Capital Adequacy (E) Task Force
RBC Proposal Form

☐ Capital Adequacy (E) Task Force ☐ Health RBC (E) Working Group ☒ Life RBC (E) Working Group
☐ Catastrophe Risk (E) Subgroup ☐ P/C RBC (E) Working Group ☐ Longevity Risk (A/E) Subgroup
☐ Variable Annuities Capital. & Reserve Evaluation (E/A) Subgroup ☐ Economic Scenarios (E/A) Subgroup ☐ RBC Investment Risk & (E) Working Group

	DATE: 04-13-2026	**FOR NAIC USE ONLY**
CONTACT PERSON:	Kazeem Okosun	Agenda Item # 2026-09-L MOD Year 2026
TELEPHONE:	816-783-8981	**DISPOSITION**
EMAIL ADDRESS:	kokosun@naic.org	**ADOPTED:** ☒ TASK FORCE (TF) 06-30-2026 ☒ WORKING GROUP (WG) 06-11-2026 ☐ SUBGROUP (SG)
ON BEHALF OF:	Life Risk-Based Capital (E) Working Group	
NAME:	Ben Slutsker, Chair	
TITLE:	Director of Life Actuarial Valuation	**EXPOSED:** ☐ TASK FORCE (TF) ☒ WORKING GROUP (WG) 04-30-2026 ☐ SUBGROUP (SG)
AFFILIATION:	Minnesota Department of Commerce	
ADDRESS:	85 7th Place East, Suite 280 Saint Paul, MN 55101	**REJECTED:** ☐ TF ☐ WG ☐ SG **OTHER:** ☐ DEFERRED TO ☐ REFERRED TO OTHER NAIC GROUP ☐ (SPECIFY)

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

☐ Health RBC Blanks ☐ Property/Casualty RBC Blanks ☒ Life and Fraternal RBC Blanks
☐ Health RBC Instructions ☐ Property/Casualty RBC Instructions ☒ Life and Fraternal RBC Instructions
☐ Health RBC Formula ☐ Property/Casualty RBC Formula ☐ Life and Fraternal RBC Formula
☐ OTHER _____

DESCRIPTION/REASON OR JUSTIFICATION OF CHANGE(S)

This proposal incorporates adopted changes to Annual Statements as per 2024-19BWG, which introduces enhanced granularity in Schedule BA reporting for collateral loans. The proposal is to integrate these more detailed classifications directly into LR008, Line 51(Schedule BA Collateral Loans) annual statement source references column.

In addition, this proposal is drafted to incorporate comments received for proposal 2025-16-L MOD (Collateral loans). Specifically, (i) LR009 instruction is expanded to make clear that if the insurers own collateral loans collateralized by mortgage loans but lack requisite loan level details, such investments are excluded from scope of LR009 and should be categorized as collateral loans – others and reported in LR008. This is consistent with treatment of Interests in Joint Ventures, Partnerships or Limited Liability Companies (Including Non-Registered Private Funds) with Underlying Assets Having the Characteristics of Mortgage loans (ii) Asset Valuation Reserve Equity and Other Invested Asset Component table, all the factors for Basic Contribution, Reserve Objective and Maximum Reserve should be set at zero. This will retain the legacy AVR treatment for collateral loans, i.e. no AVR assessment until further work has been done to determine AVR factors for collateral loans.

Additional Staff Comments:

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04-30-2026: Proposal was exposed with comments due 06-01-2026 - 1 comment letter received (KO)

05-29-2026: The proposal was modified to incorporate editorial changes. Specifically, LR008, Line (51) was further modified for the following:

(1) "in part" in Annual Statement Source was removed.
(2) Color code in Column (1) was removed.

