

Capital Adequacy (E) Task Force

RBC Proposal Form

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

<p style="text-align: right;">DATE: <u>11/18/24</u></p> <p>CONTACT PERSON: <u>Derek Noe</u></p> <p>TELEPHONE: <u>816-783-8973</u></p> <p>EMAIL ADDRESS: <u>dnoe@naic.org</u></p> <p>ON BEHALF OF: <u>Capital Adequacy (E) Task Force</u></p> <p>NAME: <u>Tom Botsko</u></p> <p>TITLE: <u>Chair</u></p> <p>AFFILIATION: <u>Ohio Department of Insurance</u></p> <p>ADDRESS: <u>50 West Town Street, Suite 300</u> <u>Columbus, OH 43215</u></p>	<p style="text-align: center;">FOR NAIC USE ONLY</p> <p>Agenda Item # <u>2024-25-CA</u> Year <u>2025</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 checked="" type="checkbox"/> TASK FORCE (TF) <u>11/18/24</u></p> <p><input type="checkbox"/> WORKING GROUP (WG) _____</p> <p><input type="checkbox"/> SUBGROUP (SG) _____</p> <p>REJECTED:</p> <p><input type="checkbox"/> TF <input type="checkbox"/> WG <input type="checkbox"/> SG _____</p> <p>OTHER:</p> <p><input type="checkbox"/> DEFERRED TO _____</p> <p><input type="checkbox"/> REFERRED TO OTHER NAIC GROUP _____</p> <p><input type="checkbox"/> (SPECIFY) _____</p>
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IDENTIFICATION OF SOURCE AND FORM(S)/INSTRUCTIONS TO BE CHANGED

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

DESCRIPTION/REASON OR JUSTIFICATION OF CHANGE(S)

This proposal incorporates changes adopted by the NAIC Blanks (E) Working Group, namely #2023-06BWG MOD, #2023-07BWG MOD, and #2023-12BWG MOD. These changes resulted from the adoption of principle-based bond definition by Statutory Accounting Principles (E) Working Group. Changes are expected to take effect for year-end 2025.

This proposal also includes an update to PR009 to pull non-admitted collateral loans from the Notes to the Financial Statement 5S from adoption 2024-09BWG Modified.

Additional Staff Comments:

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

Revised 2-2023

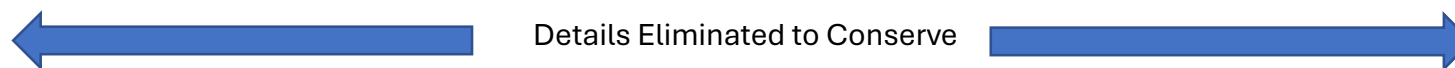
PR009 – Miscellaneous Assets

Collateral loans and write-ins for invested assets are generally a small proportion of total portfolio value. A factor of 5% is consistent with other risk-based capital formulas studied by the working group.

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

If the book/adjusted carrying value of Aggregate Write-Ins for Invested Assets (Page 2, Line 11, Column 3 of the annual statement) is less than zero, the RBC amount will be zero.

The Short-Term Investments to be included in this section are those short-term investments not reflected elsewhere in the formula. The 0.3% factor is equal to the factor for cash. The amount entered for short-term bonds should equal the total short-term investments found in Schedule DA Part 1 C76 L0250999999. This amount is subtracted from the total of short-term investments as they are captured with bonds on PR006.

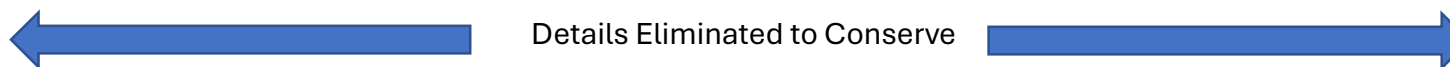
PR007 – Unaffiliated Preferred and Common StockUnaffiliated Preferred Stock

Detailed information on unaffiliated preferred stocks is found in Schedule D Part 2 Section 1 of the annual statement. The preferred stocks must be broken out by NAIC Designation (NAIC 01 through NAIC 06) and these individual groups are to be entered in the appropriate lines of the RBC software. The total amount of unaffiliated preferred stock reported should equal annual statement P2 L2.1 C3 less any affiliated preferred stock in Schedule D-Summary by Country C1 L2218.

Unaffiliated Common Stock

The factor for other unaffiliated common stock is based on studies that indicate a 10% to 12% factor is needed to provide capital to cover approximately 95% of the greatest losses in common stock value over a one-year future period. The higher factor of 15% contained in the formula reflects the increased risk when testing a period in excess of one year. This factor assumes capital losses are unrealized and not subject to favorable tax treatment at the time loss in fair value occurs.

The total of all unaffiliated common stock reported should be equal to the total value of common stock in Schedule D-Summary by Country C1 L2925 less the sum of Schedule D-Summary by Country C1 L2824 and PR007, Column 1, Line 108.



