Affiliates/Subsidiaries	Affiliates/Subsidiaries Type	100% RBC	Book Adjusted Carrying Value	Total Value of Affiliates/Subsidiaries	% Owned	RBC Required
ABC Life Company	Indirect U.S. Life Aff/Sub	5,000,000	10,000,000	25,000,000	40%	2,000,000
XYZ Casualty Company	Indirect U.S. P&C Aff/Sub	12,000,000	15,000,000	30,000,000	50%	6,000,000
ANH Health Company	Indirect U.S. Health Aff/Sub	6,000,000	3,000,000	12,000,000	25%	1,500,000

The risk-based capital charge for the parent insurer preparing the calculation is a 30.0% charge against the holding company value in excess of the indirectly owned insurance affiliates/subsidiaries as calculated in the prior example. Enter information in the appropriate columns of the worksheet, omitting those columns that do not apply (Column (3) – NAIC Company Code or Alien ID Number and Column (4) Affiliate’s RBC After Covariance).

#### 4. Investment Subsidiaries

~~An investment subsidiary is a subsidiary that exists only to invest the funds of the parent company. The term “investment subsidiary” is defined in the NAIC’s *Annual Statement Instructions* as any subsidiary, other than a holding company, engaged or organized primarily to engage in the ownership and management of investments for the insurer. An investment subsidiary shall not include any broker-dealer or a money management fund managing funds other than those of the parent company. The risk-based capital charge for the ownership of an investment subsidiary is based on the risk-based capital of the underlying assets, pro-rated for the degree of ownership. The basis for this calculation is the assumption that the charge should be the same as it would be if the life insurer held the assets directly. Report information regarding any investment subsidiaries. Subsidiaries reported in this section will be assigned an affiliate code of “4” for investment subsidiaries. The amount of reported common stock should be the same as Schedule D, Part 6, Section 1, Line 1699999. Preferred stock information should be the same as Schedule D, Part 6, Section 1, Line 0799999.~~

Affiliates/Subsidiaries that are Not Subject to RBC

#### 5.4. Directly Owned Alien Insurance Affiliates/Subsidiaries

For purposes of this formula, the risk-based capital of each alien insurance affiliate/subsidiary is zero. Report information for any non-U.S. insurance affiliate/subsidiary, both life and property and casualty.

For each affiliate/subsidiary, report the name and alien insurer identification number. For purposes of this formula, the statement value of common and preferred stock and the total outstanding value of common and preferred stock for alien insurance affiliates/subsidiaries should be entered as zero. Companies reported in this section will be assigned an affiliate/subsidiary code of “45” for alien insurers.

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~~1399999. If no value is reported in the Total Value of Affiliate’s/Subsidiary’s common and preferred stock columns (6) and (8), the program will assume 100% ownership.

#### 6.5. Indirectly Owned Alien Insurance Affiliates/Subsidiaries

Consistent with the treatment of Directly Owned Alien Insurance Subsidiaries / Affiliates, for purposes of this formula, the carrying value and risk-based capital charge of each alien insurance affiliate is zero.

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, Lines ~~1499999~~ 1399999 and 0599999. If no value is reported in the Total Value of Affiliate's/Subsidiary's Common and preferred stock columns (6) and (8), the program will assume 100% ownership.

**7.6. Investment in Upstream Affiliate (Parent)**

The pre-tax Risk-Based Capital (RBC) for an investment in an upstream parent is 30.0% of the book/adjusted carrying value of the common and preferred stock, regardless of whether that upstream parent is subject to RBC. Report the appropriate information from Schedule D, Part 6, Section 1, Lines 0199999 and ~~1099999~~ 0999999 in Columns (1) through (**610**).

For each affiliate, enter the following information:

- Company Name,
- Affiliate Type,
- NAIC Company Code,
- Book Adjusted carrying value of common and preferred stock,
- Total Outstanding value of common and preferred stock.

**8.7. Directly Owned U.S. Insurance Affiliates/Subsidiaries Not Subject to RBC**

- Health Insurance Companies and Health Entities Not Subject to RBC
- Property and Casualty Insurance Companies Not Subject to RBC, such as title insurers, monoline financial guaranty insurers, and monoline mortgage guarantee insurers
- Life Insurance Companies Not Subject to RBC, such as life insurance affiliate/subsidiary exempted from RBC

The risk-based capital for insurers not subject to RBC is based on the underlying statute, regulation, or rule governing capital requirements for such entities. If not otherwise specified by statute, regulation or rule, the risk-based capital for an investment in a U.S. insurer that is not required to file an RBC formula Investment is 0.300 times the book/adjusted carrying value of the common and preferred stock.

**9. 8. Non-Insurance Affiliates/Subsidiaries Not Subject to RBC**

- Financial entities with a capital requirement imposed by a regulatory body (e.g. a bank)
- Other financial entities without regulatory capital requirements
- Other non-financial entities

The risk-based capital for entity types a, b, and c. is 0.300 times the book/adjusted carrying value of the common and preferred stock. The affiliate/subsidiary code for Non-Insurance Affiliates/Subsidiaries Not Subject to RBC is "**98**." Reported amounts use Schedule D, part 6, Schedule 1, Line ~~0899999~~ 0799999, and Line ~~1799999~~ 1599999 as the basis of reporting.

**10. 9. Publicly Traded Insurance Affiliates/Subsidiaries Held at Market Value**

The risk-based capital for a publicly traded insurance affiliate/subsidiary held at market value after any "discount," is calculated in two parts. First, calculate and report the risk-based capital of the affiliate/subsidiary according to the relevant instructions above for Insurance Affiliates/Subsidiaries that are Subject to a RBC-look-through Calculation. Second, calculate the additional risk-based capital charge as 34.6% pre-tax of any excess of the market (statement) value over the book value of the affiliate/subsidiary. The result of the second calculation will be added to the C-1o component.

Report information regarding any publicly traded insurance affiliate/subsidiary held at market value. The reported market value of common stock should be the same as shown Schedule D, Part 2, Section 2, Column 7, Line 5919999999 plus Line 5929999999. The market value of preferred stock should be the same as shown in Schedule D, Part 2, Section 1, Column 8,

line 431999999 plus 432999999. The reported book value of common stock should be the same as shown in Schedule D, Part 2, Section 2, Column 5, Line 591999999 plus Line 592999999. The reported book value of preferred stock should be the same as Schedule D, Part 2, Section 1, Column 6, Line 431999999 plus 432999999.

## AFFILIATED STOCKS PR003 – PR005

There are ~~nine-eight~~ categories of affiliated/subsidiary investments that are subject to Risk-Based Capital requirement for common stock and preferred stock holdings. Those ~~nine-eight~~ 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~~
- ~~5.4.~~ Directly Owned Alien Insurance Affiliates/Subsidiaries
  - a. Health Insurance Company or Health Entity
  - b. Property and Casualty Insurance Company
  - c. Life Insurance Company
- ~~6.5.~~ Indirectly Owned Alien Insurance Affiliates/Subsidiaries
  - a. Health Insurance Company or Health Entity
  - b. Property and Casualty Insurance Company
  - c. Life Insurance Company
- ~~7.6.~~ Investments in Upstream Affiliate (Parent)
- ~~8.7.~~ 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
- ~~9.8.~~ 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

Enter applicable items for each affiliate/subsidiary in the Details for Affiliated Stocks worksheet. The program will automatically calculate the risk-based capital charge for each affiliate/subsidiary. When the data is uploaded to the NAIC database, it will be cross-checked and the company will be required to correct any discrepancies and refile a corrected version with the NAIC and/or any state that requires the company to file RBC with its department. The RBC report will display the number of affiliates/subsidiaries. These numbers should be reviewed to ensure that all affiliates/subsidiaries are appropriately reported.

The total of all reported affiliate/subsidiary stock should equal the amounts reported on Schedule D, Part 2, Section 1, Line 440999999 plus Schedule D, Part 2, Section 2, Line 597999999 and should also equal Schedule D, Part 6, Section 1, Line ~~0999999-0899999~~ plus Line ~~18999991699999~~.

Affiliated/Subsidiary investments fall primarily into two broad categories: (a) Insurance Affiliates/Subsidiaries that are Subject to risk-based capital; and (b) Affiliates/Subsidiaries that are Not Subject to risk-based capital. The risk-based capital for these two broad groups differs. A third category of Affiliates/Subsidiaries, publicly traded insurance affiliates/subsidiaries held at market value, has characteristics of both broader categories. As a result, it has a two-part RBC calculation. The general treatment for each is explained below.

Directly owned insurance and health entity affiliates/subsidiaries are affiliates/subsidiaries in which the reporting company owns the stock of the affiliate/subsidiary. Indirectly owned insurance affiliates/subsidiaries and health entities are those where the reporting company owns stock in a holding company, which in turn owns the stock of the insurance affiliate/subsidiary or health entity. Note that there could be multiple holding companies that control the downstream insurance company.

Enter the book/adjusted carrying value of: the common stock in Column (5), the preferred stock in Column (9), the total outstanding common stock in Column (7) and the total outstanding preferred stock of that affiliate/subsidiary in Column (10) of the appropriate worksheet. The percentage of ownership is calculated by summing the book/adjusted carrying values of the owned preferred and common stock and dividing that amount by the sum of all outstanding preferred and common stock.

### Insurance Affiliates/Subsidiaries that are Subject to RBC

#### 1. Directly Owned U.S. Affiliates/Subsidiaries:

The risk-based capital requirement for the reporting company for those insurance affiliates/subsidiaries that are subject to a risk-based capital requirement is based on the Total Risk-Based Capital After Covariance of the subsidiary, prorated for the percent of ownership of that affiliate/subsidiary.

For purposes of Affiliate/Subsidiary Risk all references to Total Risk-Based Capital After Covariance of the affiliate/subsidiary means:

- a. For a Health affiliate/subsidiary RBC filing, Total Risk-Based Capital After Covariance before Basic Operational Risk (XR025, Line (4140)).
- b. For a P/C affiliate/subsidiary RBC filing, Total Risk-Based Capital After Covariance before Basic Operational Risk (PR032, Line (6059)).
- c. For a Life affiliate/subsidiary RBC filing, the sum of
  - i. Total Risk-Based Capital After Covariance before Basic Operational Risk (LR031, Line (69)); and
  - ii. Primary Security shortfalls for all cessions covered by Actuarial Guideline XLVIII (AG 48) multiplied by two (LR031, Line (73)).

For RBC purposes, the reporting insurer must determine the carrying value and the RBC requirement of a directly owned RBC filing affiliate/subsidiary company, even if the RBC filing affiliate/subsidiary is non-admitted for financial reporting purposes. The value reported in annual statement Schedule D, Part 6, Section 1 will be used for RBC purposes. In addition to RBC, the carrying value of the RBC filer must be reported in total adjusted capital 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 (12) of the Calculation of Total Adjusted Capital page to satisfy these instructions.

