

Capital Adequacy (E) Task Force

RBC Proposal Form

- | | | |
|---|--|--|
| <input 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 checked="" type="checkbox"/> RBC Investment Risk & Evaluation (E) Working Group |

<p style="text-align: right;">DATE: <u>5/1/2026</u></p> <p>CONTACT PERSON: <u>Maggie Chang</u></p> <p>TELEPHONE: <u>816-783-8976</u></p> <p>EMAIL ADDRESS: <u>mchang@naic.org</u></p> <p>ON BEHALF OF: <u>Risk-Based Capital Investment Risk and Evaluation (E) Working Group</u></p> <p>NAME: <u>Philip Barlow, Chair</u></p> <p>TITLE: <u>Associate Commissioner of Insurance</u></p> <p>AFFILIATION: <u>District of Columbia</u></p> <p>ADDRESS: <u>1050 First Street, NE Suite 801</u> <u>Washington, DC 20002</u></p>	<p style="text-align: center;">FOR NAIC USE ONLY</p> <p>Agenda Item # <u>2026-12-IRE</u> Year <u>2026</u></p> <p style="text-align: center;">DISPOSITION</p> <p>ADOPTED:</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>EXPOSED:</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>REJECTED:</p> <p><input type="checkbox"/> TF <input type="checkbox"/> WG <input type="checkbox"/> SG _____</p> <p>OTHER:</p> <p><input type="checkbox"/> DEFERRED TO _____</p> <p><input type="checkbox"/> REFERRED TO OTHER NAIC GROUP _____</p> <p><input type="checkbox"/> (SPECIFY) _____</p>
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IDENTIFICATION OF SOURCE AND FORM(S)/INSTRUCTIONS TO BE CHANGED

- | | | |
|--|---|---|
| <input type="checkbox"/> Health RBC Blanks | <input type="checkbox"/> Property/Casualty RBC Blanks | <input checked="" type="checkbox"/> Life and Fraternal RBC Blanks |
| <input type="checkbox"/> Health RBC Instructions | <input type="checkbox"/> Property/Casualty RBC Instructions | <input checked="" type="checkbox"/> Life and Fraternal RBC Instructions |
| <input type="checkbox"/> Health RBC Formula | <input 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 incorporates CLOs' Modeled C-1 factors presented by the American Academy of Actuaries on March 2, 2026. Note that the factors are adjusted for tax as the Modeled C-1 factors presented are on an after-tax basis. The Academy did not propose C-1 factor for NAIC 6 CLOs due to limited sample for modelling. Based on Working Group's discussion, NAIC staff has taken an arithmetic mean of 1 and NAIC 5.C. factor, arriving at 92.56% pre-tax factor for NAIC 6.

Additional Staff Comments:

5/1/2026 – building on Proposal 2025-22-IRE (CLO RBC Structure) MOD V.2, NAIC staff has identified further refinements in LR002 in order to effectuate Portfolio Adjustment Factor (PAF) methodology proposed by the Academy. All proposed edits **highlighted in green within the RBC Blanks.** (mkc)

Note that this proposal comes with two options – Option 1 and Option 2 to reflect Academy's recommendation as excerpt below. For Option 2, it was noted that the prevalent surcharge on thin tranches was 9.79% post tax, as such, to streamline the structure, NAIC staff proposed a flat surcharge of 11.77% (i.e. 9.79%/0.832)

Option 1—Rating Only (After-Tax Factors)

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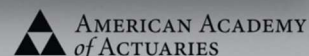
Investment Grade

Rating	Simple Average Raw C-1	Modeled C-1
Aaa	0.03%	0.03%
Aa1	0.28%	0.04%
Aa2	0.00%	0.04%
Aa3	0.00%	0.04%
A1	0.40%	0.14%
A2	0.11%	0.14%
A3	0.12%	1.45%
Baa1	1.58%	1.81%
Baa2	3.02%	2.70%
Baa3	5.94%	2.73%

Below Investment Grade

Rating	Simple Average Raw C-1	Modeled C-1
Ba1	20.70%	12.59%
Ba2	27.37%	20.93%
Ba3	28.92%	23.28%
B1	17.34%	26.04%
B2	30.81%	35.20%
B3	56.39%	47.32%
Caa1	57.60%	48.12%
Caa2	66.51%	55.20%
Caa3	77.33%	70.82%

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Option 2—Rating & Tranche Thickness (After-Tax Factors)

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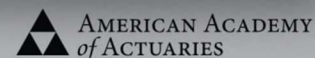
Investment Grade

Rating	Simple Average Raw C-1	Modeled C-1	
		Thickness > 4%	Thickness ≤ 4%
Aaa	0.03%	0.03%	
Aa1	0.28%	0.04%	
Aa2	0.00%	0.04%	
Aa3	0.00%	0.04%	
A1	0.40%	0.14%	
A2	0.11%	0.14%	
A3	0.12%	1.45%	
Baa1	1.58%	1.81%	
Baa2	3.02%	2.70%	
Baa3	5.94%	2.73%	12.52%