APPENDIX 3 – EXAMPLE USED FOR AFFILIATED/SUBSIDIARY STOCKS

To determine the value of total outstanding common stock or total outstanding preferred stock, divide the book/adjusted carrying value of the investment (found in Schedule D - Part 6 Section 1, Column 67) by the percentage of ownership (found in Schedule D – Part 6 – Section 1, Column 102). For example:

<u>Subsidiary Insurance Company</u>	<u>Owner's Book/Adjusted Carrying Value</u>	<u>Percentage Ownership</u>	<u>Total Stock Outstanding</u>
Subsidiary #1	\$1,000,000	100%	\$1,000,000
Subsidiary #2	\$1,000,000	75%	\$1,333,333
Subsidiary #3	\$1,000,000	50%	\$2,000,000
Subsidiary #4	\$1,000,000	25%	\$4,000,000
Subsidiary #5	\$1,000,000	10%	\$10,000,000

Bonds (XR007)

The bond factors for investment grade bonds (NAIC Designation (1.A-2.C) are based on cash flow modeling. Each bond of a portfolio was annually tested for default (based on a “roll of the dice”) where the default probability varies by NAIC Designation Category and that year’s economic environment. The default probabilities were based on historical data intended to reflect a complete business cycle of favorable or unfavorable credit environments. The risk of default was measured over a five-year time horizon, based on the duration of assets held for health companies.

The factors for NAIC Designation Category 3.A to 6 recognize that these non-investment grade bonds are reported at the lower of amortized cost or fair value. These bond risk factors are based on the market value fluctuation for each of the NAIC Designation Category compared to the market value fluctuation of stocks during the 2008-2009 financial crisis.

While the life and property/casualty formulas have a separate calculation for the bond size factor (based on the number of issuers in the RBC filer’s portfolio), the health formula does not include a separate calculation, instead a bond size component was incorporated into the bond factors. A representative portfolio of 382 issuers was used in calculating the bond risk factors.

There is no RBC requirement for bonds guaranteed by the full faith and credit of the United States, Other U.S. Government Obligations, and securities on the NAIC U.S. Government Money Market Fund List because it is assumed that there is no default risk associated with U.S. Government issued securities.

The book/adjusted carrying value of all bonds should be reported in Columns (1), (2), (3), or (43). The bonds are split into twenty-one different risk classifications. These risk classifications are based on the NAIC Designation Category as defined and permitted in the *Purposes and Procedures Manual of the Investment Analysis Office*. The subtotal of Columns (1), (2), (3), and (34) will be calculated in Column (54). The RBC requirement will be automatically calculated in Column (65).

Miscellaneous Fixed Income Assets (XR008)

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

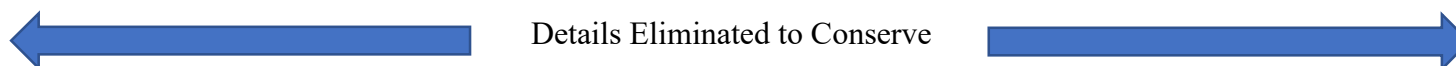
The short-term investments to be included in this section are those short-term investments not reflected elsewhere in the formula. The 0.3% factor is equal to the factor for cash. The amount reported in Line (8) reflects the total from Schedule DA: Short-Term Investments (Line (6)), less the short-term bonds (Line (7)). (The short-term bonds reported in Line (7) should equal Schedule DA, Part 1, Column ~~67~~, Line ~~02509999999~~.)

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

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

- Collateral Loans reported on Line (13) receive a factor of 5%, consistent with other risk-based capital formulas studied by the Working Group.
- Working Capital Finance Investments: The book adjusted carrying value of NAIC 01 and 02 Working Capital Finance Investments, Lines (14) and (15), should equal the Notes to Financial Statement, Lines 5M(01a) and 5M(01b), Column 3 of the annual statement.

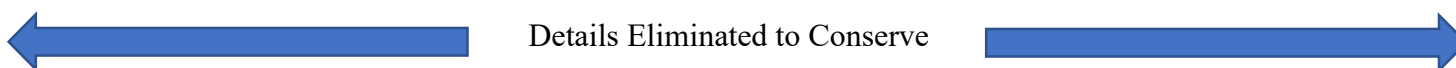
- Low-income housing tax credit investment are reported on Column (1) in accordance with *SSAP No. 93—Low-Income Housing Tax Credit Property Investments*.
 - Federal Guaranteed Low-Income Housing Tax Credit (LIHTC) investments are to be included in Line (17). There must be an all-inclusive guarantee from an ARO-rated entity that guarantees the yield on the investment.
 - Federal Non-Guaranteed LIHTC investments with the following risk mitigation factors are to be included in Line (18):
 - a) A level of leverage below 50%. For a LIHTC Fund, the level of leverage is measured at the fund level.
 - b) There is a tax credit guarantee agreement from general partner or managing member. This agreement requires the general partner or managing member to reimburse investors for any shortfalls in tax credits due to errors of compliance, for the life of the partnership. For an LIHTC fund, a tax credit guarantee is required from the developers of the lower-tier LIHTC properties to the upper-tier partnership.
 - State Guaranteed LIHTC investments that at a minimum meet the federal requirements for guaranteed LIHTC investments are to be included in Line (19).
 - State Non-Guaranteed LIHTC investments that at a minimum meet the federal requirements for non-guaranteed LIHTC investments are to be included on Line (20).
 - All Other LIHTC investments, state and federal LIHTC investments that do not meet the requirements of Lines (17) through (20) would be reported on Line (21).



EQUITY ASSETS
XR010

Unaffiliated Preferred Stocks

Detailed information on unaffiliated preferred stock reported in Column (1) are found in Schedule D, Part 2, Section 1 not including affiliated preferred stock. The preferred stocks must be broken out by asset designation (NAIC 01 through NAIC 06) and these individual groups are to be entered in the appropriate lines. The total amount of unaffiliated preferred stock reported should equal annual statement Page 2, Column 3, Line 2.1, less any affiliated preferred stock in Schedule D Summary by Country, Column 1, Line 2218.