In addition, in light of adoption of 2025-27BWG MOD on May 28, NAIC staff has refreshed all the AVR references accordingly, note that these AVR references have already been exposed in Proposal 2025-16-L (Collateral loans), which was tabled for 2027 implementation. (KO)

06-11-2026: The proposal was adopted with a modification to remove "Avoidance of Doubt" paragraph in LR009 instruction (KO)

**** This section must be completed on all forms.** **Revised 2-2023**

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SCHEDULE BA MORTGAGES

LR009

Basis of Factors

For Affiliated **Commercial** Mortgages **included in** ~~,~~ **Schedule BA** Line 2499999, the factors used are the same as for commercial mortgages and are defined in Figure 9. Risk categories and factors are determined using a company generated worksheet (Figure 10).

For Unaffiliated **Commercial** Mortgages~~,~~ **included in Schedule BA** Line 2399999, the factors used are the same as for commercial mortgages and are defined in Figure 9. Risk categories and factors are determined as follows:

1) For Investments that contain covenants whereby factors of maximum LTV and minimum DSC, or equivalent thresholds must be complied with and it can be determined that the Investments are in compliance, these investments would use the process for directly held mortgages using the maximum LTV and minimum DSC using the company generated worksheet and transferred to LR009 line (3) for mortgages with covenants that are in compliance.
2) Investments that are defeased with government securities will be assigned to CM1 and transferred to LR009, line (4).
3) Other investments comprised primarily of senior debt will be assigned to CM2 and transferred to LR009, line (5).
4) All other investments in this category will be assigned CM3 and transferred to LR009, line (6). This would include assets such as a mortgage fund that invests in mezzanine or sub debt, or investments that cannot be determined to be in compliance with the covenants.

Specific Instructions for Application of the Formula

Column (1)

Except for Line (1), (2), (13), and (17), calculations are done on an individual mortgage basis and then the summary amounts are entered in this column for each class of mortgage investment. Refer to the Schedule BA mortgage calculation worksheet (Figure 10) for how the individual mortgage calculations are completed. Line (21) should equal Schedule BA Part 1, Column 12, Lines 2399999 and 2499999, and collateral loans backed by mortgages, as reported in Notes to Financials 5S, Column 1 line 7a and 7b.

OTHER LONG-TERM ASSETS

		Annual Statement Source	(1) Book / Adjusted Carrying Value	(2) Unrated Items ‡	(3) RBC Subtotal †	(4) Factor	(5) RBC Requirement
	Schedule BA - Fixed Income - Bonds						
(1)	Exempt Obligations	AVR Equity Component Column 1 Line **C1**				X 0.0000 =	
(2)	Asset NAIC 1	AVR Equity Component Column 1 Line **C2**				X 0.0039 =	
(3)	Asset NAIC 2	AVR Equity Component Column 1 Line **C3**				X 0.0126 =	
(4)	Asset NAIC 3	AVR Equity Component Column 1 Line **C4**				X 0.0446 =	
(5)	Asset NAIC 4	AVR Equity Component Column 1 Line **C5**				X 0.0970 =	
(6)	Asset NAIC 5	AVR Equity Component Column 1 Line **C6**				X 0.2231 =	
(7)	Asset NAIC 6	AVR Equity Component Column 1 Line **C7**				X 0.3000 =	
(8)	Total Schedule BA Bonds (pre-MODCO/Funds Withheld)	Sum of Lines (1) through (7)					
(9)	Reduction in RBC for MODCO/Funds Withheld Reinsurance Ceded Agreements	Company Records (enter a pre-tax amount)					
(10)	Increase in RBC for MODCO/Funds Withheld Reinsurance Assumed Agreements	Company Records (enter a pre-tax amount)					
(11)	Total Schedule BA Bonds (including MODCO/Funds Withheld.)	Lines (8) - (9) + (10)					
	Schedule BA - Fixed Income - Preferred Stock						
(12)	Asset NAIC 1	AVR Equity Component Column 1 Line **D1**				X 0.0039 =	
(13)	Asset NAIC 2	AVR Equity Component Column 1 Line **D2**				X 0.0126 =	
(14)	Asset NAIC 3	AVR Equity Component Column 1 Line **D3**				X 0.0446 =	
(15)	Asset NAIC 4	AVR Equity Component Column 1 Line **D4**				X 0.0970 =	
(16)	Asset NAIC 5	AVR Equity Component Column 1 Line **D5**				X 0.2231 =	
(17)	Asset NAIC 6	AVR Equity Component Column 1 Line **D6**				X 0.3000 =	
(18)	Total Schedule BA Preferred Stock (pre-MODCO/Funds Withheld)	Sum of Lines (12) through (17)					
(19)	Reduction in RBC for MODCO/Funds Withheld Reinsurance Ceded Agreements	Company Records (enter a pre-tax amount)					
(20)	Increase in RBC for MODCO/Funds Withheld Reinsurance Assumed Agreements	Company Records (enter a pre-tax amount)					
(21)	Total Schedule BA Preferred Stock (including MODCO/Funds Withheld.)	Lines (18) - (19) + (20)					