**Equity method Insurance Affiliates/Subsidiaries:** Equity method is defined in *SSAP No. 97—Investments in Subsidiary, Controlled and Affiliated Entities*, paragraph 8.b. as the underlying audited statutory equity of the respective entity’s financial statements, adjusted for any unamortized goodwill as provided for in *SSAP No. 68—Business Combinations and Goodwill*. For those insurance Affiliates/Subsidiaries of the reporting company that are reported under the equity method, the  $R_0$  charge of the ownership of the common and preferred stock in these Affiliates/Subsidiaries is limited to the lesser of:

- (a) the Total RBC After Covariance of the affiliate/subsidiary times the percentage of ownership, which is the total of common stock and preferred stock; or
- (b) the common and preferred stock book/adjusted carrying value at which the affiliate/subsidiary is carried

**Market Value (including discounted market value) Insurance Affiliates/Subsidiaries (See SSAP No. 97, paragraph 8.a.):** If the affiliate/subsidiary’s common stock is publicly traded and the reporting company carries the affiliate/subsidiary at market value, after any “discount,” there are generally two components to the reporting company’s RBC generated by the affiliate/subsidiary. The prorated portion is the percentage of ownership of the total common and preferred stock. The smaller of the prorated portion of the affiliate/subsidiary’s own statutory surplus or the prorated portion of its RBC after covariance is added to the  $R_0$  component of the reporting company. Normally, the common and preferred stock book/adjusted carrying value of the affiliate/subsidiary exceeds the prorated portion of the larger of its statutory surplus and its RBC after covariance an additional charge is applied to  $R_2$ . The additional charge to the  $R_2$  component is the larger of a) 22.5% of the affiliate/subsidiary’s common and preferred stock book/adjusted carrying value in excess of the prorated portion of the affiliate/subsidiary’s statutory surplus or b) the prorated portion of the affiliate/subsidiary’s RBC after covariance in excess of the prorated portion of its statutory surplus. If the affiliate/subsidiary’s common and preferred stock book/adjusted carrying value is less than the prorated portion of its RBC after covariance, but greater than the prorated portion of its statutory surplus, 100% of the common and preferred stock book/adjusted carrying value in excess of the prorated portion of the affiliate/subsidiary’s statutory surplus is added to the

reporting company's R<sub>2</sub> component. If the affiliate/subsidiary's common and preferred stock book/adjusted carrying value is less than the prorated portion of the affiliate/subsidiaries' statutory surplus, there is no addition to the R<sub>2</sub> component.

## 2. Indirectly Owned U.S. Insurance Affiliates/Subsidiaries

For Indirectly Owned U.S. Insurance Affiliates/Subsidiaries, the carrying value and RBC is calculated in the same manner as for directly owned U.S. Insurance Affiliates/Subsidiaries. The RBC for the indirect affiliates/subsidiaries must be calculated prior to completing this RBC report.

SSAP No. 97 provides guidance for the reporting and admittance requirements of SCAs. Accordingly, there may be cases where an indirectly owned RBC filer 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 RBC filer), 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 requirement of indirectly owned RBC filing affiliate/subsidiary companies. This involves drilling down to the first RBC filing insurance affiliate/subsidiary and adjusting for percentage ownership of the intermediate entity directly owning the RBC filing affiliate/subsidiary. Both RBC and carrying value of the RBC filer 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 (12) of the Calculation of Total Adjusted Capital page to satisfy these instructions.

The carrying value for each indirect insurance affiliate/subsidiary is established based on company records using the statutory value of the insurer as reported in the NAIC annual financial statement blank submitted by the affiliate/subsidiary or market value when applicable, and the RBC requirement as determined in its RBC Report adjusted for the ownership percentages (both the percentage of the indirectly owned RBC filing affiliate/subsidiary that is owned by the directly held downstream holding company and the reporting insurer's ownership percentage in that downstream entity). The value reported by the downstream holding company for the U.S. RBC filing insurer is the same as the statutory value established for the insurer on a look-through basis.

## 3. Holding Company Value in Excess of Indirectly Owned Insurance Affiliates/Subsidiaries

The carrying value of a U.S. Insurance Affiliate/Subsidiary that is subject to RBC 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 remaining value of the directly held holding company is then subject to a charge that is calculated in accordance with the instructions for Holding Company Value in Excess of Indirectly Owned Insurance Affiliates/Subsidiaries as specified in the RBC formula. If the holding company is not admitted, report the excess carrying value as zero and the corresponding RBC charge will also be zero. If a negative excess value for the downstream holding company results from removing the value of U.S. RBC filing insurers from the downstream holding company's reported value, then the value of that holding company will be floored at zero and the corresponding RBC charge will also be zero.

The following hypothetical Balance Sheet indicates the view of a Holding Company - Holder, Inc. which is 100% owned by MEGA P&C Insurance Company (it assumes that the value reported by the downstream holding company for the U.S. RBC filing insurer is the same as the statutory value established for the insurer on a look-through basis):

Balance Sheet					
Holder, Inc.					
12/31/XXXX					
Cm Stk:	ABC Life Company	10,000,000		Long Term Debt	5,000,000
	XYZ Casualty Company	15,000,000		Other Liabilities	2,000,000
	ANH Health Company	3,000,000			
	Other Common Stock	17,000,000		Total Liabilities	7,000,000
	Cash	7,000,000			
	Other Assets	5,000,000		Equity	50,000,000
	Total Assets	57,000,000		Total Liabilities & Equity	57,000,000

The RBC calculation for Holder, Inc.'s value in excess of the indirectly owned insurance affiliates/subsidiaries is as follows:

<u>Company</u>	<u>Stat. Book value</u>	<u>Source:</u>
Holder, Inc.	50,000,000	MEGA P&C Sch D - Part 6, Section 1
<i>Holder, Inc. Aff/subs subject to RBC</i>		
ABC Life Company	10,000,000	Holder, Inc. Stat. balance sheet
XYZ Casualty Company	15,000,000	Holder, Inc. Stat. balance sheet
ANH Health Company	<u>3,000,000</u>	Holder, Inc. Stat. balance sheet
subtotal	28,000,000	
Holder, Inc. excl. RBC aff/subs	22,000,000	<i>(amount subject to the 22.5% factor for Holding Company Value in Excess of Indirectly Owned Insurance Affiliates/Subsidiaries)</i>

The following table shows the PR003 entries that MEGA P&C Insurance Company (which owns 100% owns of Holder, Inc.) would report for the indirectly owned insurance Affiliates/subsidiaries under Holder, Inc. This table assumes that Holder, Inc. owns 40%, 50% and 25% of ABC Life, XYZ Casualty, and ANH Health, respectively. The table also assumes that the RBC values shown for these affiliates/subsidiaries at the 100% level are the correct RBC After Covariance but Before Operational Risk.

		PR003 Column					
		4	5	7	8	9	13
Affiliates/Subsidiaries	Affiliates/Subsidiaries Type	100% RBC	Book Adjusted Carrying Value	Total Value of Affiliates/Subsidiaries	Statutory Surplus of Affiliates/Subsidiaries	% Owned	RBC Required
ABC Life Company	Indirect U.S. Life Aff/Sub	5,000,000	10,000,000	25,000,000	25,000,000	40%	2,000,000
XYZ Casualty Company	Indirect U.S. P&C Aff/Sub	12,000,000	15,000,000	30,000,000	30,000,000	50%	6,000,000
ANH Health Company	Indirect U.S. Health Aff/Sub	6,000,000	3,000,000	12,000,000	12,000,000	25%	1,500,000

The risk-based capital charge for the parent insurer preparing the calculation is a 22.5% charge against the holding company value in excess of the indirectly owned insurance affiliates/subsidiaries as calculated in the prior example. Enter information in the appropriate columns of the worksheet, omitting those columns that do not apply (Column (3) – NAIC Company Code or Alien ID Number and Column (4) Affiliate’s RBC After Covariance).

#### Affiliates/Subsidiaries that are Not Subject to RBC

##### 4.— Investment Subsidiaries

~~An investment subsidiary is a subsidiary that exists only to invest the funds of the parent company. The term investment subsidiary is defined in the annual statement instructions as any subsidiary, other than a holding company, engaged or organized primarily to engage in the ownership and management of investments for the insurer. An investment subsidiary shall not include any broker-dealer or a money management fund managing funds other than those of the parent company. The risk-based capital for an investment in an investment subsidiary is 22.5% of the carrying value of the common and preferred stock.~~

##### 5.4. Directly Owned Alien Insurance Affiliates/Subsidiaries

For purposes of this formula, the Risk-Based Capital (RBC) of each directly owned alien insurance affiliate/subsidiary is the annual statement book adjusted carrying value of the reporting company’s interest in the affiliate multiplied by 0.500. Enter information for any non-U.S. insurance affiliate/subsidiary: life, property and casualty, and health insurers.

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 ~~1499999-1399999~~ plus Line 0599999. If no value is reported in the Total Value of Affiliate’s common and preferred stock columns (7) and (10), the program will assume 100% ownership.

##### 6.5. 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 (12) 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% shares of Holder (a holding company), and Holder owns an Alien Life Insurance Company, which represents 50% 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 \$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% charge against the holding company value in excess of the indirectly owned insurance affiliates/subsidiaries.

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

If NEWBIE Insurance Company only acquired 50% shares of Holder, NEWBIE Insurance Company would enter \$5,000,000 (50% 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.

PR003 Columns			
(1)	(2)	(5)	(12)
Affiliate/Subsidiary	Affiliate/Subsidiary Type	Book Adjusted Carrying Value (Statement Value) of Affiliate's Common Stock	RBC Required
Alien Life Insurance Company	6c	5,000,000	2,500,000
Holder Holding Company	3	5,000,000	1,125,000

For each affiliate/subsidiary enter the following information:

- Company Name,
- Alien Insurer Identification Number,
- Book Adjusted carrying 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~~1399999 plus Line 0599999. If no value is reported in the Total Value of Affiliate's common and preferred stock columns (7) and (10), the program will assume 100% ownership.

7.6. Investment in Upstream Affiliate (Parent)

The Risk-Based Capital (RBC) for an investment in an upstream parent is 22.5% of the book/adjusted carrying value of the common and preferred stock, regardless of whether that upstream parent is subject to RBC. Report the appropriate information from Schedule D, Part 6, Section 1, Lines 0199999 and ~~1099999~~0999999 in Columns (1) through (10).

For each affiliate, enter the following information:

- Company Name,
- Affiliate Type Code,
- NAIC Company Code,
- Book Adjusted carrying value of common stock
- Book Adjusted carrying value of preferred stock,
- Total Outstanding value of common and preferred stock.

8.7. 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, such as title insurers, monoline financial guaranty insurers, and monoline mortgage guarantee insurers
- c. Life Insurance Companies Not Subject to RBC, such as life insurance subsidiary exempted from RBC

The risk-based capital for insurers not subject to RBC is based on the underlying statute, regulation, or rule governing capital requirements for such entities. If not otherwise specified by statute regulation or rule, the risk-based capital for an investment in a U.S. insurer that is not required to file an RBC formula is 22.5% of the book/adjusted carrying value of the common and preferred stock.

9.8. Non-Insurance Affiliates/Subsidiaries Not Subject to RBC

- a. Financial entities with a capital requirement imposed by a regulatory body (e.g., a bank)
- b. Other financial entities without regulatory capital requirements
- c. Other Non-financial entities

The risk-based capital for entity types a, b, and c is 22.5% of the book/adjusted carrying value of the common and preferred stock. The affiliate/subsidiary code for Non-Insurance Affiliates/Subsidiaries Not Subject to RBC is “98”. Reported amounts use Schedule D, Part 6, Section 1, Line ~~08999990799999~~, and Line ~~1799999-1599999~~ as the basis of reporting.