Below Investment Grade

Rating	Simple Average Raw C-1	Modeled C-1	
		Thickness > 4%	Thickness ≤ 4%
Ba1	20.70%	12.59%	22.39%
Ba2	27.37%	20.93%	30.72%
Ba3	28.92%	23.28%	33.08%
B1	17.34%	26.04%	35.84%
B2	30.81%	35.20%	44.99%
B3	56.39%	47.32%	57.12%
Caa1	57.60%	48.12%	57.92%
Caa2	66.51%	55.20%	64.99%
Caa3	77.33%	70.82%	80.61%

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

Revised 2-2023

BONDS

LR002

Basis of Factors

The bond factors are based on cash flow modeling using historically adjusted default rates for each bond category. For each of 2,000 trials, annual economic conditions were generated for the 10-year modeling period. Each bond of a 400-bond portfolio was annually tested for default (based on a “roll of the dice”) where the default probability varies by designation category and that year’s economic environment. When a default takes place, the actual loss considers the expected principal loss by category, the time until the sale actually occurs and the assumed tax consequences.

Actual surplus needs are reduced by incorporating anticipated annual contributions to the asset valuation reserve (AVR) as offsetting cash flow. Required surplus for a given trial is calculated as the amount of initial surplus funds needed so that the accumulation with interest of this initial amount and subsequent cash flows will not become negative at any point throughout the modeling period. The factors chosen for the proposed formula produce a level of surplus at least as much as needed in 92% of the trials by category and a 96% level for the entire bond portfolio.

The factor for NAIC 6 bonds recognizes that the book/adjusted carrying value of these bonds reflects a loss of value upon default by being marked to market.

Specific Instructions for Application of the Formula

Lines (1) through (7)

The book/adjusted carrying value of all bonds, excluding collateralized loan obligations (CLOs), Collateralized Bond Obligations (CBOs), and Collateralized Debt Obligations (CDOs) and related fixed-income investments should be reported in Column (1). The bonds are split into seven different risk classifications. For long-term bonds, these classifications are found on Lines A1 through A7 of the Asset Valuation Reserve Default Component, Page 30 of the annual statement.

The book/adjusted carrying value of all collateralized loan obligations CLOs/CBOs/CDOs should be reported in Column 2. The collateralized loan obligations-CLOs/CBOs/CDOs are split into six different risk classifications. These classifications are found on Lines A9.1 through A14 of the Asset Valuation Reserve Default Component, Page 30 of the annual statement.

Line (7.2)

Amounts reported in Column (2) line (7.2) should include book/adjusted carrying value of Broadly Syndicated Bank Loans (BSL) CLO tranches (as defined below) with [current] tranche thickness less than or equal to [4%] (as defined below).

BSL are typically syndicated corporate loans distributed to a broad base of institutional investors and rated by credit rating agencies. BSL CLOs are primarily backed by syndicated corporate loans.

[Current] Tranche thickness is defined as the difference between the attachment point (AP) and the detachment point (DP) of a CLO tranche. AP refers to tranche’s subordination percentage, and DP is the percentage of total par amount of the underlying portfolio including principal proceeds, that will completely write off the tranche. The current tranche thickness is to be measured using the most recent periodic report available, without being stale, as of the investment reporting date.

[Drafting Note – Depending on whether Option 1 or Option 2 is being adopted]

Option 1 – Column (3) defaults to zero.

Option 2 - It was noted that the prevalent surcharge on thin tranches was 9.79% post-tax, as such, to streamline the structure, NAIC staff proposed a flat surcharge of 11.27% (i.e. 9.79%*0.832) and is hard-coded in Column (3).

Line (8)

The total should equal long-term bonds and other fixed income instruments reported on Page 2, Column 3, Line 1

plus Schedule DL Part 1, Column 6, Line 2009999999 of the annual statement.

Lines (9) through (15)

The book/adjusted carrying value of all short-term and cash equivalent bonds ~~and related fixed-income investments~~ should be reported in Column (1). The bonds are split into seven different risk classifications. For short-term bonds, these classifications are found on Lines ~~18-C1~~ through ~~24-C7~~ of the Asset Valuation Reserve Default Component, ~~Page 30~~ of the annual statement. For cash equivalent bonds, these classifications are found in Footnotes to Schedule E, Part 2.

Line (16)

The total should equal short-term bonds reported on Schedule DA, Part 1, Column 6 Line 0509999999 plus Schedule DL Part 1, Column 6, Line 9509999999 plus Schedule E, Part 2, Column 7, Line 0509999999.

Line (22)

Class 1 bonds (highest quality) issued by a U.S. government agency that are not backed by the full faith and credit of the U.S. government should be reported on this line. The loan-backed securities of the Federal National Mortgage Association (FNMA) and the Federal Home Loan Mortgage Corporation (FHLMC) would be examples of the securities reported on this line. Line (22) should not be larger than the sum of Lines (2) and (10). Exempt obligations should not be included on this line.

Line (23)

Column (1) and Column (2) require Company to bifurcate Line (21) Column (4) "Total RBC Requirement" into Non-CLO RBC Requirement (Column 1) and CLO RBC Requirement (Column 2) components. For Non-CLO (Column 1), the amount needs to be further reduced by Column (4) Line (1), Column (4) Line (9) and Column (4) Line (22). The sum of Column (1) and Column (2) should agree to Column (4).