APPENDIX 3 – EXAMPLE USED FOR AFFILIATED/SUBSIDIARY STOCKS

To determine the value of total outstanding common stock or total outstanding preferred stock, divide the book/adjusted carrying value of the investment (found in Schedule D - Part 6 Section 1, Column 67) by the percentage of ownership (found in Schedule D – Part 6 – Section 1, Column 101). For example:

<u>Subsidiary Insurance Company</u>	<u>Owner's Book/Adjusted Carrying Value</u>	<u>Percentage Ownership</u>	<u>Total Stock Outstanding</u>
Subsidiary #1	\$1,000,000	100%	\$1,000,000
Subsidiary #2	\$1,000,000	75%	\$1,333,333
Subsidiary #3	\$1,000,000	50%	\$2,000,000
Subsidiary #4	\$1,000,000	25%	\$4,000,000
Subsidiary #5	\$1,000,000	10%	\$10,000,000

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

Affiliated Preferred Stock		(1)	(2)	(3)
		<u>Annual Statement</u>		
Schedule D Part 6 Section 1 C7 C6		<u>Total</u>	<u>Total From RBC</u>	<u>Difference</u>
	Annual Statement Line Number	<u>Preferred Stock</u>	<u>Report</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)	Investment Subsidiary	0799999		
(8)	Other Affiliates	0899999		
(9)	Subtotal	0999999		

Affiliated Common Stock		(1)	(2)	(3)
		<u>Annual Statement</u>		
Schedule D Part 6 Section 1 C7 C6		<u>Total</u>	<u>Total From RBC</u>	<u>Difference</u>
	Annual Statement Line Number	<u>Common Stock</u>	<u>Report</u>	
(10)	Parent	1099999		
(11)	U.S. P&C Insurer	1199999		
(12)	U.S. Life Insurer	1299999		
(13)	U.S. Health Insurer	1399999		
(14)	Alien Insurer	1499999		
(15)	Non-Insurer Which Controls Insurer	1599999		
(16)	Investment Subsidiary	1699999		
(17)	Other Affiliates	1799999		
(18)	Subtotal	1899999		

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OFF-BALANCE SHEET SECURITY LENDING COLLATERAL AND SCHEDULE DL, PART 1 ASSETS

Asset Category	Annual Statement Source	(1) Off-Balance Sheet Collateral Book/Adjusted Carrying Value	(2) Schedule DL, Part 1 Book/Adjusted Carrying Value	(3) Subtotal	(4) Factor	RBC Requirement
<u>Fixed Income Assets</u>						
<u>Bonds</u>						
(1) NAIC 1.A - U.S. Government - Full Faith and Credit, Other U.S. Government Obligations , and NAIC U.S. Government Money Market Fund List (Refer to A/S Instructions)	Company Records				0.000	
(2) NAIC Designation Category 1.A Bonds	Company Records				0.003	
(3) NAIC Designation Category 1.B Bonds	Company Records				0.005	
(4) NAIC Designation Category 1.C Bonds	Company Records				0.008	
(5) NAIC Designation Category 1.D Bonds	Company Records				0.011	
(6) NAIC Designation Category 1.E Bonds	Company Records				0.014	
(7) NAIC Designation Category 1.F Bonds	Company Records				0.016	
(8) NAIC Designation Category 1.G Bonds	Company Records				0.019	
(9) Total NAIC 01 Bonds	Sum of Lines (1) through (8)					
(10) NAIC Designation Category 2.A Bonds	Company Records				0.022	
(11) NAIC Designation Category 2.B Bonds	Company Records				0.025	
(12) NAIC Designation Category 2.C Bonds	Company Records				0.031	
(13) Total NAIC 02 Bonds	Sum of Lines (10) through (12)					
(14) NAIC Designation Category 3.A Bonds	Company Records				0.069	
(15) NAIC Designation Category 3.B Bonds	Company Records				0.076	
(16) NAIC Designation Category 3.C Bonds	Company Records				0.083	
(17) Total NAIC 03 Bonds	Sum of Lines (14) through (16)					
(18) NAIC Designation Category 4.A Bonds	Company Records				0.089	
(19) NAIC Designation Category 4.B Bonds	Company Records				0.097	
(20) NAIC Designation Category 4.C Bonds	Company Records				0.110	
(21) Total NAIC 04 Bonds	Sum of Lines (18) through (20)					
(22) NAIC Designation Category 5.A Bonds	Company Records				0.123	
(23) NAIC Designation Category 5.B Bonds	Company Records				0.137	
(24) NAIC Designation Category 5.C Bonds	Company Records				0.151	
(25) Total NAIC 05 Bonds	Sum of Lines (22) through (24)					
(26) Total NAIC 06 Bonds	Company Records				0.300	
(27) Total Bonds	Line (9) + (13) + (17) + (21) + (25) + (26)					
<u>Equity Assets</u>						
<u>Preferred Stock - Unaffiliated</u>						
(28) NAIC 01 Unaffiliated Preferred Stock	Company Records				0.003	
(29) NAIC 02 Unaffiliated Preferred Stock	Company Records				0.010	
(30) NAIC 03 Unaffiliated Preferred Stock	Company Records				0.020	
(31) NAIC 04 Unaffiliated Preferred Stock	Company Records				0.045	
(32) NAIC 05 Unaffiliated Preferred Stock	Company Records				0.100	
(33) NAIC 06 Unaffiliated Preferred Stock	Company Records				0.300	
(34) Total Unaffiliated Preferred Stock	Sum of Lines (28) through (33)					
(35) Unaffiliated Common Stock	Company Records				0.150	
(36) Real Estate and Property & Equipment Assets	Company Records				0.100	
(37) Other Invested Assets	Company Records				0.200	
(38) Mortgage Loans on Real Estate	Company Records				0.050	
(39) Cash, Cash Equivalents and Short-Term Investments (Not reported on Bonds above)	Company Records				0.003	
(40) Total	Lines (27) + (34) + (35) + (36) + (37) + (38) + (39)					