PR030 - PR032 - Computation of Total Risk-Based Capital After Covariance

The components of R0, R1, R2, R3, R4, R5 and Rcat are shown on the following pages of the booklet. The covariance adjustment is used to discount the Total RBC Before Covariance because the RBC amounts for the individual R components, when simply added together, overstate the true risk. It is assumed that not all of the events for which RBC is required would occur simultaneously.

The components of the Total RBC After Covariance formula are:

- R0 – Affiliated Insurance Companies and Misc. Other Amounts RBC
- R1 – Fixed Income Assets RBC
- R2 – Equity Assets RBC
- R3 – Credit-Related Assets RBC
- R4 – Underwriting Risk – Reserves RBC
- R5 – Underwriting Risk – Net Written Premiums
- Rcat – Catastrophe Risk

If loss reserve RBC is greater than the sum of other credit RBC and one half of reinsurance recoverable RBC, then half of reinsurance recoverable is allocated to the R4 component and half is allocated to R3. If loss reserve RBC is less than or equal to the sum of other credit RBC plus one half of reinsurance recoverable RBC, then the entire amount of reinsurance RBC is allocated to the R3 component.

To compute the Total RBC After Covariance Before Basic Operational Risk on Line (~~6059~~), the following formula is used:

$$R0 + \text{SQRT}(R1^2 + R2^2 + R3^2 + R4^2 + R5^2 + R_{\text{cat}}^2) = \text{Total RBC After Covariance Before Basic Operational Risk}$$

**Operational Risk:**

Operational risk is defined as the risk of financial loss resulting from operational events, such as the inadequacy or failure of internal systems, personnel, procedures or controls, as well as external events. Operational risk includes legal risk but excludes reputational risk and risk arising from strategic decisions. Operational risk has been identified as a risk that should be explicitly addressed in the RBC formulas. The Operational Risk charge shall account for operational risks that are not determined to be already reflected in existing risk categories.

An operational risk charge will be reported on Page PR032 in Lines (6460) using a percentage of RBC or “add-on” approach that will apply a risk factor of 3.000% to Line (6059) - RBC after Covariance Before Basic Operational Risk. A further reduction to the operational risk charge equal to the sum of C-4a offset amounts reported by direct Life RBC filing insurance subsidiaries on their Page LR031, Lines (65) + (71), adjusted for the percentage of ownership in the direct life insurance subsidiary, will be reported in Line (6361), and the net Basic Operational Risk charge will be reported on Page PR032 in Line (6462), but not to produce a charge that is less than zero.

Total RBC After Covariance including Basic Operational Risk will be reported in Line (6463) as the sum of lines (6059) and (6362).

The Authorized Control Level RBC, which is reported in the Five-Year Historical Exhibit on Line 29 along with Total Adjusted Capital, is one-half of the Total RBC After Covariance including Operational Risk.

Company Name

Confidential when Completed

NAIC Company Code

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

						#REF!	
		Source		(1)		(2)	
				RBC Amount	Tax Factor	RBC Tax Effect	
<u>ASSET RISKS</u>							
<u>Bonds</u>							
(001)	Long-term Bonds – NAIC 1	LR002 Bonds Column (2) Line (2.8) + LR018 Off-Balance Sheet Collateral Column (3) Line (2.8)		_____ X	0.1680	=	_____
(002)	Long-term Bonds – NAIC 2	LR002 Bonds Column (2) Line (3.4) + LR018 Off-Balance Sheet Collateral Column (3) Line (3.4)		_____ X	0.1680	=	_____
(003)	Long-term Bonds – NAIC 3	LR002 Bonds Column (2) Line (4.4) + LR018 Off-Balance Sheet Collateral Column (3) Line (4.4)		_____ X	0.1680	=	_____
(004)	Long-term Bonds – NAIC 4	LR002 Bonds Column (2) Line (5.4) + LR018 Off-Balance Sheet Collateral Column (3) Line (5.4)		_____ X	0.1680	=	_____
(005)	Long-term Bonds – NAIC 5	LR002 Bonds Column (2) Line (6.4) + LR018 Off-Balance Sheet Collateral Column (3) Line (6.4)		_____ X	0.1680	=	_____
(006)	Long-term Bonds – NAIC 6	LR002 Bonds Column (2) Line (7) + LR018 Off-Balance Sheet Collateral Column (3) Line (7)		_____ X	0.2100	=	_____
(007)	Short-term Bonds – NAIC 1	LR002 Bonds Column (2) Line (10.8)		_____ X	0.1680	=	_____
(008)	Short-term Bonds – NAIC 2	LR002 Bonds Column (2) Line (11.4)		_____ X	0.1680	=	_____
(009)	Short-term Bonds – NAIC 3	LR002 Bonds Column (2) Line (12.4)		_____ X	0.1680	=	_____
(010)	Short-term Bonds – NAIC 4	LR002 Bonds Column (2) Line (13.4)		_____ X	0.1680	=	_____
(011)	Short-term Bonds – NAIC 5	LR002 Bonds Column (2) Line (14.4)		_____ X	0.1680	=	_____
(012)	Short-term Bonds – NAIC 6	LR002 Bonds Column (2) Line (15)		_____ X	0.2100	=	_____
(013)	Credit for Hedging - NAIC 1 Through 5 Bonds	LR014 Hedged Asset Bond Schedule Column (13) Line (0199999)		_____ X	0.1680	=	_____ †
(014)	Credit for Hedging - NAIC 6 Bonds	LR014 Hedged Asset Bond Schedule Column (13) Line (0299999)		_____ X	0.2100	=	_____ †
(015)	Bond Reduction - Reinsurance	LR002 Bonds Column (2) Line (19)		_____ X	0.2100	=	_____ †
(016)	Bond Increase - Reinsurance	LR002 Bonds Column (2) Line (20)		_____ X	0.2100	=	_____
(017)	Non-Exempt NAIC 1 U.S. Government Agency	LR002 Bonds Column (2) Line (22)		_____ X	0.1680	=	_____
(018)	Bonds Size Factor	LR002 Bonds Column (2) Line (26) - LR002 Bonds Column (2) Line (21)		_____ X	0.1680	=	_____
<u>Mortgages</u>							
<u>In Good Standing</u>							
(019)	Residential Mortgages - Insured	LR004 Mortgages Column (6) Line (1)		_____ X	0.1575	=	_____
(020)	Residential Mortgages - Other	LR004 Mortgages Column (6) Line (2)		_____ X	0.1575	=	_____
(021)	Commercial Mortgages - Insured	LR004 Mortgages Column (6) Line (3)		_____ X	0.1575	=	_____
(022)	Total Commercial Mortgages - All Other	LR004 Mortgages Column (6) Line (9)		_____ X	0.1575	=	_____
(023)	Total Farm Mortgages	LR004 Mortgages Column (6) Line (15)		_____ X	0.1575	=	_____
<u>90 Days Overdue</u>							
(024)	Farm Mortgages	LR004 Mortgages Column (6) Line (16)		_____ X	0.1575	=	_____
(025)	Residential Mortgages - Insured	LR004 Mortgages Column (6) Line (17)		_____ X	0.1575	=	_____
(026)	Residential Mortgages - Other	LR004 Mortgages Column (6) Line (18)		_____ X	0.1575	=	_____
(027)	Commercial Mortgages - Insured	LR004 Mortgages Column (6) Line (19)		_____ X	0.1575	=	_____
(028)	Commercial Mortgages - Other	LR004 Mortgages Column (6) Line (20)		_____ X	0.1575	=	_____
<u>In Process of Foreclosure</u>							
(029)	Farm Mortgages	LR004 Mortgages Column (6) Line (21)		_____ X	0.1575	=	_____

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

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	Source	(1)		(2)	
		RBC Amount	Tax Factor	RBC Tax Effect	
(030) Residential Mortgages - Insured	LR004 Mortgages Column (6) Line (22)		X 0.1575	=	
(031) Residential Mortgages - Other	LR004 Mortgages Column (6) Line (23)		X 0.1575	=	
(032) Commercial Mortgages - Insured	LR004 Mortgages Column (6) Line (24)		X 0.1575	=	
(033) Commercial Mortgages - Other	LR004 Mortgages Column (6) Line (25)		X 0.1575	=	
(034) Due & Unpaid Taxes Mortgages	LR004 Mortgages Column (6) Line (26)		X 0.1575	=	
(035) Due & Unpaid Taxes - Foreclosures	LR004 Mortgages Column (6) Line (27)		X 0.1575	=	
(036) Mortgage Reduction - Reinsurance	LR004 Mortgages Column (6) Line (29)		X 0.2100	=	†
(037) Mortgage Increase - Reinsurance	LR004 Mortgages Column (6) Line (30)		X 0.2100	=	
<u>Preferred Stock</u>					
(038) Unaffiliated Preferred Stock NAIC 1	LR005 Unaffiliated Preferred and Common Stock Column (5) Line (1) + LR018 Off-Balance Sheet Collateral Column (3) Line (9)		X 0.1575	=	
(039) Unaffiliated Preferred Stock NAIC 2	LR005 Unaffiliated Preferred and Common Stock Column (5) Line (2) + LR018 Off-Balance Sheet Collateral Column (3) Line (10)		X 0.1575	=	
(040) Unaffiliated Preferred Stock-NAIC 3	LR005 Unaffiliated Preferred and Common Stock Column (5) Line (3) + LR018 Off-Balance Sheet Collateral Column (3) Line (11)		X 0.1575	=	
(041) Unaffiliated Preferred Stock NAIC 4	LR005 Unaffiliated Preferred and Common Stock Column (5) Line (4) + LR018 Off-Balance Sheet Collateral Column (3) Line (12)		X 0.1575	=	
(042) Unaffiliated Preferred Stock NAIC 5	LR005 Unaffiliated Preferred and Common Stock Column (5) Line (5) + LR018 Off-Balance Sheet Collateral Column (3) Line (13)		X 0.1575	=	
(043) Unaffiliated Preferred Stock NAIC 6	LR005 Unaffiliated Preferred and Common Stock Column (5) Line (6) + LR018 Off-Balance Sheet Collateral Column (3) Line (14)		X 0.2100	=	
(044) Preferred Stock Reduction-Reinsurance	LR005 Unaffiliated Preferred and Common Stock Column (5) Line (8)		X 0.2100	=	†
(045) Preferred Stock Increase-Reinsurance	LR005 Unaffiliated Preferred and Common Stock Column (5) Line (9)		X 0.2100	=	
<u>Separate Accounts</u>					
(046) Guaranteed Index	LR006 Separate Accounts Column (3) Line (1)		X 0.1575	=	
(047) Nonindex-Book Reserve	LR006 Separate Accounts Column (3) Line (2)		X 0.1575	=	
(048) Separate Accounts Nonindex-Market Reserve	LR006 Separate Accounts Column (3) Line (3)		X 0.1575	=	
(049) Separate Accounts Reduction-Reinsurance	LR006 Separate Accounts Column (3) Line (5)		X 0.2100	=	†
(050) Separate Accounts Increase-Reinsurance	LR006 Separate Accounts Column (3) Line (6)		X 0.2100	=	
(051) Synthetic GICs	LR006 Separate Accounts Column (3) Line (8)		X 0.1575	=	
(052) Separate Account Surplus	LR006 Separate Accounts Column (3) Line (13)		X 0.1575	=	
<u>Real Estate</u>					
(053) Company Occupied Real Estate	LR007 Real Estate Column (3) Line (3)		X 0.2100	=	
(054) Foreclosed Real Estate	LR007 Real Estate Column (3) Line (6)		X 0.2100	=	
(055) Investment Real Estate	LR007 Real Estate Column (3) Line (9)		X 0.2100	=	
(056) Real Estate Reduction - Reinsurance	LR007 Real Estate Column (3) Line (11)		X 0.2100	=	†
(057) Real Estate Increase - Reinsurance	LR007 Real Estate Column (3) Line (12)		X 0.2100	=	
(058) Sch BA Real Estate Excluding Tax Credit Investments	LR007 Real Estate Column (3) Line (16)		X 0.2100	=	
(059) Yield Guaranteed State Tax Credit Investments	LR007 Real Estate Column (3) Line (17)		X 0.0000	=	
(060) Qualifying and Other Tax Credit Investments	LR007 Real Estate Column (3) Line (18) + Line (19) + Line (20)		X 0.0000	=	
(061) Sch BA Real Estate Reduction - Reinsurance	LR007 Real Estate Column (3) Line (23)		X 0.2100	=	†
(062) Sch BA Real Estate Increase - Reinsurance	LR007 Real Estate Column (3) Line (24)		X 0.2100	=	