Line (24)

Bonds should be aggregated by issuer (the first six digits of the CUSIP number can be used). Exempt U.S. government bonds and bonds reported on Line (22) are not counted in determining the size factor. The RBC for those bonds will not be included in the base to which the size factor is applied. If this field is left blank, the maximum size factor adjustment of 2.40 will be used.

Line (25)

The size factor reflects the higher risk of a bond portfolio that contains relatively fewer bonds. The overall factor decreases as the portfolio size increases. The size factor is based on the weighted number of issuers. (The calculation shown below will not appear on the RBC filing software but will be calculated automatically.)

<u>Line (25)</u>	<u>Source</u>	(a) <u>Number of Issuers</u> <u>(for bonds, excluding CLOs/CBOs/CDOs)</u>	(b) <u>Weighted Issuers</u> <u>(for bonds, excluding CLOs/CBOs/CDOs)</u>
First 50	Company Records	X 2.40 =	
Next 50	Company Records	X 1.53 =	
Next 100	Company Records	X 0.85 =	
Next 300	Company Records	X 0.85 =	
Over 500	Company Records	X 0.82 =	
<u>(i) Total Number of Issuers from Line (24) Column (1)</u>		=====	
<u>(ii) Total Weighted Issuers (for bonds, excluding</u>			=====

CLOs/CBOs/CDOs)
 Size Factor = Total Weighted
 Issuers (ii) Divided by Total
 Number of Issuers (i)

	<u>Source</u>	(a) <u>Number of Issuers (for CLOs/CBOs/ CDOs)</u>				(b) <u>Weighted Issuers (for CLOs/CBOs/CDOs)</u>
First XX*	Company Records	_____	X	TBD	=	_____
Next XX*	Company Records	_____	X	TBD	=	_____
Next XXX*	Company Records	_____	X	TBD	=	_____
Next XXX*	Company Records	_____	X	TBD	=	_____
Over XXX*	Company Records	_____	X	TBD	=	_____
(iii) Total Number of Issuers from Line (24) Column (2)		_____				
(iv) Total Weighted Issuers (for CLOs/CBOs/CDOs)		_____				_____
Size Factor = Total Weighted Issuers (iv) Divided by Total Number of Issuers (iii)						_____

* Total number of breakpoints, as well as weights assigned to each, is subject to American Academy of Actuaries' recommendation and Working Group's review.