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

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FIXED INCOME ASSETS - BONDS

	(1)	(2)	(3)(3)	(3)(4)	(4)(5)	(5)(6)
	Long-Term Bonds - Issuer Credit Obligations Owned Schedule D, Part 1 Section 1 Book/Adjusted Carrying Value	Asset-Backed Securities Owned Schedule D, Part 1 Section 2 Book/Adjusted Carrying Value L(3) thru (26) = Sch D Pt 1 Sn 2F	Short-Term Investments Schedule DA, Part 1 Book/Adjusted Carrying Value L(3) thru (26) = Sch DA Pt 1F	Cash Equivalents Schedule E, Part 2 Book/Adjusted Carrying Value L(3) thru (26) = Sch E Pt 2F	Subtotal C(1) + C(2) + C(3) + C(4)	Factor RBC Requirement
BONDS	Annual Statement Source					
(1)	C(1) = Sch D, Pt 1, Sn 1, C14, L0109999999, C8, L0019999999 C(2) = Sch D, Pt 1, Sn 2, C8, L0019999999 C(3) = Sch DA, Pt 1, C7, L0109999999, C6, L0019999999 NAIC 1.A - U.S. Government - Full Faith and Credit-Other- U.S. Government Obligations, and NAIC U.S. Government Money Market Fund List (Refer to A/S Instructions)	C(4) = Sch E, Pt 2, C7, L0109999999- L0019999999 + L8209999999				0.000
(2)	NAIC Designation Category 1.A Bonds	C(1)=Footnote Amt 1 L000001A - L(1) C(2)=Footnote Amt 1 L000001A - L(1) C(3)=Footnote Amt 1 L000001A - L(1) C(4)=Footnote Amt 1 L000001A - Sch E, Pt2, C7 L0109999999, L0019999999				0.003
(3)	NAIC Designation Category 1.B Bonds	Footnote Amt 2 L000001A				0.005
(4)	NAIC Designation Category 1.C Bonds	Footnote Amt 3 L000001A				0.008
(5)	NAIC Designation Category 1.D Bonds	Footnote Amt 4 L000001A				0.011
(6)	NAIC Designation Category 1.E Bonds	Footnote Amt 5 L000001A				0.014
(7)	NAIC Designation Category 1.F Bonds	Footnote Amt 6 L000001A				0.016
(8)	NAIC Designation Category 1.G Bonds	Footnote Amt 7 L000001A				0.019
(9)	Total NAIC 01 Bonds	Sum of Lines (1) through (8)				
(10)	NAIC Designation Category 2.A Bonds	Footnote Amt 1 L000001B				0.022
(11)	NAIC Designation Category 2.B Bonds	Footnote Amt 2 L000001B				0.025
(12)	NAIC Designation Category 2.C Bonds	Footnote Amt 3 L000001B				0.031
(13)	Total NAIC 02 Bonds	Sum of Lines (10) through (12)				
(14)	NAIC Designation Category 3.A Bonds	Footnote Amt 1 L000001C				0.069
(15)	NAIC Designation Category 3.B Bonds	Footnote Amt 2 L000001C				0.076
(16)	NAIC Designation Category 3.C Bonds	Footnote Amt 3 L000001C				0.083
(17)	Total NAIC 03 Bonds	Sum of Lines (14) through (16)				
(18)	NAIC Designation Category 4.A Bonds	Footnote Amt 1 L000001D				0.089
(19)	NAIC Designation Category 4.B Bonds	Footnote Amt 2 L000001D				0.097
(20)	NAIC Designation Category 4.C Bonds	Footnote Amt 3 L000001D				0.110
(21)	Total NAIC 04 Bonds	Sum of Lines (18) through (20)				
(22)	NAIC Designation Category 5.A Bonds	Footnote Amt 1 L000001E				0.123
(23)	NAIC Designation Category 5.B Bonds	Footnote Amt 2 L000001E				0.137
(24)	NAIC Designation Category 5.C Bonds	Footnote Amt 3 L000001E				0.151
(25)	Total NAIC 05 Bonds	Sum of Lines (22) through (24)				
(26)	Total NAIC 06 Bonds	Footnote Amt 1 L000001F				0.300
(27)	Total Bonds RBC	Lines (9) + (13) + (17) + (21) + (25) + (26)				