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	Source	(1)		(2)	
		RBC Amount	Tax Factor	RBC Tax Effect	
(063) Sch BA Bond NAIC 1	LR008 Other Long-Term Assets Column (5) Line (2)		X 0.1575	=	
(064) Sch BA Bond NAIC 2	LR008 Other Long-Term Assets Column (5) Line (3)		X 0.1575	=	
(065) Sch BA Bond NAIC 3	LR008 Other Long-Term Assets Column (5) Line (4)		X 0.1575	=	
(066) Sch BA Bond NAIC 4	LR008 Other Long-Term Assets Column (5) Line (5)		X 0.1575	=	
(067) Sch BA Bond NAIC 5	LR008 Other Long-Term Assets Column (5) Line (6)		X 0.1575	=	
(068) Sch BA Bond NAIC 6	LR008 Other Long-Term Assets Column (5) Line (7)		X 0.2100	=	
(069) BA Bond Reduction - Reinsurance	LR008 Other Long-Term Assets Column (5) Line (9)		X 0.2100	=	†
(070) BA Bond Increase - Reinsurance	LR008 Other Long-Term Assets Column (5) Line (10)		X 0.2100	=	
(071) BA Preferred Stock NAIC 1	LR008 Other Long-Term Assets Column (5) Line (12)		X 0.1575	=	
(072) BA Preferred Stock NAIC 2	LR008 Other Long-Term Assets Column (5) Line (13)		X 0.1575	=	
(073) BA Preferred Stock NAIC 3	LR008 Other Long-Term Assets Column (5) Line (14)		X 0.1575	=	
(074) BA Preferred Stock NAIC 4	LR008 Other Long-Term Assets Column (5) Line (15)		X 0.1575	=	
(075) BA Preferred Stock NAIC 5	LR008 Other Long-Term Assets Column (5) Line (16)		X 0.1575	=	
(076) BA Preferred Stock NAIC 6	LR008 Other Long-Term Assets Column (5) Line (17)		X 0.2100	=	
(077) BA Preferred Stock Reduction-Reinsurance	LR008 Other Long-Term Assets Column (5) Line (19)		X 0.2100	=	†
(078) BA Preferred Stock Increase - Reinsurance	LR008 Other Long-Term Assets Column (5) Line (20)		X 0.2100	=	
(079) Rated Surplus Notes	LR008 Other Long-Term Assets Column (5) Line (31)		X 0.1575	=	
(080) Rated Capital Notes	LR008 Other Long-Term Assets Column (5) Line (41)		X 0.1575	=	
(081) BA Common Stock Affiliated	LR008 Other Long-Term Assets Column (5) Line (50.3)		X 0.2100	=	
(082) BA Collateral Loans	LR008 Other Long-Term Assets Column (5) Line (51)		X 0.1575	=	
(083) Other BA Assets	LR008 Other Long-Term Assets Column (5) Line (53.3) + LR018 Off-Balance Sheet Collateral Column (3) Line (17) + Line (18)		X 0.2100	=	
(084) Other BA Assets Reduction-Reinsurance	LR008 Other Long-Term Assets Column (5) Line (55)		X 0.2100	=	†
(085) Other BA Assets Increase - Reinsurance	LR008 Other Long-Term Assets Column (5) Line (56)		X 0.1575	=	
(086) BA Mortgages - In Good Standing	LR009 Schedule BA Mortgages Column (6) Line (12)		X 0.1575	=	
(087) BA Mortgages - 90 Days Overdue	LR009 Schedule BA Mortgages Column (6) Line (16)		X 0.1575	=	
(088) BA Mortgages - In Process of Foreclosure	LR009 Schedule BA Mortgages Column (6) Line (20)		X 0.1575	=	
(089) Reduction - Reinsurance	LR009 Schedule BA Mortgages Column (6) Line (22)		X 0.2100	=	†
(090) Increase - Reinsurance	LR009 Schedule BA Mortgages Column (6) Line (23)		X 0.2100	=	
<u>Miscellaneous</u>					
(091) Asset Concentration Factor	LR010 Asset Concentration Factor Column (6) Line (61) Grand Total Page		X 0.1575	=	
(092) Miscellaneous Assets	LR012 Miscellaneous Assets Column (2) Line (7)		X 0.1575	=	
(093) Derivatives - Collateral and Exchange Traded	LR012 Miscellaneous Assets Column (2) Lines (8) + (9) + (10)		X 0.1575	=	
(094) Derivatives NAIC 1	LR012 Miscellaneous Assets Column (2) Line (11)		X 0.1575	=	
(095) Derivatives NAIC 2	LR012 Miscellaneous Assets Column (2) Line (12)		X 0.1575	=	
(096) Derivatives NAIC 3	LR012 Miscellaneous Assets Column (2) Line (13)		X 0.1575	=	
(097) Derivatives NAIC 4	LR012 Miscellaneous Assets Column (2) Line (14)		X 0.1575	=	
(098) Derivatives NAIC 5	LR012 Miscellaneous Assets Column (2) Line (15)		X 0.1575	=	
(099) Derivatives NAIC 6	LR012 Miscellaneous Assets Column (2) Line (16)		X 0.2100	=	
(100) Miscellaneous Assets Reduction-Reinsurance	LR012 Miscellaneous Assets Column (2) Line (19)		X 0.2100	=	†
(101) Miscellaneous Assets Increase-Reinsurance	LR012 Miscellaneous Assets Column (2) Line (20)		X 0.2100	=	

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		(1) RBC Amount	Tax Factor	(2) RBC Tax Effect
(102) Replications	LR013 Replication (Synthetic Asset) Transactions and Mandatory Convertible Securities Column (7) Line (9999999)	X	0.1575	=
(103) Reinsurance	LR016 Reinsurance Column (4) Line (17)	X	0.2100	=
(104) <del>Investment-Affiliates-Intentionally Left Blank</del>	<del>LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (8) XXX</del>	<del>XXX</del>	<del>0.21-XXX</del>	<del>=</del> <del>XXX</del>
(105) Investment in Upstream Affiliate (Parent)	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (15)	X	0.2100	=
(106) Directly Owned Health Insurance Companies or Health Entities Not Subject to RBC	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (16)	X	0.2100	=
(107) Directly Owned Property and Casualty Insurance Companies Not Subject to RBC	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (17)	X	0.2100	=
(108) Directly Owned Life Insurance Companies Not Subject to RBC	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (18)	X	0.2100	=
(109) Publicly Traded Insurance Affiliates	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (22)	X	0.2100	=
(110) Subtotal for C-1o Assets	Sum of Lines (001) through (109), Recognizing the Deduction of Lines (013), (014), (015), (036), (044), (049), (056), (061), (069), (077), (084), (089) and (100)			
<u>C-0 Affiliated Common Stock</u>				
(111) Off-Balance Sheet and Other Items	LR017 Off-Balance Sheet and Other Items Column (5) Line (27)	X	0.1575	=
(112) Off-Balance Sheet Items Reduction - Reinsurance	LR017 Off-Balance Sheet and Other Items Column (5) Line (28)	X	0.2100	=
(113) Off-Balance Sheet Items Increase - Reinsurance	LR017 Off-Balance Sheet and Other Items Column (5) Line (29)	X	0.2100	=
(114) Directly Owned Health Insurance Companies or Health Entities	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (1)	X	0.2100	=
(115) Directly Owned Property and Casualty Insurance Affiliates	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (2)	X	0.2100	=
(116) Directly Owned Life Insurance Affiliates	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (3)	X	0.2100	=
(117) Indirectly Owned Health Insurance Companies or Health Entities	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (4)	X	0.2100	=
(118) Indirectly Owned Property and Casualty Insurance Affiliates	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (5)	X	0.2100	=
(119) Indirectly Owned Life Insurance Affiliates	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (6)	X	0.2100	=
(120) Affiliated Alien Insurers - Directly Owned	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Lines (9) + (10) + (11)	X	0.0000	=
(121) Affiliated Alien Insurers - Indirectly Owned	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Lines (12) + (13) + (14)	X	0.0000	=
(122) Subtotal for C-0 Affiliated Common Stock	Lines (111)-(112)+(113)+(114)+(115)+(116)+(117)+(118)+(119)+(120)+(121)			
<u>Common Stock</u>				
(123) Unaffiliated Common Stock	LR005 Unaffiliated Preferred and Common Stock Column (5) Line (17) + LR018 Off-Balance Sheet Collateral Column (3) Line (16)	X	0.2100	=
(124) Credit for Hedging - Common Stock	LR015 Hedged Asset Common Stock Schedule Column (10) Line (0299999)	X	0.2100	=
(125) Stock Reduction - Reinsurance	LR005 Unaffiliated Preferred and Common Stock Column (5) Line (19)	X	0.2100	=
(126) Stock Increase - Reinsurance	LR005 Unaffiliated Preferred and Common Stock Column (5) Line (20)	X	0.2100	=
Schedule BA Unaffiliated Common Stock/ Equity Interests and Affiliated Non-Insurance Stock (C1-cs), excluding Residual				
(127) Tranches or Interests	LR008 Other Long-Term Assets Column (5) Line (49) - Line (45)	X	0.2100	=
(128) Total Residual Tranches or Interests	LR008 Other Long-Term Assets Column (5) Line (45)	X	0.2100	=
(129) Common Stock Concentration Factor	LR011 Common Stock Concentration Factor Column (6) Line (6)	X	0.2100	=
(130) NAIC 01 Working Capital Finance Notes	LR008 Other Long-Term Assets Column (5) Line (52.1)	X	0.1575	=
(131) NAIC 02 Working Capital Finance Notes	LR008 Other Long-Term Assets Column (5) Line (52.2)	X	0.1575	=
(132) Holding Company in Excess of Indirect Subs	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (7)	X	0.2100	=
(133) Affiliated Non-Insurers	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Lines (19) + (20) + (21)	X	0.2100	=
(134) Total for C-1es Assets	Lines (123)-(124)-(125)+(126)+(127)+(128)+(129)+(130)+(131)+(132)+(133)			
<u>Insurance Risk</u>				
(135) Disability Income Premium	LR019 Health Premiums Column (2) Lines (21) through (27)	X	0.2100	=