BONDS **OPTION 1**

SVDO Bond Designation Category	Annual Statement Source	(1) Non-CLOs/CBOs/CDOs Book / Adjusted Carrying Value	(2) CLOs/CBOs/CDOs Book / Adjusted Carrying Value	(3) Factor	(4) Total RBC Requirement
Long Term Bonds					
(1) Exempt Obligations	C(1) AVR Default Component Column 1 Line A1	\$0	XXX	XXX	\$0
(2.1) NAIC Designation Category 1.A	C(1) AVR Default Component Column 1 Line A2.1 C(2) AVR Default Component Column 1 Line A9.1	\$0	\$0	X 0.00158	\$0
(2.2) NAIC Designation Category 1.B	C(1) AVR Default Component Column 1 Line A2.2 C(2) AVR Default Component Column 1 Line A9.2	\$0	\$0	X 0.00271	\$0
(2.3) NAIC Designation Category 1.C	C(1) AVR Default Component Column 1 Line A2.3 C(2) AVR Default Component Column 1 Line A9.3	\$0	\$0	X 0.00419	\$0
(2.4) NAIC Designation Category 1.D	C(1) AVR Default Component Column 1 Line A2.4 C(2) AVR Default Component Column 1 Line A9.4	\$0	\$0	X 0.00523	\$0
(2.5) NAIC Designation Category 1.E	C(1) AVR Default Component Column 1 Line A2.5 C(2) AVR Default Component Column 1 Line A9.5	\$0	\$0	X 0.00657	\$0
(2.6) NAIC Designation Category 1.F	C(1) AVR Default Component Column 1 Line A2.6 C(2) AVR Default Component Column 1 Line A9.6	\$0	\$0	X 0.00816	\$0
(2.7) NAIC Designation Category 1.G	C(1) AVR Default Component Column 1 Line A2.7 C(2) AVR Default Component Column 1 Line A9.7	\$0	\$0	X 0.01016	\$0
(2.8) Subtotal NAIC 1	Sum of Lines (2.1) through (2.7)	\$0	\$0		\$0
(3.1) NAIC Designation Category 2.A	C(1) AVR Default Component Column 1 Line A3.1 C(2) AVR Default Component Column 1 Line A10.1	\$0	\$0	X 0.01261	\$0
(3.2) NAIC Designation Category 2.B	C(1) AVR Default Component Column 1 Line A3.2 C(2) AVR Default Component Column 1 Line A10.2	\$0	\$0	X 0.01523	\$0
(3.3) NAIC Designation Category 2.C	C(1) AVR Default Component Column 1 Line A3.3 C(2) AVR Default Component Column 1 Line A10.3	\$0	\$0	X 0.02168	\$0
(3.4) Subtotal NAIC 2	Sum of Lines (3.1) through (3.3)	\$0	\$0		\$0
(4.1) NAIC Designation Category 3.A	C(1) AVR Default Component Column 1 Line A4.1 C(2) AVR Default Component Column 1 Line A11.1	\$0	\$0	X 0.03151	\$0
(4.2) NAIC Designation Category 3.B	C(1) AVR Default Component Column 1 Line A4.2 C(2) AVR Default Component Column 1 Line A11.2	\$0	\$0	X 0.04537	\$0
(4.3) NAIC Designation Category 3.C	C(1) AVR Default Component Column 1 Line A4.3 C(2) AVR Default Component Column 1 Line A11.3	\$0	\$0	X 0.06017	\$0
(4.4) Subtotal NAIC 3	Sum of Lines (4.1) through (4.3)	\$0	\$0		\$0
(5.1) NAIC Designation Category 4.A	C(1) AVR Default Component Column 1 Line A5.1 C(2) AVR Default Component Column 1 Line A12.1	\$0	\$0	X 0.07386	\$0
(5.2) NAIC Designation Category 4.B	C(1) AVR Default Component Column 1 Line A5.2 C(2) AVR Default Component Column 1 Line A12.2	\$0	\$0	X 0.09535	\$0
(5.3) NAIC Designation Category 4.C	C(1) AVR Default Component Column 1 Line A5.3 C(2) AVR Default Component Column 1 Line A12.3	\$0	\$0	X 0.12428	\$0
(5.4) Subtotal NAIC 4	Sum of Lines (5.1) through (5.3)	\$0	\$0		\$0
(6.1) NAIC Designation Category 5.A	C(1) AVR Default Component Column 1 Line A6.1 C(2) AVR Default Component Column 1 Line A13.1	\$0	\$0	X 0.16942	\$0
(6.2) NAIC Designation Category 5.B	C(1) AVR Default Component Column 1 Line A6.2 C(2) AVR Default Component Column 1 Line A13.2	\$0	\$0	X 0.23798	\$0
(6.3) NAIC Designation Category 5.C	C(1) AVR Default Component Column 1 Line A6.3 C(2) AVR Default Component Column 1 Line A13.3	\$0	\$0	X 0.30000	\$0
(6.4) Subtotal NAIC 5	Sum of Lines (6.1) through (6.3)	\$0	\$0		\$0
(7.1) NAIC 6	C(1) AVR Default Component Column 1 Line A7 C(2) AVR Default Component Column 1 Line A14	\$0	\$0	X 0.30000	\$0
(7.2) CLO in NAIC Designation Category 2.C or below, with thin tranches (See Instruction)	C(2) AVR Default Component Column 1 Line A10.3, in part + Line A11.1, in part + Line A11.2, in part + Line A11.3, in part + Line A12.1, in part + Line A12.2, in part + Line A12.3, in part + Line A13.1, in part + Line A13.2, in part + Line A13.3, in part	XXX	\$0	XXX	\$0
(8) Total Long-Term Bonds	Sum of Lines (1) + (2.8) + (3.4) + (4.4) + (5.4) + (6.4) + (7.1) + (7.2)	\$0	\$0		\$0
(Column (1) + Column (2) should equal Page 2 Column 3 Line 1 + Schedule DL Part 1 Column 6 Line 2009999999)					
Short Term and Cash Equivalent Bonds					
(9) Exempt Obligations	AVR Default Component Column 1 Line C1 + Schedule E, Part 2, Column 7, Line 0019999999	\$0	XXX	XXX	\$0
(10.1) NAIC Designation Category 1.A	AVR Default Component Column 1 Line C2.1 + Schedule E, Part 2, Footnote L000001A, Amount 1 - Schedule E, Part 2, Column 7, Line 0019999999	\$0	XXX	XXX	\$0
(10.2) NAIC Designation Category 1.B	AVR Default Component Column 1 Line C2.2 + Schedule E, Part 2, Footnote L000001A, Amount 2	\$0	XXX	XXX	\$0
(10.3) NAIC Designation Category 1.C	AVR Default Component Column 1 Line C2.3 + Schedule E, Part 2, Footnote L000001A, Amount 3	\$0	XXX	XXX	\$0
(10.4) NAIC Designation Category 1.D	AVR Default Component Column 1 Line C2.4 + Schedule E, Part 2, Footnote L000001A, Amount 4	\$0	XXX	XXX	\$0
(10.5) NAIC Designation Category 1.E	AVR Default Component Column 1 Line C2.5 + Schedule E, Part 2, Footnote L000001A, Amount 5	\$0	XXX	XXX	\$0
(10.6) NAIC Designation Category 1.F	AVR Default Component Column 1 Line C2.6 + Schedule E, Part 2, Footnote L000001A, Amount 6	\$0	XXX	XXX	\$0
(10.7) NAIC Designation Category 1.G	AVR Default Component Column 1 Line C2.7 + Schedule E, Part 2, Footnote L000001A, Amount 7	\$0	XXX	XXX	\$0
(10.8) Subtotal NAIC 1	Sum of Lines (10.1) through (10.7)	\$0	\$0		\$0