FIXED INCOME ASSETS - MISCELLANEOUS

	Annual Statement Source	(1) Blk/Adj Carrying Value	Factor	(2) RBC Requirement
(1) Cash	Page 2, Line 5, inside amount 1		0.0030	
(2) Cash Equivalents	Page 2, Line 5, inside amount 2			
(3) Less: Cash Equivalents, Total Bonds	Schedule E, Part 2, Column 7, Line 2509999999 0509999999			
(4) Less: Exempt Money Market Mutual Funds as Identified by SVO	Schedule E, Part 2, Column 7, Line 8209999999			
(5) Net Cash Equivalents	Lines (2) - (3) - (4)		0.0030	
(6) Short-Term Investments	Page 2, Line 5, inside amount 3			
(7) Short-Term Bonds	Schedule DA, Part 1, Column 7 6, Line 2509999999 0509999999			
(8) Total Other Short-Term Investments	Lines (6) - (7)		0.0030	
(9) Mortgage Loans - First Liens	Page 2, Column 3, Line 3.1		0.0500	
(10) Mortgage Loans - Other Than First Liens	Page 2, Column 3, Line 3.2		0.0500	
(11) Receivable for Securities	Page 2, Column 3, Line 9		0.0240	
(12) Aggregate Write-Ins for Invested Assets	Page 2, Column 3, Line 11		0.0500	
(13) Collateral Loans	Included in Page 2, Column 3, Line 8		0.0500	
(14) NAIC 01 Working Capital Finance Investments	Notes to Financial Statement 5M(01a), Column 3		0.0038	
(15) NAIC 02 Working Capital Finance Investments	Notes to Financial Statement 5M(01b), Column 3		0.0125	
(16) Other Long-Term Invested Assets Excluding Collateral Loans, Residual Tranches or Interests and Working Capital Finance Investments	Included in Page 2, Column 3, Line 8		0.2000	
(17) Federal Guaranteed Low Income Housing Tax Credits	Schedule BA Part 1, Column 12 Lines 3599999 + 3699999		0.0014	
(18) Federal Non-Guaranteed Low Income Housing Tax Credits	Schedule BA Part 1, Column 12 Lines 3799999 + 3899999		0.0260	
(19) State Guaranteed Low Income Housing Tax Credits	Schedule BA Part 1, Column 12 Lines 3999999 + 4099999		0.0014	
(20) State Non-Guaranteed Low Income Housing Tax Credits	Schedule BA Part 1, Column 12 Lines 4199999 + 4299999		0.0260	
(21) All Other Low Income Housing Tax Credits	Schedule BA Part 1, Column 12 Lines 4399999 + 4499999		0.1500	
(22) Total Residual Tranches or Interests	Schedule BA, Part 1, Column 12 Lines 4499999 +4599999 + 4699999 + 4799999 + 4899999 + 4999999 + 5099999 + 5199999 + 5299999 + 5399999 + 5499999 + 5599999 +5699999 +5799999		0.2000	
(23) Total Other Long-Term Invested Assets (Page 2, Column 3, Line 8)	Lines (13) + (14) + (15) + (16) + (17) + (18) + (19) + (20) + (21) + (22)			
(24) Derivatives	Page 2, Column 3, Line 7		0.0500	
(25) Total Miscellaneous Fixed Income Assets RBC	Lines (1) + (5) + (8) + (9) + (10) + (11) + (12) + (23) + (24)			

Denotes items that must be manually entered on filing software.

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 C7 C6		<u>Annual Statement Total</u> <u>Preferred Stock</u>	<u>Total From RBC Report</u>	<u>Difference</u>
	Annual Statement Line Number			
(1)	Parent	0199999	0	0
(2)	U.S. P&C Insurer	0299999	0	0
(3)	U.S. Life Insurer	0399999	0	0
(4)	U.S. Health Insurer	0499999	0	0
(5)	Alien Insurer	0599999	0	0
(6)	Non-Insurer Which Controls Insurer	0699999	0	0
(7)	Investment Subsidiary	0799999	0	0
(8)	Other Affiliates	0899999	0	0
(9)	Subtotal	0999999	0	0

Affiliated Common Stock		(1)	(2)	(3)
Schedule D Part 6 Section 1 C7 C6		<u>Annual Statement Total</u> <u>Common Stock</u>	<u>Total From RBC Report</u>	<u>Difference</u>
	Annual Statement Line Number			
(10)	Parent	1099999	0	0
(11)	U.S. P&C Insurer	1199999	0	0
(12)	U.S. Life Insurer	1299999	0	0
(13)	U.S. Health Insurer	1399999	0	0
(14)	Alien Insurer	1499999	0	0
(15)	Non-Insurer Which Controls Insurer	1599999	0	0
(16)	Investment Subsidiary	1699999	0	0
(17)	Other Affiliates	1799999	0	0
(18)	Subtotal	1899999	0	0

