

What Risk-Based Capital Pages Should Be Submitted?

For the year-end 2023 health risk-based capital (RBC) filing, submit hard copies of pages **XR001 through XR027** to any state that requests a hard copy in addition to the electronic filing. Beginning with year-end 2007, a hard copy of the RBC filings was not required to be submitted to the NAIC. Other pages, outside of pages XR001 through XR027, do not need to be submitted. Those pages would need to be retained by the company as documentation.

Modification to the Affiliated Investment Structure and Instructions

The Capital Adequacy (E) Task Force adopted proposal 2022-09-CA during its March 23 meeting to revise the instructions and structure of the Affiliated Investment pages (pages XR002-XR004) to provide consistent treatment of affiliated investments between the Health, Life, and Property/Casualty (P/C) RBC formulas. The Task Force adopted proposal 2022-09-CA (MOD) during its June 30 call. The modified proposal clarified the examples provided for the Indirectly Owned Alien Insurance Affiliates/Subsidiaries section within the instructions and added a footnote for the “% Owned” column within the blank.

An editorial change was made to the formula used in the Subsidiary, Controlled, and Affiliated Investments page (XR003) by year-end 2023. The change will carry the RBC Required amount calculated on the Details for Affiliated Stocks page (XR002) into page XR003, Line (21) Other Non-Financial Entities when Column (2) Affil Type is null. The Task Force will consider further revisions for year-end 2024 or later.



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Preferred Stock Instructions

The Capital Adequacy (E) Task Force adopted proposal 2022-10-H during its Dec. 14, 2022, meeting to delete the reference to bond factors and revise for consistency with the P/C RBC preferred stock instructions.

Underwriting Risk - Annual Statement - Analysis of Operations References

The Capital Adequacy (E) Task Force adopted proposal 2022-11-H during its Dec. 14, 2022, meeting. The purpose of this proposal was to update the annual statement source descriptions and align the lines of business on pages XR013 and XR014 with the changes in the Annual Statement Analysis of Operations based on Blanks proposal 2021-17BWGMOD.

Underwriting Risk Factors - Investment Income Adjustment

The Capital Adequacy (E) Task Force adopted proposal 2022-16-CA during its June 30 meeting. This proposal updated the comprehensive medical, Medicare supplement, and dental and vision factors to include a 5% investment yield adjustment. The revised factors are:

	Comprehensive Medical	Medicare Supplement	Dental & Vision
\$0-\$3 Million	0.1434	0.0980	0.1148
\$3-\$25 Million	0.1434	0.0603	0.0711
Over \$25 Million	0.0838	0.0603	0.0711



Trend Test Instructions

The Capital Adequacy (E) Task Force adopted proposal 2022-14-H during its March 23 meeting to remove the informational-only trend test instructions.

Renumbering of Page XR008

The Capital Adequacy (E) Task Force adopted proposal 2022-15-H during its March 23 meeting to renumber the lines on page XR008 so it starts with line number 1.

Stop Loss Premiums

The Capital Adequacy (E) Task Force adopted proposal 2023-01-CA during its June 30 meeting. This proposal clarifies the instructions for stop loss premiums in the Underwriting Risk - Experience Fluctuation Risk, Other Underwriting Risk, and Stop Loss Interrogatories.

Editorial Changes

1. An editorial change was made to the Annual Statement Source column on page XR014 for the following:

- a. Column (1), Line (7) was updated to reference "Pg. 7, Col. 2+3+8+9, Line 17."
- b. Column (7), Line (2) was updated to reference "Pg. 7, Col. 8, Lines 1+2."
- c. Column (7), Line (3) was updated to reference "Pg. 7, Col. 9, Lines 1+2."

2. An editorial change was made to the instructions for Affiliated Investments to remove the reference "and Line 93999999" from the end of the following sentence: "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 plus Line 1899999."

3. An editorial change was made to the Annual Statement Source on page XR023, Lines (5) and (13), to update the line reference to Line 7.

4. An editorial change was made to remove the page number reference from the electronic-only stop loss tables on page XR015 of the forecasting file.

5. An editorial change was made to remove the sentence "Line 10 of XR003 - Fair Value Excess Subsidiary Common Stock equals the total of type codes 1.a. through 2.c., Column 13 of the Details for Affiliated Stocks Page. The program will automatically calculate this figure." From the Affiliated Investment Instructions, this line was removed from page XR003 with the revisions to proposal 2022-09-CA and should have been deleted.

6. An editorial change was made to Table 2 in Example 2 for Indirectly Owned Alien Insurance Affiliates/Subsidiaries for the Book/Adjusted Carrying Value of Affil Type 3 to be \$5,000,000 and the RBC Required to be \$1,500,000.

Risk-Based Capital Forecasting and Instructions

The Health RBC forecasting spreadsheet calculates RBC using the same formula presented in the *2023 NAIC Health Risk-Based Capital Report Including Overview & Instructions for Companies*, and it can be downloaded from the [NAIC Account Manager](#). The *2023 NAIC Health Risk-Based Capital Report Including Overview & Instructions for Companies* publication is available for purchase in an electronic format through the NAIC Publications Department. This publication is available for purchase on or about November 1 each year. The User Guide is no longer included in the Forecasting & Instructions.

WARNING: The RBC forecasting spreadsheet CANNOT be used to meet the year-end RBC electronic filing requirement. RBC filing software from an annual statement software vendor should be used to create the electronic filing. If the forecasting worksheet is sent instead of an electronic filing, it will not be accepted, and the RBC will not have been filed.



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