=ROUND(MAX(0,D10)*F10 + MAX(0,G10)*J10,0)

(11.1)	NAIC Designation Category 2.A	AVR Default Component Column 1 Line C3.1 + Schedule E, Part 2, Footnote L000001B, Amount 1	\$0 X 0.01261	XXX	XXX =	\$0
(11.2)	NAIC Designation Category 2.B	AVR Default Component Column 1 Line C3.2 + Schedule E, Part 2, Footnote L000001B, Amount 2	\$0 X 0.01523	XXX	XXX =	\$0
(11.3)	NAIC Designation Category 2.C	AVR Default Component Column 1 Line C3.3 + Schedule E, Part 2, Footnote L000001B, Amount 3	\$0 X 0.02168	XXX	XXX =	\$0
(11.4)	Subtotal NAIC 2	Sum of Lines (11.1) through (11.3)	\$0			\$0
(12.1)	NAIC Designation Category 3.A	AVR Default Component Column 1 Line C4.1 + Schedule E, Part 2, Footnote L000001C, Amount 1	\$0 X 0.03151	XXX	XXX =	\$0
(12.2)	NAIC Designation Category 3.B	AVR Default Component Column 1 Line C4.2 + Schedule E, Part 2, Footnote L000001C, Amount 2	\$0 X 0.04537	XXX	XXX =	\$0
(12.3)	NAIC Designation Category 3.C	AVR Default Component Column 1 Line C4.3 + Schedule E, Part 2, Footnote L000001C, Amount 3	\$0 X 0.06017	XXX	XXX =	\$0
(12.4)	Subtotal NAIC 3	Sum of Lines (12.1) through (12.3)	\$0			\$0
(13.1)	NAIC Designation Category 4.A	AVR Default Component Column 1 Line C5.1 + Schedule E, Part 2, Footnote L000001D, Amount 1	\$0 X 0.07386	XXX	XXX =	\$0
(13.2)	NAIC Designation Category 4.B	AVR Default Component Column 1 Line C5.2 + Schedule E, Part 2, Footnote L000001D, Amount 2	\$0 X 0.09535	XXX	XXX =	\$0
(13.3)	NAIC Designation Category 4.C	AVR Default Component Column 1 Line C5.3 + Schedule E, Part 2, Footnote L000001D, Amount 3	\$0 X 0.12428	XXX	XXX =	\$0
(13.4)	Subtotal NAIC 4	Sum of Lines (13.1) through (13.3)	\$0			\$0
(14.1)	NAIC Designation Category 5.A	AVR Default Component Column 1 Line C6.1 + Schedule E, Part 2, Footnote L000001E, Amount 1	\$0 X 0.16942	XXX	XXX =	\$0
(14.2)	NAIC Designation Category 5.B	AVR Default Component Column 1 Line C6.2 + Schedule E, Part 2, Footnote L000001E, Amount 2	\$0 X 0.23798	XXX	XXX =	\$0
(14.3)	NAIC Designation Category 5.C	AVR Default Component Column 1 Line C6.3 + Schedule E, Part 2, Footnote L000001E, Amount 3	\$0 X 0.30000	XXX	XXX =	\$0
(14.4)	Subtotal NAIC 5	Sum of Lines (14.1) through (14.3)	\$0			\$0
(15)	NAIC 6	AVR Default Component Column 1 Line C7 Schedule E, Part 2, Footnote L000001F, Amount 1	\$0 X 0.30000	XXX	XXX =	\$0
(16)	Total Short-Term and Cash Equivalent Bonds	Sum of Lines (9) + (10.8) + (11.4) + (12.4) + (13.4) + (14.4) + (15)	\$0	\$0		\$0
(17)	Total Long-Term and Short-Term Bonds (pre-MODCO/Funds Withheld)	Schedule DL Part 1 Column 6 Line 9509999999 + Schedule E Part 2 Column 7 Line 0509999999 Line (8) + (16)	\$0	\$0		\$0
(18)	Credit for Hedging	LR014 Hedged Asset Bond Schedule Column (13) Line (0399999)				\$0
(19)	Reduction in RBC for MODCO/Funds Withheld Reinsurance Ceded Agreements	LR045 Modco or Funds Withheld Reinsurance Ceded - Bonds C-1o Column (4) Line (9999999)				\$0
(20)	Increase in RBC for MODCO/Funds Withheld Reinsurance Assumed Agreements	LR046 Modco or Funds Withheld Reinsurance Assumed - Bonds C-1o Column (4) Line (9999999)				\$0
(21)	Total Long-Term and Short-Term Bonds (including MODCO/Funds Withheld and Credit for Hedging adjustments.)	Lines (17) - (18) - (19) + (20)	\$0	\$0		\$0
(22)	Non-exempt U.S. Government Agency Bonds	Schedule D Part 1 Section 1 and Section 2, Schedule DA Part 1 and Schedule E Part 2, in part†	\$0 X 0.00158		=	\$0
(23)	RBC Requirements Subject to Size Factor	Company Records (See Instruction)	\$0	\$0		\$0
(24)	Number of Issuers	Company Records	0	0		
(25)	Size Factor for Bonds	2.4	2.4	1.0		
(26)	Bonds Subject to Size Factor after the Size Factor is Applied	Column (1) Line (23) x Column (1) Line (25) + Column (2) Line (23) X Column (2) Line (25)				\$0
(27)	Total Bonds	Line (22) + Line (26)				\$0