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

		(1) RBC Amount	Tax Factor	(2) RBC Tax Effect
(136) Long-Term Care	LR019 Health Premiums Column (2) Line (28) + LR023 Long-Term Care Column (4) Line (7)	X	0.2100	=
(137) Individual & Industrial Life Insurance C-2 Risk	LR025 Life Insurance Column (2) Line (5)	X	0.2100	=
(138) Group & Credit Life Insurance C-2 Risk	LR025 Life Insurance Column (2) Line (12)	X	0.2100	=
(138b) Longevity C-2 Risk	LR025-A Longevity Risk Column (2) Line (5)	X	0.2100	=
(139) Disability and Long-Term Care Health Claim Reserves	LR024 Health Claim Reserves Column (4) Line (9) + Line (15)	X	0.2100	=
(140) Premium Stabilization Credit	LR026 Premium Stabilization Reserves Column (2) Line (10)	X	0.0000	=
(141) Total C-2 Risk	$L(135) + L(136) + L(139) + L(140) + \text{Greatest of}[\text{Guardrail Factor} * (L(137)+L(138)), \text{Guardrail Factor} * L(138b), \text{Square Root of}[(L(137) + L(138))^2 + L(138b)^2 + 2 * (\text{Correlation Factor}) * (L(137) + L(138)) * L(138b)]]$			
(142) Interest Rate Risk	LR027 Interest Rate Risk Column (3) Line (36)	X	0.2100	=
(143) Health Credit Risk	LR028 Health Credit Risk Column (2) Line (7)	X	0.0000	=
(144) Market Risk	LR027 Interest Rate Risk Column (3) Line (37)	X	0.2100	=
(145) Business Risk	LR029 Business Risk Column (2) Line (40)	X	0.2100	=
(146) Health Administrative Expenses	LR029 Business Risk Column (2) Line (57)	X	0.0000	=
(147) Total Tax Effect	Lines (110) + (122) + (134) + (141) + (142) + (143) + (144) + (145) + (146)			

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CALCULATION OF AUTHORIZED CONTROL LEVEL RISK-BASED CAPITAL

	<u>Source</u>	<u>(1) RBC Requirement</u>
<u>Insurance Affiliates and Misc. Other Amounts (C-0)</u>		
(1) Directly Owned Health Insurance Companies or Health Entities	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (1)	_____
(2) Directly Owned Property and Casualty Insurance Affiliates	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (2)	_____
(3) Directly Owned Life Insurance Affiliates	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (3)	_____
(4) Indirectly Owned Health Insurance Companies or Health Entities	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (4)	_____
(5) Indirectly Owned Property and Casualty Insurance Affiliates	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (5)	_____
(6) Indirectly Owned Life Insurance Affiliates	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (6)	_____
(7) Affiliated Alien Insurers - Directly Owned	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Lines (9) + (10) + (11)	_____
(8) Affiliated Alien Insurers - Indirectly Owned	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Lines (12) + (13) + (14)	_____
(9) Off-Balance Sheet and Other Items	LR017 Off-Balance Sheet and Other Items Column (5) Line (34)	_____
(10) Total (C-0) - Pre-Tax	Sum of Lines (1) through (9)	_____
(11) (C-0) Tax Effect	LR030 Calculation of Tax Effect for Life and Fraternal Risk-Based Capital Column (2) Line (122)	_____
(12) Net (C-0) - Post-Tax	Line (10) - Line (11)	=====
 <u>Asset Risk – Unaffiliated Common Stock and Affiliated Non-Insurance Stock (C-1cs)</u>		
(13) Schedule D Unaffiliated Common Stock	LR005 Unaffiliated Common Stock Column (5) Line (21) + LR018 Off-Balance Sheet Collateral Column (3) Line (16)	_____
(14) Schedule BA Unaffiliated Common Stock/ Equity Interests and Affiliated Non-Insurance Stock (C1-cs), excluding Residual Tranches or Interests	LR008 Other Long-Term Assets Column (5) line (49) - (45)	_____
(15) Total Residual Tranches or Interests	LR008 Other Long-Term Assets Column (5) line (45)	_____
(16) Common Stock Concentration Factor	LR011 Common Stock Concentration Factor Column (6) Line (6)	_____
(17) Holding Company in Excess of Indirect Subs	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (7)	_____
(18) Affiliated Non-Insurers	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Lines (19) + (20) + (21)	_____
(19) Total (C-1cs) - Pre-Tax	Sum of Lines (13) through (18)	_____
(20) (C-1cs) Tax Effect	LR030 Calculation of Tax Effect for Life and Fraternal Risk-Based Capital Column (2) Line (134)	_____
(21) Net (C-1cs) - Post-Tax	Line (19) - Line (20)	=====
 <u>Asset Risk - All Other (C-1o)</u>		
(22) Bonds after Size Factor	LR002 Bonds Column (2) Line (27) + LR018 Off-Balance Sheet Collateral Column (3) Line (8)	_____
(23) Mortgages (including past due and unpaid taxes)	LR004 Mortgages Column (6) Line (31)	_____
(24) Unaffiliated Preferred Stock	LR005 Unaffiliated Preferred and Common Stock Column (5) Line (10) + LR018 Off-Balance Sheet Collateral Column (3) Line (15)	_____
(25) <del>Investment Affiliates Intentionally Left Blank</del>	<del>LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (8)</del>	<del>XXX</del>
(26) Investment in Upstream Affiliate (Parent)	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (15)	_____
(27) Directly Owned Health Insurance Companies or Health Entities Not Subject to RBC	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (16)	_____
(28) Directly Owned Property and Casualty Insurance Companies Not Subject to RBC	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (17)	_____
(29) Directly Owned Life Insurance Companies Not Subject to RBC	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (18)	_____
(30) Publicly Traded Insurance Affiliates	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (22)	_____
(31) Separate Accounts with Guarantees	LR006 Separate Accounts Column (3) Line (7)	_____

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CALCULATION OF AUTHORIZED CONTROL LEVEL RISK-BASED CAPITAL (CONTINUED)

	<u>Source</u>	(1) RBC Requirement
(32) Synthetic GIC's (C-1o)	LR006 Separate Accounts Column (3) Line (8)	_____
(33) Surplus in Non-Guaranteed Separate Accounts	LR006 Separate Accounts Column (3) Line (13)	_____
(34) Real Estate (gross of encumbrances)	LR007 Real Estate Column (3) Line (13)	_____
(35) Schedule BA Real Estate (gross of encumbrances)	LR007 Real Estate Column (3) Line (25)	_____
(36) Other Long-Term Assets	LR008 Other Long-Term Assets Column (5) Line (57) + LR018 Off-Balance Sheet Collateral Column (3) Line (17) + Line (18)	_____
(37) Schedule BA Mortgages	LR009 Schedule BA Mortgages Column (6) Line (24)	_____
(38) Concentration Factor	LR010 Asset Concentration Factor Column (6) Line (61) Grand Total Page	_____
(39) Miscellaneous	LR012 Miscellaneous Assets Column (2) Line (21)	_____
(40) Replication Transactions and Mandatory Convertible Securities	LR013 Replication (Synthetic Asset) Transactions and Mandatory Convertible Securities Column (7) Line (9999999)	_____
(41) Reinsurance	LR016 Reinsurance Column (4) Line (17)	_____
(42) Total (C-1o) - Pre-Tax	Sum of Lines (22) through (41)	_____
(43) (C-1o) Tax Effect	LR030 Calculation of Tax Effect for Life and Fraternal Risk-Based Capital Column (2) Line (110)	_____
(44) Net (C-1o) - Post-Tax	Line (42) - Line (43)	=====
<u>Insurance Risk (C-2)</u>		
(45) Individual and Industrial Life Insurance	LR025 Life Insurance Column (2) Line (5)	_____
(46) Group and Credit Life Insurance and FEGLI/SGLI	LR025 Life Insurance Column (2) Line (12)	_____
(46b) Longevity Risk	LR025-A Longevity Risk Column (2) Line (5)	_____
(47) Total Health Insurance	LR024 Health Claim Reserves Column (4) Line (18)	_____
(48) Premium Stabilization Reserve Credit	LR026 Premium Stabilization Reserves Column (2) Line (10)	_____
(49) Total (C-2) - Pre-Tax	$L(47) + L(48) + \text{Greatest of } [ \text{Guardrail Factor} * (L(45)+L(46)), \text{Guardrail Factor} * L(46b), \text{Square Root of } [ (L(45) + L(46))^2 + L(46b)^2 + 2 * (\text{Correlation Factor}) * (L(45) + L(46)) * L(46b) ] ]$	_____
(50) (C-2) Tax Effect	LR030 Calculation of Tax Effect for Life and Fraternal Risk-Based Capital Column (2) Line (141)	_____
(51) Net (C-2) - Post-Tax	Line (49) - Line (50)	=====
<u>Interest Rate Risk (C-3a)</u>		
(52) Total Interest Rate Risk - Pre-Tax	LR027 Interest Rate Risk Column (3) Line (36)	_____
(53) (C-3a) Tax Effect	LR030 Calculation of Tax Effect for Life and Fraternal Risk-Based Capital Column (2) Line (142)	_____
(54) Net (C-3a) - Post-Tax	Line (52) - Line (53)	=====
<u>Health Credit Risk (C-3b)</u>		
(55) Total Health Credit Risk - Pre-Tax	LR028 Health Credit Risk Column (2) Line (7)	_____
(56) (C-3b) Tax Effect	LR030 Calculation of Tax Effect for Life and Fraternal Risk-Based Capital Column (2) Line (143)	_____
(57) Net (C-3b) - Post-Tax	Line (55) - Line (56)	=====
<u>Market Risk (C-3c)</u>		
(58) Total Market Risk - Pre-Tax	LR027 Interest Rate Risk Column (3) Line (37)	_____
(59) (C-3c) Tax Effect	LR030 Calculation of Tax Effect for Life and Fraternal Risk-Based Capital Column (2) Line (144)	_____
(60) Net (C-3c) - Post-Tax	Line (58) - Line (59)	=====

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

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CALCULATION OF AUTHORIZED CONTROL LEVEL RISK-BASED CAPITAL (CONTINUED)