BONDS PR006

	(1)	(2)	(3)	(4)	(5)	(6)	
	Long-Term Bonds - Issuer Credit Obligations Owned Schedule D, Part 1, Section 1 Book/Adjusted Carrying Value L3 thru 26 = Sch D Pt1Sn1F	Asset-Backed Securities Owned Schedule D, Part 1 Section 2 Book/Adjusted Carrying Value L3 thru 26 = Sch D Pt1Sn2F	Short-Term Investments Schedule DA, Part 1 Book/Adjusted Carrying Value L3 thru 26 = Sch DA Pt1F	Cash Equivalents Schedule E, Part 2 Book/Adjusted Carrying Value L3 thr 26 = Sch E Pt2F	Subtotal C(1) + C(2) + C(3) + C(4)	Factor	RBC Requirement
Annual Statement Source							
(1) NAIC 1.A - U.S. Government Full Faith and Credit Other- U.S. Government Obligations ; and NAIC U.S. Government Money Market Fund List (Refer to A/S Instructions)	C(1)=Sch D, Pt 1, Sn 1, C4-L010999999 , C8, L001999999 C(2)=Sch D, Pt 1, Sn 2, C8, L001999999 C(3)=Sch DA, Pt 1, C7-L010999999 , C6, L001999999 C(4)=Sch E, Pt 2, C7 L010999999 , L001999999 + L820999999					0.000	0
(2) NAIC Designation Category 1.A	C(1)=Footnote Amt 1 L000001A - L(1) C(2)=Footnote Amt 1 L000001A - L(1) C(3)=Footnote Amt 1 L000001A - L(1) C(4)=Footnote Amt 1 L000001A - SCE, Pt2, C7 L010999999 - L001999999					0.002	0
(3) NAIC Designation Category 1.B	Footnote Amt 2 L000001A					0.004	0
(4) NAIC Designation Category 1.C	Footnote Amt 3 L000001A					0.006	0
(5) NAIC Designation Category 1.D	Footnote Amt 4 L000001A					0.008	0
(6) NAIC Designation Category 1.E	Footnote Amt 5 L000001A					0.010	0
(7) NAIC Designation Category 1.F	Footnote Amt 6 L000001A					0.013	0
(8) NAIC Designation Category 1.G	Footnote Amt 7 L000001A					0.015	0
(9) Total NAIC 01 Bonds	Sum of Ls (1) through (8)					0	0
(10) NAIC Designation Category 2.A	Footnote Amt 1 L000001B					0.018	0
(11) NAIC Designation Category 2.B	Footnote Amt 2 L000001B					0.021	0
(12) NAIC Designation Category 2.C	Footnote Amt 3 L000001B					0.025	0
(13) Total NAIC 02 Bonds	Sum of Ls (10) through (12)					0	0
(14) NAIC Designation Category 3.A	Footnote Amt 1 L000001C					0.055	0
(15) NAIC Designation Category 3.B	Footnote Amt 2 L000001C					0.060	0
(16) NAIC Designation Category 3.C	Footnote Amt 3 L000001C					0.066	0
(17) Total NAIC 03 Bonds	Sum of Ls (14) through (16)					0	0
(18) NAIC Designation Category 4.A	Footnote Amt 1 L000001D					0.071	0
(19) NAIC Designation Category 4.B	Footnote Amt 2 L000001D					0.077	0
(20) NAIC Designation Category 4.C	Footnote Amt 3 L000001D					0.087	0
(21) Total NAIC 04 Bonds	Sum of Ls (18) through (20)					0	0
(22) NAIC Designation Category 5.A	Footnote Amt 1 L000001E					0.098	0
(23) NAIC Designation Category 5.B	Footnote Amt 2 L000001E					0.109	0
(24) NAIC Designation Category 5.C	Footnote Amt 3 L000001E					0.120	0
(25) Total NAIC 05 Bonds	Sum of Ls (22) through (24)					0	0
(26) Total NAIC 06 Bonds	Footnote Amt 1 L000001F					0.300	0
(27) Subtotal - Bonds Subject to Bond Size Factor	L(9) - L(1) + L(13) + L(17) + L(21) + L(25) + L(26)					0	0
(28) Number of Issuers						0	
(29) Bond Size Factor							6.800
(30) Bond Size Factor RBC	C(5)L(27) x C(5)L(29)						0
(31) Total Bonds RBC	L(27) + L(30)						0

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

UNAFFILIATED PREFERRED AND COMMON STOCK PR007

		(1) <u>Book/Adjusted</u> <u>Carrying Value</u>	<u>Factor</u>	(2) <u>RBC Requirement</u>
Unaffiliated Preferred Stock				
(1) NAIC 01 Preferred Stock	Sch D Pt 2 Sn 1	0	0.003	0
(2) NAIC 02 Preferred Stock	Sch D Pt 2 Sn 1	0	0.010	0
(3) NAIC 03 Preferred Stock	Sch D Pt 2 Sn 1	0	0.020	0
(4) NAIC 04 Preferred Stock	Sch D Pt 2 Sn 1	0	0.045	0
(5) NAIC 05 Preferred Stock	Sch D Pt 2 Sn 1	0	0.100	0
(6) NAIC 06 Preferred Stock	Sch D Pt 2 Sn 1	0	0.300	0
(7) TOTAL - UNAFFILIATED PREFERRED STOCK (should equal P2 L2.1 C3 less Sch D-Sum C1 L2248)	Sum of Ls (1) through (6)	0		0
Unaffiliated Common Stock				
(8) Total Common Stock	Sch D - Summary C1 L2925	0		
(9) Affiliated Common Stock	Sch D - Summary C1 L2824	0		
(10) Non-Admitted Unaffiliated Common Stock	P2 C2 L2.2 - Sch D Pt6 Sn1 C89 L1899999	0		
(11) Admitted Unaffiliated Common Stock	L(8) - L(9) - L(10)	0	0.150	0
(12) Market Value Excess Affiliated Stocks	PR003 C(13) L(9999999)			0
(13) Total Unaffiliated Common Stock and Market Value Excess Affiliated Stocks	L(11) + L(12)	0		0