Column (1)
 $=\text{ROUND}(\text{IF}(\text{D85}>0,(\text{MIN}(\text{D85},50)^2.4+\text{MIN}(\text{MAX}(0,\text{D85}-50),50)^21.53+\text{MIN}(\text{MAX}(0,\text{D85}-100),100)^0.85+\text{MIN}(\text{MAX}(0,\text{D85}-200),300)^0.85+\text{MAX}(0,(\text{D85}-500))^0.82)/\text{D85},2.4),3)$

Column (2) = Default to "1", subject to changes as per the Academy's recommendation & Working Group discretion

† Only investments in-U.S. Government agency bonds previously reported in Lines (2.8) and (10.8), net of those included on Line (19), plus the portion of Line (20) attributable to ceding companies' Lines (2.8) and (10.8) should be included on Line (22). No other bonds should be included on this line. Exempt U.S. Government bonds shown on Lines (1) and (9) should not be included on Line (22). Refer to the bond section of the risk-based capital instructions for more clarification.

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

SVDO Bond Designation Category	Annual Statement Source	(1) Non-CLOs/CBOs/CDOs Book / Adjusted Carrying Value	(2) CLOs/CBOs/CDOs Book / Adjusted Carrying Value	(3) Factor	(4) Total RBC Requirement
Long Term Bonds					
(1) Exempt Obligations	C(1) AVR Default Component Column 1 Line A1	\$0	XXX	XXX	\$0
(2.1) NAIC Designation Category 1.A	C(1) AVR Default Component Column 1 Line A2.1 C(2) AVR Default Component Column 1 Line A9.1	\$0	\$0	X 0.00158	\$0
(2.2) NAIC Designation Category 1.B	C(1) AVR Default Component Column 1 Line A2.2 C(2) AVR Default Component Column 1 Line A9.2	\$0	\$0	X 0.00271	\$0
(2.3) NAIC Designation Category 1.C	C(1) AVR Default Component Column 1 Line A2.3 C(2) AVR Default Component Column 1 Line A9.3	\$0	\$0	X 0.00419	\$0
(2.4) NAIC Designation Category 1.D	C(1) AVR Default Component Column 1 Line A2.4 C(2) AVR Default Component Column 1 Line A9.4	\$0	\$0	X 0.00523	\$0
(2.5) NAIC Designation Category 1.E	C(1) AVR Default Component Column 1 Line A2.5 C(2) AVR Default Component Column 1 Line A9.5	\$0	\$0	X 0.00657	\$0
(2.6) NAIC Designation Category 1.F	C(1) AVR Default Component Column 1 Line A2.6 C(2) AVR Default Component Column 1 Line A9.6	\$0	\$0	X 0.00816	\$0
(2.7) NAIC Designation Category 1.G	C(1) AVR Default Component Column 1 Line A2.7 C(2) AVR Default Component Column 1 Line A9.7	\$0	\$0	X 0.01016	\$0
(2.8) Subtotal NAIC 1	Sum of Lines (2.1) through (2.7)	\$0	\$0		\$0
(3.1) NAIC Designation Category 2.A	C(1) AVR Default Component Column 1 Line A3.1 C(2) AVR Default Component Column 1 Line A10.1	\$0	\$0	X 0.01261	\$0
(3.2) NAIC Designation Category 2.B	C(1) AVR Default Component Column 1 Line A3.2 C(2) AVR Default Component Column 1 Line A10.2	\$0	\$0	X 0.01523	\$0
(3.3) NAIC Designation Category 2.C	C(1) AVR Default Component Column 1 Line A3.3 C(2) AVR Default Component Column 1 Line A10.3	\$0	\$0	X 0.02168	\$0
(3.4) Subtotal NAIC 2	Sum of Lines (3.1) through (3.3)	\$0	\$0		\$0
(4.1) NAIC Designation Category 3.A	C(1) AVR Default Component Column 1 Line A4.1 C(2) AVR Default Component Column 1 Line A11.1	\$0	\$0	X 0.03151	\$0
(4.2) NAIC Designation Category 3.B	C(1) AVR Default Component Column 1 Line A4.2 C(2) AVR Default Component Column 1 Line A11.2	\$0	\$0	X 0.04537	\$0