	Source	(1) RBC Requirement
<u>Business Risk (C-4a)</u>		
(61) Premium Component	LR029 Business Risk Column (2) Lines (12) + (24) + (36)	_____
(62) Liability Component	LR029 Business Risk Column (2) Line (39)	_____
(63) Subtotal Business Risk (C-4a) - Pre-Tax	Lines (61) + (62)	_____
(64) (C-4a) Tax Effect	LR030 Calculation of Tax Effect for Life and Fraternal Risk-Based Capital Column (2) Line (145)	_____
(65) Net (C-4a) - Post-Tax	Line (63) - Line (64)	=====
<u>Business Risk (C-4b)</u>		
(66) Health Administrative Expense Component of Business Risk (C-4b) - Pre-Tax	LR029 Business Risk Column (2) Line (57)	_____
(67) (C-4b) Tax Effect	LR030 Calculation of Tax Effect for Life and Fraternal Risk-Based Capital Column (2) Line (146)	_____
(68) Net (C-4b) - Post-Tax	Line (66) - Line (67)	=====
<u>Total Risk-Based Capital After Covariance Before Basic Operational Risk</u>		
(69) $C-0 + C-4a + \text{Square Root of } [(C-1o + C-3a)^2 + (C-1cs + C-3c)^2 + (C-2)^2 + (C-3b)^2 + (C-4b)^2]$	REPORT AMOUNT ON PARENT COMPANY'S RBC IF APPLICABLE $L(12)+L(65) + \text{Square Root of } [(L(44) + L(54))^2 + (L(21) + L(60))^2 + L(51)^2 + L(57)^2 + L(68)^2]$	=====
(70) Gross Basic Operational Risk	$0.03 \times L(69)$	_____
(71) C-4a of U.S. Life Insurance Subsidiaries	Company Records	_____
(72) Net Basic Operational Risk	Line (70) - (Line (65) + Line (71)) (Not less than zero)	_____
(73) Primary Security Shortfall Calculated in Accordance With Actuarial Guideline XLVIII Multiplied by 2	LR036 XXX/AXXX Reinsurance Primary Security Shortfall by Cession Column (7) Line (9999999) Multiplied by 2	_____
(74) Total Risk-Based Capital After Covariance (Including Basic Operational Risk and Primary Security Shortfall multiplied by 2)	Line (69) + Line (72) + Line (73)	=====
<u>Authorized Control Level Risk-Based Capital (After Covariance Adjustment and Shortfall)</u>		
(75) Total Risk-Based Capital After Covariance Times Fifty Percent	Line (74) x 0.50	=====
<u>Tax Sensitivity Test</u>		
(78) Tax Sensitivity Test: Total Risk-Based Capital After Covariance	$L(10)+L(63) + \text{Square Root of } [(L(42) + L(52))^2 + (L(19) + L(58))^2 + L(49)^2 + L(55)^2 + L(66)^2]$	_____
(77) Tax Sensitivity Test: Authorized Control Level Risk-Based Capital	Line (76) x 0.50	_____

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

Company Name  
 CALCULATION OF TOTAL ADJUSTED CAPITAL  
 (Including Total Adjusted Capital Tax Sensitivity Test)

Cocode: 00000

	Annual Statement Source	(1) Statement Value	Factor	(2) Adjusted Capital
<u>Company Amounts</u>				
(1) Capital and Surplus	Page 3 Column 1 Line 38	\$0 X	1.000 =	\$0
(2) Asset Valuation Reserve	Page 3 Column 1 Line 24.01 §	\$0 X	1.000 =	\$0
(3) Dividends Apportioned for Payment	Page 3 Column 1 Line 6.1, in part	\$0 X	0.500 =	\$0
(4) Dividends Not Yet Apportioned	Page 3 Column 1 Line 6.2, in part	\$0 X	0.500 =	\$0
(5) Hedging Fair Value Adjustment	Company Records	\$0 X	-1.000 =	\$0
<u>Life Subsidiary Company Amounts†</u>				
(6) Asset Valuation Reserve	Subsidiaries' Annual Statement Page 3 Column 1 Line 24.01‡ §	\$0 X	1.000 =	\$0
(7) Dividend Liability	Subsidiaries' Annual Statement Page 3 Column 1 Line 6.1 + Line 6.2‡	\$0 X	0.500 =	\$0
(8) Carrying Value of Non-Admitted Insurance Affiliates	Included in LR044 Columns 5 and 7	\$0 X	1.000 =	\$0
<u>Property and Casualty and Other Non-U.S. Affiliated Amounts</u>				
Non-Tabular discount and/or <b>Directly and Indirectly Owned Alien Insurance Affiliates/ Subsidiaries-Other</b>				
(9) <b>Other</b>	Included in Subsidiaries' Annual Statement Page 3 Column 1 Line 1 + 3‡ and/or Schedule D Part 6, Section 1 Column 6 Line 0599999 and Line 1399999, in part	\$0 X	1.000 =	\$0
(10) Total Adjusted Capital Before Capital Notes	Sum of Lines (1) through (8) less Line (9)	\$0		\$0
<u>Credit for Capital Notes</u>				
(11.1) Surplus Notes	Page 3 Column 1 Line 32	\$0		\$0
(11.2) Limitation on Capital Notes	0.5 x [Line (10) - Line (11.1)] - Line (11.1), but not less than 0	\$0		\$0
(11.3) Capital Notes Before Limitation	LR032 Capital Notes Before Limitation Column (4) Line (18)	\$0		\$0
(11.4) Credit for Capital Notes	Lesser of Column (1) Line (11.2) or Line (11.3)			\$0
(12) XXX/AXXX Reinsurance RBC Shortfall	LR037 XXX/AXXX Captive Reinsurance Consolidated Exhibit Column (10) Line (10)			\$0
(13) Total Adjusted Capital	Line (10) + Line (11.4) - Line (12)			\$0
<u>Tax Sensitivity Test</u>				
<u>Company Amounts</u>				
(14) Deferred Tax Asset (DTA) Value	Page 2 Column 3 Line 18.2	\$0 X	-1.000 =	\$0
(15) Deferred Tax Liability (DTL) Value	Page 3 Column 1 Line 15.2	\$0 X	1.000 =	\$0
<u>Subsidiary Amounts</u>				
(16) Deferred Tax Asset (DTA) Value	Company Records	\$0 X	-1.000 =	\$0
(17) Deferred Tax Liability (DTL) Value	Company Records	\$0 X	1.000 =	\$0
(18) Tax Sensitivity Test: Total Adjusted Capital	Line (13)+(14)+(15)+(16)+(17)			\$0
<u>Ex DTA ACL RBC Ratio Sensitivity Test</u>				
(19) Deferred Tax Asset-Company Amounts	Page 2 Column 3 Line 18.2	\$0 X	1.000 =	\$0
(20) Total Adjusted Capital Less Deferred Tax Asset Amounts	Line (13) less Line (19)			\$0
(21) Authorized Control Level RBC	LR034 Risk-Based Capital Level of Action Line (4)	\$0 X	1.000 =	\$0
(22) Ex DTA ACL RBC Ratio	Line (20) / Line (21)			0.000%

† Including subsidiaries owned by holding companies.

‡ Multiply statement value by percent of ownership.

§ 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.

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**ADDITIONAL INFORMATION REQUIRED**

#REF!

(1)

	<u>Source</u>	<u>Statement Value</u>
(1.2) Other Affiliates: Subsidiaries	Subsidiaries' Life and Fraternal Risk-Based Capital LR042 Summary for Affiliated Investments Column (1) Lines (19), (20) and (21); Property and Casualty Risk-Based Capital PR005 Summary For Subsidiary, Controlled and Affiliated Investments for Cross-Checking Statement Values Column (1) Line (7) and Line (15)	
(2.2) Noncontrolled Assets: Subsidiaries	Subsidiaries' Life and Fraternal Risk-Based Capital LR017 Off-Balance Sheet and Other Items Column (1) Line (15); Property and Casualty PR014 Miscellaneous Off-Balance Sheet Items Column (1) Line (15)	
(3.2) Guarantees for Affiliates: Subsidiaries	Subsidiaries' Life Notes to Financial Statements #14A3c1; Property and Casualty Notes to Financial Statements #14A3c1	
(4.2) Contingent Liabilities: Subsidiaries	Subsidiaries' Life Notes to Financial Statements #14A1; Property and Casualty Notes to Financial Statements #14A1	
(5.2) Long Term Leases: Subsidiaries	Subsidiaries' Life Notes to Financial Statements #15A2a1; Property and Casualty Notes to Financial Statements #15A2a1	
(7.11) Total Affiliated Investments: Company	Company's Annual Statement Five-Year Historical Data Column 1 Line 49	
(7.12) Less Affiliated Common Stock: Company	Company's Annual Statement Five-Year Historical Data Column 1 Line 46	
(7.13) Less Affiliated Preferred Stock: Company	Company's Annual Statement Five-Year Historical Data Column 1 Line 45	
(7.14) Net Affiliated Investments: Company	Lines (7.11) - (7.12) - (7.13)	
(7.2) Affiliated Investments: Subsidiaries	Subsidiaries' Life Annual Statement Five-Year Historical Data Column 1 Line 49 Less Lines 45 and 46; Property and Casualty Annual Statement Five-Year Historical Data Column 1 Line 47 Less Lines 43 and 44	
(9.1) Surplus Notes: Company	Company's Annual Statement Page 3 Column 1 Line 32	
(9.2) Surplus Notes: Subsidiaries	Subsidiaries' Life Annual Statement Page 3 Column 1 Line 32; Property and Casualty Annual Statement Page 3 Column 1 Line 33	
(10.11) Capital Paid In: Company	Company's Annual Statement Page 4 Column 1 Line 50.1	
(10.12) Surplus Paid In: Company	Company's Annual Statement Page 4 Column 1 Line 51.1	
(10.13) Total Current Year's Capital Contributions: Company	Line (10.11) + Line (10.12)	
(10.2) Current Year's Capital Contributions: Subsidiaries	Subsidiaries' Life Annual Statement Page 4 Column 1 Lines 50.1 + 51.1; Property and Casualty Annual Statement Page 4 Column 1 Lines 32.1 + 33.1	
(11.1) Total Residual Tranches or Interests	Company's Annual Statement Asset Valuation Reserve, Equity and Other Invested Asset Component, Column 1, Line 113	

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

## CROSS-CHECKING FOR AFFILIATED/SUBSIDIARY STOCKS

## Affiliated Preferred Stock

		(1)	(2)	(3)
	Schedule D Part 6 Section 1 Type	Annual Statement Line Number	Annual Statement Total Preferred Stock†	Total from Life and Fraternal Risk-Based Capital Report‡
				Difference
(1)	Parent	0199999		
(2)	U.S. Property and Casualty Insurer	0299999		
(3)	U.S. Life Insurer	0399999		
(4)	U.S. Health Entity	0499999		
(5)	Alien Insurer	0599999		
(6)	Non-Insurer Which Controls Insurer	0699999		
(7)	<del>Investment Subsidiary Intentionally Left Blank</del>	<del>0799999-XXX</del>	XXX	XXX
(8)	Other Affiliates	0799999		
(9)	Total (Sum of Lines (1) through (8))			

## Affiliated Common Stock

		(1)	(2)	(3)
	Schedule D Part 6 Section 1 Type	Annual Statement Line Number	Annual Statement Total Common Stock†	Total from Life and Fraternal Risk-Based Capital Report§
				Difference
(10)	Parent	0999999		
(11)	U.S. Property and Casualty Insurer	1099999		
(12)	U.S. Life Insurer	1199999		
(13)	U.S. Health Entity	1299999		
(14)	Alien Insurer	1399999		
(15)	Non-Insurer Which Controls Insurer	1499999		
(16)	<del>Investment Subsidiary-Intentionally Left Blank</del>	<del>1699999-XXX</del>	XXX	XXX
(17)	Other Affiliates	1599999		
(18)	Total (Sum of Lines (10) through (17))			

† Column (1) Lines (1) through (8) and (10) through (17) come from Schedule D Part 6 Section 1 Column 6 of the annual statement.

‡ Column (2) Lines (1) through (8) come from LR044 Details for Affiliated Investments Column (7).