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

OTHER LONG-TERM ASSETS PR008

	Annual Statement Source	(1) Book/Adjusted Carrying Value	Factor	(2) RBC Requirement
(1) Company Occupied Real Estate	P2 L4.1 C3	0	0.100	0
(2) Encumbrances	P2 L4.1, inside item	0	0.100	0
(3) Property Held For the Production of Income	P2 L4.2 C3	0	0.100	0
(4) Property Held For Sale	P2 L4.3 C3	0	0.100	0
(5) Encumbrances (Property Held For the Production of Income)	P2 L4.2, inside item	0	0.100	0
(6) Encumbrances (Property Held For Sale)	P2 L4.3, inside item	0	0.100	0
(7) Total Real Estate	L(1)+L(2)+L(3)+L(4)+L(5)+L(6)	0		0
(8) Mortgage Loans - First Liens	P2 L3.1 C3	0	0.050	0
(9) Mortgage Loans - Other Than First Liens	P2 L3.2 C3	0	0.050	0
(10) Total Mortgage Loans	L(8) + L(9)	0		0
(11) Schedule BA Assets - Total	P2 L8 C3	0		
(12) Less: Collateral Loans	PR009 L(13)	0		
(13) Federal Guaranteed Low Income Housing Tax Credits	Schedule BA Part 1, C12 L3599999 +L3699999	0	0.0014	0
(14) Federal Non-Guaranteed Low Income Housing Tax Credits	Schedule BA Part 1, C12 L3799999 +L3899999	0	0.0260	0
(15) State Guaranteed Low Income Housing Tax Credits	Schedule BA Part 1, C12 L3999999 +L4099999	0	0.0014	0
(16) State Non-Guaranteed Low Income Housing Tax Credits	Schedule BA Part 1, C12 L4199999 +L4299999	0	0.0260	0
(17) All Other Low Income Housing Tax Credits	Schedule BA Part 1, C12 L4399999 +L4499999	0	0.1500	0
(18) Working Capital Finance Investments	L(21)+L(22)	0		
(19) Total Residual Tranches or Interests	Schedule BA, Part 1, Column 12 Lines 4499999 + 4599999 + 4699999 + 4799999 + 4899999 + 4999999 + 5099999 + 5199999 + 5299999 + 5399999 + 5499999 + 5599999 + 5699999 + 5799999	0	0.2000	0
(20) Schedule BA Assets Excluding Collateral Loans, LIHTC, WCFL, & Residual Tranches or Interests	L(11)-L(12)-L(13)-L(14)-L(15) -L(16)-L(17)-L(18)-L(19)	0	0.2000	0
(21) NAIC 01 Working Capital Finance Investments	Notes to Financial Statement Item L5M(01a) C3	0	0.0038	0
(22) NAIC 02 Working Capital Finance Investments	Notes to Financial Statement Item L5M(01b) C3	0	0.0125	0
(23) Total Other Long-Term Assets	L(7)+L(10)+L(13)+L(14)+L(15) +L(16)+L(17)+L(19)+L(20)+L(21)+L(22)	0		0

MISCELLANEOUS ASSETS PR009

	Annual Statement Source	(1) <u>Book/Adjusted</u> <u>Carrying Value</u>	<u>Factor</u>	(2) <u>RBC Requirement</u>
(1) Receivable for Securities	P2C3L9	0	0.025	0
(2) Aggregate W/I for Invest Assets	P2C3 L11	0	0.050	0
(3) Cash	P2 L5, inside amt 1	0	0.003	0
(4) Cash Equivalents	P2 L5, inside amt 2	0		
(5) Less: Cash Equivalents, Total Bonds	Sch E Pt 2 C7 L250999999 L050999999	0		
(6) Less: Exempt Money Market Mutual Funds as Identified by SVO	Sch E Pt 2 C7 L820999999	0		
(7) Net Cash Equivalents	L(4)-L(5)-L(6)	0	0.003	0
(8) Short-Term Investments	P2 L5, inside amt 3	0		
(9) Short-Term Bonds	Sch DA Pt 1 C7 C6 L250999999 L050999999	0		
(10) Total Other Short-Term Investments	L(8)-L(9)	0	0.003	0
(11) Collateral Loans	Sch BA Pt1 C12 L3199999+L3299999 L2999999+3099999	0		
(12) Less: Non-Admitted Collateral Loans	Notes to Financial Statement Item 5S C3 L11 P2-L8- C2 in part	0		
(13) Net Admitted Collateral Loans	L(11) - L(12)	0	0.050	0
(14) Derivatives	P2C3 L7	0	0.050	0
(15) Total Miscellaneous Assets	L(1)+L(2)+L(3)+L(7)+L(10)+L(13)+L(14)	0		0