† Fixed income instruments and surplus notes designated by the NAIC Capital Markets and Investment Analysis Office or considered exempt from filing as specified in the *Purposes and Procedures Manual of the NAIC* Investment Analysis Office should be reported in Column (3).

‡ Column (2) is calculated as Column (1) less Column (3) for Lines (1) through (17). Column (2) equals Column (3) - Column (1) for Line (53.3).

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

OTHER LONG-TERM ASSETS (CONTINUED)

		Annual Statement Source	(1) Book / Adjusted Carrying Value	(2) Unrated Items ‡	(3) RBC Subtotal †	(4) Factor	(5) RBC Requirement
	Rated Surplus Notes Classified by Designation Equivalent						
(22)	Rated NAIC 1 Surplus Notes	Schedule BA Part 1 Column 12 Line 2799999+2899999, in part				X 0.0039 =	
(23)	Rated NAIC 2 Surplus Notes	Schedule BA Part 1 Column 12 Line 2799999+2899999, in part				X 0.0126 =	
(24)	Rated NAIC 3 Surplus Notes	Schedule BA Part 1 Column 12 Line 2799999+2899999, in part				X 0.0446 =	
(25)	Rated NAIC 4 Surplus Notes	Schedule BA Part 1 Column 12 Line 2799999+2899999, in part				X 0.0970 =	
(26)	Rated NAIC 5 Surplus Notes	Schedule BA Part 1 Column 12 Line 2799999+2899999, in part				X 0.2231 =	
(27)	Rated NAIC 6 Surplus Notes	Schedule BA Part 1 Column 12 Line 2799999+2899999, in part				X 0.3000 =	
(28)	Total Rated Surplus Notes (pre-MODCO/Funds Withheld)	Sum of Lines (22) through (27)					
(29)	Reduction in RBC for MODCO/Funds Withheld Reinsurance Ceded Agreements	Company Records (enter a pre-tax amount)					
(30)	Increase in RBC for MODCO/Funds Withheld Reinsurance Assumed Agreements	Company Records (enter a pre-tax amount)					
(31)	Total Rated Surplus Notes (including MODCO/Funds Withheld.)	Lines (28) - (29) + (30)					
	Rated Capital Notes Classified by Designation Equivalent						
(32)	Rated NAIC 1 Capital Notes	Schedule BA Part 1 Column 12 Line 2999999+3099999, in part				X 0.0039 =	
(33)	Rated NAIC 2 Capital Notes	Schedule BA Part 1 Column 12 Line 2999999+3099999, in part				X 0.0126 =	
(34)	Rated NAIC 3 Capital Notes	Schedule BA Part 1 Column 12 Line 2999999+3099999, in part				X 0.0446 =	
(35)	Rated NAIC 4 Capital Notes	Schedule BA Part 1 Column 12 Line 2999999+3099999, in part				X 0.0970 =	
(36)	Rated NAIC 5 Capital Notes	Schedule BA Part 1 Column 12 Line 2999999+3099999, in part				X 0.2231 =	
(37)	Rated NAIC 6 Capital Notes	Schedule BA Part 1 Column 12 Line 2999999+3099999, in part				X 0.3000 =	
(38)	Total Rated Capital Notes (pre-MODCO/Funds Withheld)	Sum of Lines (32) through (37)					
(39)	Reduction in RBC for MODCO/Funds Withheld Reinsurance Ceded Agreements	Company Records (enter a pre-tax amount)					
(40)	Increase in RBC for MODCO/Funds Withheld Reinsurance Assumed Agreements	Company Records (enter a pre-tax amount)					
(41)	Total Rated Capital Notes (including MODCO/Funds Withheld.)	Lines (38) - (39) + (40)					