§ Column (2) Lines (10) through (17) come from LR044 Details for Affiliated Investments Column (5).

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## SUMMARY FOR AFFILIATED/SUBSIDIARY STOCKS

		(1)	(2)	(3)	(4)			
	Affiliate Type	Affiliate Code	Book / Adjusted Carrying Value	Book Value †	Difference Col. (1) - (2)	RBC Basis	RBC Requirement	Number of Companies
(1)	Directly Owned Health Insurance Companies or Health Entities	1a		XXX	XXX	Subsidiaries' Total Risk-Based Capital After Covariance / 0.79		
(2)	Directly Owned Property and Casualty Insurance Affiliates	1b		XXX	XXX	Subsidiaries' Total Risk-Based Capital After Covariance / 0.79		
(3)	Directly Owned Life Insurance Affiliates	1c		XXX	XXX	Subsidiaries' Total Risk-Based Capital After Covariance / 0.79		
(4)	Indirectly Owned Health Insurance Companies or Health Entities	2a		XXX	XXX	Subsidiaries' Total Risk-Based Capital After Covariance / 0.79		
(5)	Indirectly Owned Property and Casualty Insurance Affiliates	2b		XXX	XXX	Subsidiaries' Total Risk-Based Capital After Covariance / 0.79		
(6)	Indirectly Owned Life Insurance Affiliates	2c		XXX	XXX	Subsidiaries' Total Risk-Based Capital After Covariance / 0.79		
(7)	Holding Company in Excess of Indirect Subs	3		XXX	XXX	X 0.300 =		
(8)	<del>Investment Subsidiary Intentionally Left Blank</del>	<del>4-XXX</del>	<del>XXX</del>	XXX	XXX	<del>Subsidiaries' Total Risk-Based Capital After Covariance / 0.79-XXX</del>	XXX	XXX
(9)	Directly Owned Alien Health Insurance Companies or Health Entities	4a		XXX	XXX	X 1.000 =		
(10)	Directly Owned Alien Property and Casualty Insurance Affiliates	4b		XXX	XXX	X 1.000 =		
(11)	Directly Owned Alien Life Insurance Affiliates	4c		XXX	XXX	X 1.000 =		
(12)	Indirectly Owned Alien Health Insurance Companies or Health Entities	5a		XXX	XXX	X 1.000 =		
(13)	Indirectly Owned Alien Property and Casualty Insurance Affiliates	5b		XXX	XXX	X 1.000 =		
(14)	Indirectly Owned Alien Life Insurance Affiliates	5c		XXX	XXX	X 1.000 =		
(15)	Investment in Upstream Affiliate (Parent)	6		XXX	XXX	X 0.300 =		
(16)	Directly Owned Health Insurance Companies or Health Entities Not Subject to RBC	7a		XXX	XXX	X 0.300 =		
(17)	Directly Owned Property and Casualty Insurance Companies Not Subject to RBC	7b		XXX	XXX	X 0.300 =		
(18)	Directly Owned Life Insurance Companies Not Subject to RBC	7c		XXX	XXX	X 0.300 =		
(19)	Non-Insurance Entities with a Capital Requirement Imposed by a Regulatory Body	8a		XXX	XXX	X 0.300 =		
(20)	Non-Insurance Other Financial Entities without Regulatory Capital Requirements	8b		XXX	XXX	X 0.300 =		
(21)	Other Non-financial Entities	8c		XXX	XXX	X 0.300 =		
(22)	Publicly Traded Insurance Affiliates	9				X 0.346 =		
(23)	Total (Sum of Lines (1) through (22))	XXX		XXX		XXX		

† If different than book / adjusted carrying value.

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



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SUBSIDIARY, CONTROLLED AND AFFILIATED INVESTMENTS

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

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

Affiliated Preferred Stock			(1)	(2)	(3)
		Annual Statement Line	<u>Annual Statement</u>	<u>Total From RBC</u>	
Schedule D Part 6 Section 1 C6		Number	<u>Total</u>	<u>Report</u>	<u>Difference</u>
			<u>Preferred Stock</u>		
(1)	Parent	0199999			
(2)	U.S. P&C Insurer	0299999			
(3)	U.S. Life Insurer	0399999			
(4)	U.S. Health Insurer	0499999			
(5)	Alien Insurer	0599999			
(6)	Non-Insurer Which Controls Insurer	0699999			
(7)	<del>Investment Subsidiary</del>	<del>0799999</del>			
(7)	Other Affiliates	0799999			
(8)	Subtotal	0899999			

Affiliated Common Stock			(1)	(2)	(3)
		Annual Statement Line	<u>Annual Statement</u>	<u>Total From RBC</u>	
Schedule D Part 6 Section 1 C6		Number	<u>Total</u>	<u>Report</u>	<u>Difference</u>
			<u>Common Stock</u>		
(9)	Parent	0999999			
(10)	U.S. P&C Insurer	1099999			
(11)	U.S. Life Insurer	1199999			
(12)	U.S. Health Insurer	1299999			
(13)	Alien Insurer	1399999			
(14)	Non-Insurer Which Controls Insurer	1499999			
(16)	<del>Investment Subsidiary</del>	<del>1699999</del>			
(15)	Other Affiliates	1599999			
(16)	Subtotal	1699999			

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 (8) + (9) + (10)	_____
(9)	Affiliated Alien Insurers - Indirectly Owned	XR003, Affiliates Page, Column (2), Line (11) + (12) + (13)	_____
(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)	<del>Investment Subsidiary</del>	<del>XR003, Affiliates Page, Column (2), Line (8)</del>	_____
(12)	Investment in Upstream Affiliate (Parent)	XR003, Affiliates Page, Column (2), Line (14)	_____
(13)	Directly Owned Health Insurance Companies or Health Entities Not Subject to RBC	XR003, Affiliates Page, Column (2), Line (15)	_____
(14)	Directly Owned Property and Casualty Insurance Companies Not Subject to RBC	XR003, Affiliates Page, Column (2), Line (16)	_____
(15)	Directly Owned Life Insurance Companies Not Subject to RBC	XR003, Affiliates Page, Column (2), Line (17)	_____
(16)	Affiliated Non-Insurer	XR003, Affiliates Page, Column (2), Line (18) + (19) + (20)	_____
	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 (26)	_____
(17)			_____
(18)	Replication & Mandatory Convertible Securities	XR009, Replication/MCS Page, Line (9999999)	_____
	Unaffiliated Preferred Stock	XR006, Off-Balance Sheet Collateral, Line (34) + XR010, Equity Assets Page, Line (7)	_____
(19)			_____
	Unaffiliated Common Stock & Market Value Excess Affiliated Stocks	XR006, Off-Balance Sheet Collateral, Line (35) + XR010, Equity Assets Page, Line (13)	_____
(20)			_____
	Property & Equipment	XR006, Off-Balance Sheet Collateral, Line (36) + XR011, Prop/Equip Assets Page, Line (9)	_____
(21)			_____
(22)	Asset Concentration	XR012, Grand Total Asset Concentration Page, Line (26)	_____
(23)	Total H1	Sum Lines (11) through (22)	=====

H2 - UNDERWRITING RISK

(24)	Net Underwriting Risk	XR013, Underwriting Risk Page, Line (21)	_____
(25)	Other Underwriting Risk	XR015, Underwriting Risk Page, Line (25.3)	_____
(26)	Disability Income	XR015, Underwriting Risk Page, Lines (26.3) + (27.3) + (28.3) + (29.3) + (30.6) + (31.3) + (32.3)	_____
(27)	Long-Term Care	XR016, Underwriting Risk Page, Line (41)	_____
(28)	Limited Benefit Plans	XR017, Underwriting Risk Page, Lines (42.2) + (43.6) + (44)	_____
(29)	Premium Stabilization Reserve	XR017, Underwriting Risk Page, Line (45)	_____
(30)	Total H2	Sum Lines (24) through (29)	=====

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CALCULATION OF TOTAL RISK-BASED CAPITAL AFTER COVARIANCE

		(1)
		<u>RBC Amount</u>
<b>H3 - CREDIT RISK</b>		
<b>(31)</b>	Total Reinsurance RBC	XR020, Credit Risk Page, Line (17)
<b>(32)</b>	Intermediaries Credit Risk RBC	XR020, Credit Risk Page, Line (24)
<b>(33)</b>	Total Other Receivables RBC	XR021, Credit Risk Page, Line (30)
<b>(34)</b>	Total H3	Sum Lines <b>(31)</b> through <b>(33)</b>
<b>H4 - BUSINESS RISK</b>		
<b>(35)</b>	Administrative Expense RBC	XR022, Business Risk Page, Line (7)
<b>(36)</b>	Non-Underwritten and Limited Risk Business RBC	XR022, Business Risk Page, Line (11)
<b>(37)</b>	Premiums Subject to Guaranty Fund Assessments	XR022, Business Risk Page, Line (12)
<b>(38)</b>	Excessive Growth RBC	XR022, Business Risk Page, Line (19)
<b>(39)</b>	Total H4	Sum Lines <b>(35)</b> through <b>(38)</b>
<b>(40)</b>	RBC after Covariance Before Basic Operational Risk	$H0 + \text{Square Root of } (H1^2 + H2^2 + H3^2 + H4^2)$
<b>(41)</b>	Basic Operational Risk	0.030 x Line <b>(40)</b>
<b>(42)</b>	C-4a of U.S. Life Insurance Subsidiaries	Company Records
<b>(43)</b>	Net Basic Operational Risk	Line <b>(41)</b> - <b>(42)</b> (not less than zero)
<b>(44)</b>	RBC After Covariance Including Basic Operational Risk	Lines <b>(40)</b> + <b>(43)</b>
<b>(45)</b>	Authorized Control Level RBC	.50 x Line <b>(44)</b>

 Denotes items that must be manually entered on filing software.

=ROUND(MAX(0,IF(OR(D8="",D8=3,D8=6,D8="7a",D8="7b",D8="7c",D8="8a",D8="8b",D8="8c"),0.225\*(G8+K8),IF(OR(D8="4a",D8="4b",D8="4c",D8="5a",D8="5b",D8="5c"),0.5\*(G8+K8),IF(OR(D8="1a",D8="1b",D8="1c",D8="2a",D8="2b",D8="2c"),IF(H8="M",MAX(0,MIN(J8,F8\*M8)),MIN(F8\*M8,G8+K8))))),0)

**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 L(69) + L(73) PR032 L(59) XR025 L(40)	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	Market Value Excess Component Affiliate RBC Required (R2 Component)
0000001										0.000%	0	0
0000002										0.000%	0	0
0000003										0.000%	0	0
0000004										0.000%	0	0
0000005										0.000%	0	0
0000006										0.000%	0	0
0000007										0.000%	0	0
0000008										0.000%	0	0
0000009										0.000%	0	0
0000010										0.000%	0	0
0000011										0.000%	0	0
0000012										0.000%	0	0
0000013										0.000%	0	0
0000014										0.000%	0	0
0000015										0.000%	0	0
0000016										0.000%	0	0
0000017										0.000%	0	0
0000018										0.000%	0	0
0000019										0.000%	0	0
0000020										0.000%	0	0
0000021										0.000%	0	0
0000022										0.000%	0	0
0000023										0.000%	0	0
0000024										0.000%	0	0
0000025										0.000%	0	0
0000026										0.000%	0	0
0000027										0.000%	0	0
0000028										0.000%	0	0
0000029										0.000%	0	0
0000030										0.000%	0	0
0000031										0.000%	0	0
0000032										0.000%	0	0
0000033										0.000%	0	0
0000034										0.000%	0	0
0000035										0.000%	0	0
0000036										0.000%	0	0
0000037										0.000%	0	0
0000038										0.000%	0	0
0000039										0.000%	0	0
0000040										0.000%	0	0
0000041										0.000%	0	0
0000042										0.000%	0	0
0000043										0.000%	0	0
0000044										0.000%	0	0
0000045										0.000%	0	0
0000046										0.000%	0	0
0000047										0.000%	0	0
0000048										0.000%	0	0
0000049										0.000%	0	0
0000050										0.000%	0	0
(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.