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OFF-BALANCE SHEET COLLATERAL AND SCHEDULE DL, PART 1 ASSETS PR015

Asset Category	Annual Statement Source	(1) Off-Balance Sheet Collateral Book/Adjusted Carrying Value	(2) Schedule DL, Part 1 Book/Adjusted Carrying Value	(3) Subtotal	(4) Factor	RBC Requirement
Fixed Income Assets						
Bonds						
(1) NAIC 1.A - U.S. Government Full Faith and Credit, Other-U.S. Government Obligations , and NAIC U.S. Government Money Market Fund List (Refer to A/S Instructions)	Company Records	0	0	0	0.000	0
(2) NAIC Designation Category 1.A	Company Records	0	0	0	0.002	0
(3) NAIC Designation Category 1.B	Company Records	0	0	0	0.004	0
(4) NAIC Designation Category 1.C	Company Records	0	0	0	0.006	0
(5) NAIC Designation Category 1.D	Company Records	0	0	0	0.008	0
(6) NAIC Designation Category 1.E	Company Records	0	0	0	0.010	0
(7) NAIC Designation Category 1.F	Company Records	0	0	0	0.013	0
(8) NAIC Designation Category 1.G	Company Records	0	0	0	0.015	0
(9) Total NAIC 01 Bonds	Sum of Ls (1) through (8)	0	0	0		0
(10) NAIC Designation Category 2.A	Company Records	0	0	0	0.018	0
(11) NAIC Designation Category 2.B	Company Records	0	0	0	0.021	0
(12) NAIC Designation Category 2.C	Company Records	0	0	0	0.025	0
(13) Total NAIC 02 Bonds	Sum of Ls (10) through (12)	0	0	0		0
(14) NAIC Designation Category 3.A	Company Records	0	0	0	0.055	0
(15) NAIC Designation Category 3.B	Company Records	0	0	0	0.060	0
(16) NAIC Designation Category 3.C	Company Records	0	0	0	0.066	0
(17) Total NAIC 03 Bonds	Sum of Ls (14) through (16)	0	0	0		0
(18) NAIC Designation Category 4.A	Company Records	0	0	0	0.071	0
(19) NAIC Designation Category 4.B	Company Records	0	0	0	0.077	0
(20) NAIC Designation Category 4.C	Company Records	0	0	0	0.087	0
(21) Total NAIC 04 Bonds	Sum of Ls (18) through (20)	0	0	0		0
(22) NAIC Designation Category 5.A	Company Records	0	0	0	0.098	0
(23) NAIC Designation Category 5.B	Company Records	0	0	0	0.109	0
(24) NAIC Designation Category 5.C	Company Records	0	0	0	0.120	0
(25) Total NAIC 05 Bonds	Sum of Ls (22) through (24)	0	0	0		0
(26) Total NAIC 06 Bonds	Company Records	0	0	0	0.300	0
(27) Total Bonds	L(9) + (13) + (17) + (21) + (25) + (26)	0	0	0		0
Equity Assets						
Preferred Stock - Unaffiliated						
(28) NAIC 01 Unaffiliated Preferred Stock	Company Records	0	0	0	0.003	0
(29) NAIC 02 Unaffiliated Preferred Stock	Company Records	0	0	0	0.010	0
(30) NAIC 03 Unaffiliated Preferred Stock	Company Records	0	0	0	0.020	0
(31) NAIC 04 Unaffiliated Preferred Stock	Company Records	0	0	0	0.045	0
(32) NAIC 05 Unaffiliated Preferred Stock	Company Records	0	0	0	0.100	0
(33) NAIC 06 Unaffiliated Preferred Stock	Company Records	0	0	0	0.300	0
(34) Total Unaffiliated Preferred Stock	Sum of Ls (28) through (33)	0	0	0		0
(35) Unaffiliated Common Stock	Company Records	0	0	0	0.150	0
(36) Real Estate and Schedule BA - Other Invested Assets	Company Records	0	0	0	0.200	0
(37) Other Invested Assets	Company Records	0	0	0	0.200	0
(38) Mortgage Loans on Real Estate	Company Records	0	0	0	0.050	0
(39) Cash, Cash Equivalents and Short-Term Investments (Not reported as Bonds above)	Company Records	0	0	0	0.003	0
(40) Total	L(27)+L(34)+L(35)+L(36)+L(37)+L(38)+L(39)	0	0	0		0

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

Calculation of Total Risk-Based Capital After Covariance PR030 R0-R1

(1)

R0 - Subsidiary Insurance Companies and Misc. Other Amounts		PRBC O&I Reference	RBC Amount
(1)	Directly Owned Property and Casualty Insurance Affiliates	PR004 L(2)C(2)	0
(2)	Indirectly Owned Property and Casualty Insurance Affiliates	PR004 L(5)C(2)	0
(3)	Directly Owned Life Insurance Affiliates	PR004 L(3)C(2)	0
(4)	Indirectly Owned Life Insurance Affiliates	PR004 L(6)C(2)	0
(5)	Directly Owned Health Insurance Companies or Health Entities	PR004 L(1)C(2)	0
(6)	Indirectly Owned Health Insurance Companies or Health Entities	PR004 L(4)C(2)	0
(7)	Directly Owned Alien Insurance Companies or Health Entities	PR004 L(9)+L(10)+L(11)C(2)	0
(8)	Indirectly Owned Alien Insurance Companies or Health Entities	PR004 L(12)+L(13)+L(14)C(2)	0
(9)	Misc Off-Balance Sheet - Non-controlled Assets	PR014 L(15) C(3)	0
(10)	Misc Off-Balance Sheet - Guarantees for Affiliates	PR014 L(16) C(3)	0
(11)	Misc Off-Balance Sheet - Contingent Liabilities	PR014 L(17) C(3)	0
(12)	Misc Off-Balance Sheet - SSAP No.101 Par. 11A DTA	PR014 L(19) C(3)	0
(13)	Misc Off-Balance Sheet - SSAP No.101 Par. 11B DTA	PR014 L(20) C(3)	0
(14)	Total R0	L(1)+L(2)+L(3)+L(4)+L(5)+L(6)+L(7)+L(8)+L(9)+L(10)+L(11)+L(12)+L(13)	0
R1 - Asset Risk - Fixed Income			
(15)	Bonds Subject to Size Factor	PR006 L(27) €(5)C(6)	0
(16)	Bond Size Factor RBC	PR006 L(30) €(5)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, LIHTC, & WCFI, & Residual Tranches or Interests	PR008 L(10)+L(13)+L(14)+L(15)+L(16)+L(17)+L(19)+L(21)+L(22)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(21)C(3) Grand Total Page	0
(26)	Total R1	L(15)+L(16)+L(17)+L(18)+L(19)+L(20)+L(21)+L(22)+L(23)+L(24)+L(25)	0