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‡ Column (2) is calculated as Column (1) less Column (3) for Lines (1) through (17). Column (2) equals Column (3) - Column (1) for Line (53.3).

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

OTHER LONG-TERM ASSETS (CONTINUED)

		Annual Statement Source	(1) Book / Adjusted Carrying Value	(2) Unrated Items ‡	(3) RBC Subtotal †		(4) Factor		(5) RBC Requirement
	Schedule BA - Unaffiliated Common Stock/ Equity Interests and Affiliated Non-Insurance Stock (C1-cs)								
(42)	Schedule BA Unaffiliated Common Stock-Public	AVR Equity Component Column 1 Line F1				X	§	=	
(43)	Schedule BA Unaffiliated Common Stock-Private	AVR Equity Component Column 1 Line F2				X	0.3000	=	
(44)	Schedule BA Affiliated Common Stock - All Other	AVR Equity Component Column 1 Line F5				X	0.3000	=	
(45)	Total Residual Tranches or Interests	AVR Equity Component Column 1 Line I13				X	0.4500	=	
(46)	Total Schedule BA Unaffiliated Common Stock/ Equity Interests and Affiliated Non-Insurance Stock (C1-cs) (pre-MODCO/Funds Withheld)	Line (42) + (43) + (44) + (45)							
(47)	Reduction in RBC for MODCO/Funds Withheld Reinsurance Ceded Agreements	Company Records (enter a pre-tax amount)							
(48)	Increase in RBC for MODCO/Funds Withheld Reinsurance Assumed Agreements	Company Records (enter a pre-tax amount)							
(49)	Total Schedule BA Unaffiliated Common Stock/ Equity Interests and Affiliated Non-Insurance Stock (C1-cs) (including MODCO/Funds Withheld.)	Lines (46) - (47) + (48)							
	Schedule BA - All Other (C-1o)								
(50.1)	BA Affiliated Common Stock - Life with AVR	AVR Equity Component Column 1 Line F3							
(50.2)	BA Affiliated Common Stock - Certain Other	AVR Equity Component Column 1 Line F4							
(50.3)	Total Schedule BA Affiliated Common Stock - C-1o	Line (50.1) + (50.2)				X	0.3000	=	
(51)	Schedule BA Collateral Loans	AVR Equity Component Column 1 Lines K3 + K4 + K5 + K6 + K7 + K8 + K9 + K10 + K11 + K12				X	0.0680	=	
(52.1)	NAIC 01 Working Capital Finance Notes	AVR Equity Component Column 1 Line L1				X	0.0050	=	
(52.2)	NAIC 02 Working Capital Finance Notes	AVR Equity Component Column 1 Line L2				X	0.0163	=	
(52.3)	Total Admitted Working Capital Finance Notes	Line (52.1) + (52.2)							
(53.1)	Other Schedule BA Assets, including Surplus Notes and Capital Notes	AVR Equity Component Column 1 Line J7 + L3							
(53.2)	Less NAIC 1 thru 6 Rated/Designated Surplus Notes and Capital Notes	Column (1) Lines (22) through (27) + Column (1) Lines (32) through (37)							
(53.3)	Net Other Schedule BA Assets	Line (53.1) less (53.2)				X	0.3000	=	
(54)	Total Schedule BA Assets C-1o (pre-MODCO/Funds Withheld)	Lines (11) + (21) + (31) + (41) + (50.3) + (51) + (52.3) + (53.3)							
(55)	Reduction in RBC for MODCO/Funds Withheld Reinsurance Ceded Agreements	Company Records (enter a pre-tax amount)							
(56)	Increase in RBC for MODCO/Funds Withheld Reinsurance Assumed Agreements	Company Records (enter a pre-tax amount)							
(57)	Total Schedule BA Assets C-1o (including MODCO/Funds Withheld.)	Lines (54) - (55) + (56)							
(58)	Total Schedule BA Assets Excluding Mortgages and Real Estate	Line (49)+ (57)							