(4.3) NAIC Designation Category 3.C	C(1) AVR Default Component Column 1 Line A4.3 C(2) AVR Default Component Column 1 Line A11.3	\$0	\$0	X 0.06017	\$0
(4.4) Subtotal NAIC 3	Sum of Lines (4.1) through (4.3)	\$0	\$0		\$0
(5.1) NAIC Designation Category 4.A	C(1) AVR Default Component Column 1 Line A5.1 C(2) AVR Default Component Column 1 Line A12.1	\$0	\$0	X 0.07386	\$0
(5.2) NAIC Designation Category 4.B	C(1) AVR Default Component Column 1 Line A5.2 C(2) AVR Default Component Column 1 Line A12.2	\$0	\$0	X 0.09535	\$0
(5.3) NAIC Designation Category 4.C	C(1) AVR Default Component Column 1 Line A5.3 C(2) AVR Default Component Column 1 Line A12.3	\$0	\$0	X 0.12428	\$0
(5.4) Subtotal NAIC 4	Sum of Lines (5.1) through (5.3)	\$0	\$0		\$0
(6.1) NAIC Designation Category 5.A	C(1) AVR Default Component Column 1 Line A6.1 C(2) AVR Default Component Column 1 Line A13.1	\$0	\$0	X 0.16942	\$0
(6.2) NAIC Designation Category 5.B	C(1) AVR Default Component Column 1 Line A6.2 C(2) AVR Default Component Column 1 Line A13.2	\$0	\$0	X 0.23798	\$0
(6.3) NAIC Designation Category 5.C	C(1) AVR Default Component Column 1 Line A6.3 C(2) AVR Default Component Column 1 Line A13.3	\$0	\$0	X 0.30000	\$0
(6.4) Subtotal NAIC 5	Sum of Lines (6.1) through (6.3)	\$0	\$0		\$0
(7.1) NAIC 6	C(1) AVR Default Component Column 1 Line A7 C(2) AVR Default Component Column 1 Line A14	\$0	\$0	X 0.30000	\$0
(7.2) CLO in NAIC Designation Category 2.C or below, with thin tranches (See Instruction)	C(2) AVR Default Component Column 1 Line A10.3, in part + Line A11.1, in part + Line A11.2, in part + Line A11.3, in part + Line A12.1, in part + Line A12.2, in part + Line A12.3, in part + Line A13.1, in part + Line A13.2, in part + Line A13.3, in part	XXX	\$0	XXX	\$0
(8) Total Long-Term Bonds	Sum of Lines (1) + (2.8) + (3.4) + (4.4) + (5.4) + (6.4) + (7.1) + (7.2)	\$0	\$0		\$0
(Column (1) + Column (2) should equal Page 2 Column 3 Line 1 + Schedule DL Part 1 Column 6 Line 2009999999)					
Short Term and Cash Equivalent Bonds					
(9) Exempt Obligations	AVR Default Component Column 1 Line C1 + Schedule E, Part 2, Column 7, Line 0019999999	\$0	XXX	XXX	\$0
(10.1) NAIC Designation Category 1.A	AVR Default Component Column 1 Line C2.1 + Schedule E, Part 2, Footnote L000001A, Amount 1 - Schedule E, Part 2, Column 7, Line 0019999999	\$0	XXX	XXX	\$0
(10.2) NAIC Designation Category 1.B	AVR Default Component Column 1 Line C2.2 + Schedule E, Part 2, Footnote L000001A, Amount 2	\$0	XXX	XXX	\$0
(10.3) NAIC Designation Category 1.C	AVR Default Component Column 1 Line C2.3 + Schedule E, Part 2, Footnote L000001A, Amount 3	\$0	XXX	XXX	\$0
(10.4) NAIC Designation Category 1.D	AVR Default Component Column 1 Line C2.4 + Schedule E, Part 2, Footnote L000001A, Amount 4	\$0	XXX	XXX	\$0
(10.5) NAIC Designation Category 1.E	AVR Default Component Column 1 Line C2.5 + Schedule E, Part 2, Footnote L000001A, Amount 5	\$0	XXX	XXX	\$0
(10.6) NAIC Designation Category 1.F	AVR Default Component Column 1 Line C2.6 + Schedule E, Part 2, Footnote L000001A, Amount 6	\$0	XXX	XXX	\$0
(10.7) NAIC Designation Category 1.G	AVR Default Component Column 1 Line C2.7 + Schedule E, Part 2, Footnote L000001A, Amount 7	\$0	XXX	XXX	\$0
(10.8) Subtotal NAIC 1	Sum of Lines (10.1) through (10.7)	\$0	\$0		\$0

=ROUND(MAX(0,D10)*F10 + MAX(0,G10)*J10,0)