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

SUBSIDIARY, CONTROLLED AND AFFILIATED INVESTMENTS PR004

Affiliate Types	Affil Code	RBC Basis	(1) <u>Number of Companies</u>	(2) <u>Total RBC Required</u>
(1) Directly Owned Health Insurance Companies or Health Entities	1a	Sub's RBC After Covariance	0	0
(2) Directly Owned Property and Casualty Insurance Affiliates	1b	Sub's RBC After Covariance	0	0
(3) Directly Owned Life Insurance Affiliates	1c	Sub's RBC After Covariance	0	0
(4) Indirectly Owned Health Insurance Companies or Health Entities	2a	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	0.225	0	0
<b>(8) Investment Subsidiary</b>	<b>4</b>	<b>0.225</b>	<b>0</b>	<b>0</b>
(8) Directly Owned Alien Health Insurance Companies or Health Entities	4a	0.5	0	0
(9) Directly Owned Alien Property and Casualty Insurance Affiliates	4b	0.5	0	0
(10) Directly Owned Alien Life Insurance Affiliates	4c	0.5	0	0
(11) Indirectly Owned Alien Health Insurance Companies or Health Entities	5a	0.5	0	0
(12) Indirectly Owned Alien Property and Casualty Insurance Affiliates	5b	0.5	0	0
(13) Indirectly Owned Alien Life Insurance Affiliates	5c	0.5	0	0
(14) Investment in Upstream Affiliate (Parent)	6	0.225	0	0
(15) Directly Owned Health Insurance Companies or Health Entities Not Subject to RBC	7a	0.225	0	0
(16) Directly Owned Property and Casualty Insurance Companies Not Subject to RBC	7b	0.225	0	0
(17) Directly Owned Life Insurance Companies Not Subject to RBC	7c	0.225	0	0
(18) Non-Insurance Entities with a Capital Requirement Imposed by a Regulatory Body	8a	0.225	0	0
(19) Non-Insurance Other Financial Entities without Regulatory Capital Requirements	8b	0.225	0	0
(20) Other Non-financial Entities	8c	0.225	0	0
<b>(21) Total</b>			<b>0</b>	<b>0</b>

**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 C6	Annual Statement Line Number	<u>Annual Statement Total 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
<del>(7) Investment Subsidiary</del>	<del>0799999</del>	<del>0</del>	<del>0</del>	<del>0</del>
(7) Other Affiliates	0799999	0	0	0
(8) Subtotal	0899999	0	0	0

Affiliated Common Stock		(1)	(2)	(3)
Schedule D Part 6 Section 1 C6	Annual Statement Line Number	<u>Annual Statement Total Common Stock</u>	<u>Total From RBC Report</u>	<u>Difference</u>
(9) Parent	0999999	0	0	0
(10) U.S. P&C Insurer	1099999	0	0	0
(11) U.S. Life Insurer	1199999	0	0	0
(12) U.S. Health Insurer	1299999	0	0	0
(13) Alien Insurer	1399999	0	0	0
(14) Non-Insurer Which Controls Insurer	1499999	0	0	0
<del>(15) Investment Subsidiary</del>	<del>1699999</del>	<del>0</del>	<del>0</del>	<del>0</del>
(15) Other Affiliates	1599999	0	0	0
(16) Subtotal	1699999	0	0	0

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

(1)

<b>R0 - Subsidiary Insurance Companies and Misc. Other Amounts</b>		<b>PRBC O&amp;I Reference</b>	<b>RBC Amount</b>
(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(8)+L(9)+L(10)C(2)	0
(8)	Indirectly Owned Alien Insurance Companies or Health Entities	PR004 L(11)+L(12)+L(13)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(6)	0
(16)	Bond Size Factor RBC	PR006 L(30)C(6)	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, WCFI, & Residual Tranches or Interests	PR008 L(10)+L(13)+L(14)+L(15)+L(16)+L(18)+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(20)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)	<del>Common &amp; Preferred-Affiliate Investment Subsidiary</del>	<del>PR004 L(8)C(2)</del>	0
(27)	Common & Preferred- Affiliate Holding Company in excess of Indirect Subs	PR004 L(7)C(2)	0
(28)	Common & Preferred- Investment in <b>Upstream Affiliate (Parent)</b>	PR004 <b>L(14)C(2)</b>	0
(29)	Common & Preferred- <b>Directly Owned P&amp;C Companies</b> Not Subj to RBC	PR004 <b>L(16)C(2)</b>	0
(30)	Common & Preferred- <b>Directly Owned Life Companies</b> Not Subj to RBC	PR004 <b>L(17)C(2)</b>	0
(31)	Common & Preferred- <b>Directly Owned Health Entities</b> Not Subj to RBC	PR004 <b>L(15)C(2)</b>	0
(32)	Common & Preferred- Aff'd Non-insurer	PR004 <b>L(18)+L(19)+L(20)C(2)</b>	0
(33)	Unaffiliated Preferred Stock	PR007 L(7)C(2)+PR015 L(34)C(4)	0
(34)	Total Unaffiliated Common Stock and Fair Value Excess Affiliated Stocks	PR007 L(13)C(2)+PR015 L(35)C(4)	0
(35)	Other Long -Term Assets - Real Estate	PR008 L(7)C(2)	0
(36)	Other Long -Term Assets - Schedule BA Assets	PR008 L(19)C(2)+PR015 L(36)+L(37)C(4)	0
(37)	Misc Assets - Receivable for Securities	PR009 L(1)C(2)	0
(38)	Misc Assets - Aggregate Write-ins for Invested Assets	PR009 L(2)C(2)	0
(39)	Misc Assets - Derivatives	PR009 L(14)C(2)	0
(40)	Replication - Synthetic Asset: One Half	PR010 L(9999999)C(7)	0
(41)	Asset Concentration RBC - Equity	PR011 L(32)C(3) Grand Total Page	0
(42)	Total R2	<b>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)</b>	0
R3 - Asset Risk - Credit			
(43)	Other Credit RBC	PR012 L(8)-L(1)-L(2)C(2)	0
(44)	One half of Rein Recoverables	0.5 x (PR012 L(1)+L(2)C(2))	0
(45)	Other half of Rein Recoverables	If R4 L(49)>(R3 L(43) + R3 L(44)), 0, otherwise, R3 L(44)	0
(46)	Health Credit Risk	PR013 L(12)C(2)	0
(47)	Total R3	<b>L(43) + L(44) + L(45) + L(46)</b>	0

Calculation of Total Risk-Based Capital After Covariance PR032 R4-Rcat

		(1)	
<b>R4 - Underwriting Risk - Reserves</b>		<b>PRBC O&amp;I Reference</b>	<b>RBC Amount</b>
(48)	One half of Reinsurance RBC	<b>If R4 L(49)&gt;(R3 L(43) + R3 L(44)), R3 L(44), otherwise, 0</b>	0
(49)	Total Adjusted Unpaid Loss/Expense Reserve RBC	PR017 L(15)C(20)	0
(50)	Excessive Premium Growth - Loss/Expense Reserve	PR016 L(13) C(8)	0
(51)	A&H Claims Reserves Adjusted for LCF	PR024 L(5) C(2) + PR023 L(6) C(4)	0
(52)	Total R4	<b>L(48)+(49)+L(50)+L(51)</b>	0
<b>R5 - Underwriting Risk - Net Written Premium</b>			
(53)	Total Adjusted NWP RBC	PR018 L(15)C(20)	0
(54)	Excessive Premium Growth - Written Premiums Charge	PR016 L(14)C(8)	0
(55)	Total Net Health Premium RBC	PR022 L(21)C(2)	0
(56)	Health Stabilization Reserves	PR025 L(8)C(2) + PR023 L(3) C(2)	0
(57)	Total R5	<b>L(53)+(54)+L(55)+L(56)</b>	0
<b>Rcat - Catastrophe Risk</b>			
(58)	Total Rcat	PR027 L(5) C(1)	0
(59)	Total RBC After Covariance Before Basic Operational Risk = $R0 + \text{SQRT}(R1^2 + R2^2 + R3^2 + R4^2 + R5^2 + Rcat^2)$		0
(60)	Basic Operational Risk = $0.030 \times L(59)$		0
(61)	C-4a of U.S. Life Insurance Subsidiaries (from Company records)		0
(62)	Net Basic Operational Risk = <b>Line (60) - Line (61)</b> (Not less than zero)		0
(63)	Total RBC After Covariance including Basic Operational Risk = <b>L(59) + L(62)</b>		0
(64)	Authorized Control Level RBC including Basic Operational Risk = $.5 \times L(63)$		0

**TREND TEST PR033**

	<u>Annual Statement Source</u>	(1) <u>Amount</u>	(2) <u>Result</u>
<u>Original RBC % Before Applying Trend Test</u>			
(1) Authorized Control Level Risk-Based Capital Including Basic Operational Risk	<b>PR032, C(1) L(64)</b>	0	
(2) Total Adjusted Capital	PR029, C(2) L(15)	0	
(3) RBC %	L(2)C(1) / L(1)C(1)	0.000%	
<u>Combined Ratio Data</u>			
(4) Premiums Earned	Pg 4, Col 1, L 1	0	
(5) Losses Incurred	Pg 4, Col 1, L 2	0	
(6) Loss Expenses Incurred	Pg 4, Col 1, L 3	0	
(7) Other Underwriting Expenses Incurred	Pg 4, Col 1, L 4	0	
(8) Aggregate Write-ins for Underwriting Deductions	Pg 4, Col 1, L 5	0	
(9) Dividends to Policyholders	Pg 4, Col 1, L 17	0	
(10) Net Written Premiums	Pg 8, Col 6, L 35	0	
<u>Combined Ratio Calculation</u>			
(11) Loss Ratio	[Pg 4, Col 1, L 2 + Pg 4, Col 1, L 3] / Pg 4, Col 1, L 1	0.000%	
(12) Dividend Ratio	Pg 4, Col 1, L 17 / Pg 4, Col 1, L 1	0.000%	
(13) Expenses Ratio	[Pg 4, Col 1, L 4 + Pg 4, Col 1, L 5] / Pg 8, Col 6, L 35	0.000%	
(14) Combined Ratio	L(11) + L(12) + L(13)	0.000%	
(15) Trend Test Result †	If L(3) Between 200% & 300% & L(14) >120%, L(15), YES, Otherwise, NO		_____

†The Trend Test applies only if L(15) = YES

‡If result = YES, the company triggers regulatory attention at the Company Action Level based on the trend test.