† Fixed income instruments and surplus notes designated by the NAIC Capital Markets and Investment Analysis Office or considered exempt from filing as specified in the Purposes and Procedures Manual of the NAIC *Investment Analysis Office* should be reported in Column (3).

‡ Column (2) is calculated as Column (1) less Column (3) for Lines (1) through (17). Column (2) equals Column (3) - Column (1) for Line (53.3).

§ The factor for Schedule BA publicly traded common stock should equal 30 percent adjusted up or down by the weighted average beta for the Schedule BA publicly traded common stock portfolio subject to a minimum of 22.5 percent and a maximum of 45 percent in the same manner that the similar 15.8 percent factor for Schedule BA publicly traded common stock in the Asset Valuation Reserve (AVR) calculation is adjusted up or down. The rules for calculating the beta adjustment are set forth in the AVR section of the annual statement instructions.

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

NAIC BLANKS (E) WORKING GROUP

Blanks Agenda Item Submission Form

		FOR NAIC USE ONLY
	DATE: 04-20-2026	Agenda Item # 2026-12BWG Year 2026 Changes to Existing Reporting [X] New Reporting Requirement [ ]
CONTACT PERSON:		
TELEPHONE:		
EMAIL ADDRESS:		**REVIEWED FOR ACCOUNTING PRACTICES AND PROCEDURES IMPACT**
ON BEHALF OF:		No Impact [X] Modifies Required Disclosure [ ]
NAME:	**Ben Slutsker, Chair**	Is there data being requested in this proposal which is available elsewhere in the Annual/Quarterly Statement? [No] ****If Yes, complete question below****
TITLE:	**Director of Life Actuarial Valuation**	
AFFILIATION:	**Minnesota Department of Commerce**	**DISPOSITION**
ADDRESS:	**85 7th Place East, Suite 280** **Saint Paul, MN 55101**	[ ] Rejected For Public Comment [ ] Referred To Another NAIC Group [X] Received For Public Comment [ ] Adopted Date _____ [ ] Rejected Date _____ [ ] Deferred Date _____ [ ] Other (Specify) _____

BLANK(S) TO WHICH PROPOSAL APPLIES

[X] **ANNUAL STATEMENT**	[ ] **INSTRUCTIONS**	[ ] **CROSSCHECKS**
[ ] **QUARTERLY STATEMENT**	[X] **BLANK**	
[X] Life, Accident & Health/Fraternal	[X] Separate Accounts	[ ] Title
[ ] Property/Casualty	[ ] Protected Cell	[ ] Other _____
[ ] Health	[ ] Health (Life Supplement)	[ ] Life (Health Supplement)

Anticipated Effective Date: Annual 2026

IDENTIFICATION OF ITEM(S) TO CHANGE

Update the AVR factors to zero in columns 7 and 9 for the Collateral Loan section.

REASON, JUSTIFICATION FOR AND/OR BENEFIT OF CHANGE**

This proposal was prepared to update the collateral loan factors for Reserve Objective and Maximum Reserve to be zero. These should have been set at zero when the collateral loan section was added in 2025.