(11.1)	NAIC Designation Category 2.A	AVR Default Component Column 1 Line C3.1 + Schedule E, Part 2, Footnote L000001B, Amount 1	\$0	X	0.01261	XXX	XXX	=	\$0
(11.2)	NAIC Designation Category 2.B	AVR Default Component Column 1 Line C3.2 + Schedule E, Part 2, Footnote L000001B, Amount 2	\$0	X	0.01523	XXX	XXX	=	\$0
(11.3)	NAIC Designation Category 2.C	AVR Default Component Column 1 Line C3.3 + Schedule E, Part 2, Footnote L000001B, Amount 3	\$0	X	0.02168	XXX	XXX	=	\$0
(11.4)	Subtotal NAIC 2	Sum of Lines (11.1) through (11.3)	\$0					=	\$0
(12.1)	NAIC Designation Category 3.A	AVR Default Component Column 1 Line C4.1 + Schedule E, Part 2, Footnote L000001C, Amount 1	\$0	X	0.03151	XXX	XXX	=	\$0
(12.2)	NAIC Designation Category 3.B	AVR Default Component Column 1 Line C4.2 + Schedule E, Part 2, Footnote L000001C, Amount 2	\$0	X	0.04537	XXX	XXX	=	\$0
(12.3)	NAIC Designation Category 3.C	AVR Default Component Column 1 Line C4.3 + Schedule E, Part 2, Footnote L000001C, Amount 3	\$0	X	0.06017	XXX	XXX	=	\$0
(12.4)	Subtotal NAIC 3	Sum of Lines (12.1) through (12.3)	\$0					=	\$0
(13.1)	NAIC Designation Category 4.A	AVR Default Component Column 1 Line C5.1 + Schedule E, Part 2, Footnote L000001D, Amount 1	\$0	X	0.07386	XXX	XXX	=	\$0
(13.2)	NAIC Designation Category 4.B	AVR Default Component Column 1 Line C5.2 + Schedule E, Part 2, Footnote L000001D, Amount 2	\$0	X	0.09535	XXX	XXX	=	\$0
(13.3)	NAIC Designation Category 4.C	AVR Default Component Column 1 Line C5.3 + Schedule E, Part 2, Footnote L000001D, Amount 3	\$0	X	0.12428	XXX	XXX	=	\$0
(13.4)	Subtotal NAIC 4	Sum of Lines (13.1) through (13.3)	\$0					=	\$0
(14.1)	NAIC Designation Category 5.A	AVR Default Component Column 1 Line C6.1 + Schedule E, Part 2, Footnote L000001E, Amount 1	\$0	X	0.16942	XXX	XXX	=	\$0
(14.2)	NAIC Designation Category 5.B	AVR Default Component Column 1 Line C6.2 + Schedule E, Part 2, Footnote L000001E, Amount 2	\$0	X	0.23798	XXX	XXX	=	\$0
(14.3)	NAIC Designation Category 5.C	AVR Default Component Column 1 Line C6.3 + Schedule E, Part 2, Footnote L000001E, Amount 3	\$0	X	0.30000	XXX	XXX	=	\$0
(14.4)	Subtotal NAIC 5	Sum of Lines (14.1) through (14.3)	\$0					=	\$0
(15)	NAIC 6	AVR Default Component Column 1 Line C7 Schedule E, Part 2, Footnote L000001F, Amount 1	\$0	X	0.30000	XXX	XXX	=	\$0
(16)	Total Short-Term and Cash Equivalent Bonds	Sum of Lines (9) + (10.8) + (11.4) + (12.4) + (13.4) + (14.4) + (15)	\$0			\$0		=	\$0
(17)	Total Long-Term and Short-Term Bonds (pre-MODCO/Funds Withheld)	Schedule DL Part 1 Column 6 Line 9509999999 + Schedule E Part 2 Column 7 Line 0509999999) Line (8) + (16)	\$0			\$0		=	\$0
(18)	Credit for Hedging	LR014 Hedged Asset Bond Schedule Column (13) Line (0399999)						=	\$0
(19)	Reduction in RBC for MODCO/Funds Withheld Reinsurance Ceded Agreements	LR045 Modco or Funds Withheld Reinsurance Ceded - Bonds C-1o Column (4) Line (9999999)						=	\$0
(20)	Increase in RBC for MODCO/Funds Withheld Reinsurance Assumed Agreements	LR046 Modco or Funds Withheld Reinsurance Assumed - Bonds C-1o Column (4) Line (9999999)						=	\$0
(21)	Total Long-Term and Short-Term Bonds (including MODCO/Funds Withheld and Credit for Hedging adjustments.)	Lines (17) - (18) - (19) + (20)	\$0			\$0		=	\$0
(22)	Non-exempt U.S. Government Agency Bonds	Schedule D Part 1 Section 1 and Section 2, Schedule DA Part 1 and Schedule E Part 2, in part†	\$0	X	0.00158			=	\$0
(23)	RBC Requirements Subject to Size Factor	Company Records (See Instruction)	\$0			\$0		=	\$0
(24)	Number of Issuers	Company Records	0			0		=	\$0
(25)	Size Factor for Bonds		2.4			1.0		=	\$0
(26)	Bonds Subject to Size Factor after the Size Factor is Applied	Column (1) Line (23) x Column (1) Line (25) + Column (2) Line (23) X Column (2) Line (25)						=	\$0
(27)	Total Bonds	Line (22) + Line (26)						=	\$0

Column (1)
 $=\text{ROUND}(\text{IF}(\text{D85}>0,(\text{MIN}(\text{D85},50)^{2.4}+\text{MIN}(\text{MAX}(0,\text{D85}-50),50)^{1.53}+\text{MIN}(\text{MAX}(0,\text{D85}-100),100)^{0.85}+\text{MIN}(\text{MAX}(0,\text{D85}-200),300)^{0.85}+\text{MAX}(0,(\text{D85}-500))^{0.82}))/\text{D85},2.4),3)$

Column (2) = Default to "1", subject to changes as per the Academy's recommendation & Working Group discretion

$=\text{ROUND}(\text{D84}^{\text{D86}}+\text{G84}^{\text{G86}},0)$

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