*****IF THE DATA IS AVAILABLE ELSEWHERE IN THE ANNUAL/QUARTERLY STATEMENT, PLEASE NOTE WHY IT IS REQUIRED FOR THIS PROPOSAL*****

NAIC STAFF COMMENTS

Comment on Effective Reporting Date:_____

Other Comments:

** **This section must be completed on all forms.** **Revised 11/17/2022**

ASSET VALUATION RESERVE (Continued)
BASIC CONTRIBUTION, RESERVE OBJECTIVE AND MAXIMUM RESERVE CALCULATIONS
EQUITY AND OTHER INVESTED ASSET COMPONENT

Line Number	NAIC Desig-nation	Description	1 Book/ Adjusted Carrying Value	2 Reclassify Related Party Encumbrances	3 Add Third Party Encumbrances	4 Balance for AVR Reserve Calculations (Cols. 1+2+3)	Basic Contribution 5 Factor	Basic Contribution 6 Amount (Cols. 4x5)	Reserve Objective 7 Factor	Reserve Objective 8 Amount (Cols. 4x7)	Maximum Reserve 9 Factor	Maximum Reserve 10 Amount (Cols. 4x9)
		COLLATERAL LOANS										
100		Backed by mortgage loans – collateral loans – unaffiliated		XXX	XXX		0.0000		0.00000.0680		0.00000.0680	
101		Backed by mortgage loans – collateral loans – affiliated		XXX	XXX		0.0000		0.00000.0680		0.00000.0680	
102		Backed by joint ventures, partnerships, & limited liability companies – collateral loans – unaffiliated		XXX	XXX		0.0000		0.00000.0680		0.00000.0680	
103		Backed by joint ventures, partnerships, & limited liability companies – collateral loans – affiliated		XXX	XXX		0.0000		0.00000.0680		0.00000.0680	
104		Backed by residual tranches or interests – collateral loans – unaffiliated		XXX	XXX		0.0000		0.00000.0680		0.00000.0680	
105		Backed by residual tranches or interests – collateral loans – affiliated		XXX	XXX		0.0000		0.00000.0680		0.00000.0680	
106		Backed by debt securities – collateral loans – unaffiliated		XXX	XXX		0.0000		0.00000.0680		0.00000.0680	
107		Backed by debt securities – collateral loans – affiliated		XXX	XXX		0.0000		0.00000.0680		0.00000.0680	
108		Backed by real estate – collateral loans – unaffiliated		XXX	XXX		0.0000		0.00000.0680		0.00000.0680	
109		Backed by real estate – collateral loans – affiliated		XXX	XXX		0.0000		0.00000.0680		0.00000.0680	
110		Collateral loans – all other – unaffiliated		XXX	XXX		0.0000		0.00000.0680		0.00000.0680	
111		Collateral loans – all other – affiliated		XXX	XXX		0.0000		0.00000.0680		0.00000.0680	
112		Total collateral loans (Sum of Lines 100 through 111)		XXX	XXX		XXX		XXX		XXX	
		ALL OTHER INVESTMENTS										
113		NAIC 1 working capital finance investments		XXX			0.0000		0.0042		0.0042	
114		NAIC 2 working capital finance investments		XXX			0.0000		0.0137		0.0137	
115		Other invested assets - Schedule BA		XXX			0.0000		0.1580		0.1580	
116		Other short-term invested assets - Schedule DA		XXX			0.0000		0.1580		0.1580	
117		Total all other (Sum of Lines 113 through 116)		XXX			XXX		XXX		XXX	
118		Total other invested assets - Schedules BA & DA (Sum of Lines 29, 37, 64, 70, 74, 79, 92, 99 112, and 117)					XXX		XXX		XXX	

(a) Times the company's weighted average portfolio beta (Minimum .1215, Maximum .2431).
(b) This will be the factor associated with the risk category determined in the company generated worksheet.

******Drafting Note: Changes in Blanks Proposal 2025-27BWG for AVR – CLO reporting are not shown on this proposal. Line numbers for AVR reporting are being updated in Blanks Proposal 2025-27BWG.******

W:\QA\BlanksProposals\Proposals In Progress\AVR_Collateral Loan Factors.docx

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