

What Risk-Based Capital Pages Should Be Submitted?

For year-end 2024 life and fraternal risk-based capital (RBC), submit hard copies of pages **LR001 through LR049** to any state that requests a hard copy in addition to the electronic filing. Starting with year-end 2007 RBC, a hard copy was not required to be submitted to the NAIC. However, a PDF file representing the hard copy filing is part of the electronic filing.

If any actuarial certifications are required per the RBC instructions, those should be included as part of the hard copy filing. Starting with year-end 2008 RBC, the actuarial certifications were also part of the electronic RBC filing as PDF files, similar to the financial annual statement actuarial opinion.

Other pages, such as the mortgage and real estate worksheets, do not need to be submitted. However, they still need to be retained by the company as documentation.

Addition of Line to Total Adjusted Capital

The Capital Adequacy (E) Task Force adopted proposal 2024-04-L during its April 30 meeting. This proposal adds a line to LR033, Calculation of Total Adjusted Capital, to address the treatment of non-admitted insurance affiliates. This treatment was adopted as part of proposal 2022-09-CA, the revised treatment of affiliated investments. This line was omitted from the life structure change but was done for 2023 by including it in an existing line. This proposal does not change the treatment but makes the life formula consistent with the other RBC formulas.



In This Issue:

- What Risk-Based Capital Pages Should be Submitted? / 1
 - Addition of Line to Total Adjusted Capital / 1
 - Addition of Line to Address Omitted Asset Valuation Reserve Item for Schedule BA Mortgages / 2
 - Collateral Loans / 2
 - Residual Tranches or Interests / 2
 - Receivable for Securities Factor / 2
 - Underwriting Risk Factors - Investment Income Adjustment / 3
 - Risk-Based Capital Forecasting and Instructions / 3
 - Contact Information / 3
-

Addition of Line to Address Omitted Asset Valuation Reserve Item for Schedule BA Mortgages

The Capital Adequacy (E) Task Force adopted proposal 2024-05-L during its April 30 meeting. This proposal adds a line to LR009 to specifically address line 44 of the Asset Valuation Reserve (AVR) Equity Component. This AVR line was not included in the LR009 changes made with the mortgage methodology change in 2013. The Task Force adopted proposal 2024-17-L during its June 28 meeting. This proposal applies a factor of 0.0068.

Collateral Loans

The Capital Adequacy (E) Task Force adopted proposal 2024-15-L during its June 28 meeting. This proposal addresses reporting changes of certain mortgage-type investments as collateral loans backed by mortgages in 2024.

Residual Tranches or Interests

The Capital Adequacy (E) Task Force adopted the Risk-Based Capital Investment Risk and Evaluation (E) Working Group's summary report during its June 28 meeting. The Working Group met April 12, May 22, and June 21 to discuss residual tranches or interests and the 45% RBC factor in place for year-end 2024. After considering comments and a review of alternative proposals to bifurcate residual tranches or interests between 30% and 45% RBC categories, the Working Group adopted a motion to retain the 45% RBC base factor for all residual tranches or interests for year-end 2024 with the sensitivity test factor of zero.

Receivable for Securities Factor

The Capital Adequacy (E) Task Force adopted proposal 2024-13-CA during its June 28 meeting. This changes the factor for the Receivables for Securities (Line [5], Page LR012) to 0.016.



Underwriting Risk Factors - Investment Income Adjustment

The Capital Adequacy (E) Task Force adopted proposal 2024-09-CA during its June 28 meeting. This proposal updated the comprehensive medical, Medicare supplement, and dental and vision factors to include a 5.5% investment yield adjustment. The revised factors are:

	Comprehensive Medical	Medicare Supplement	Dental & Vision
\$0-\$3 Million	0.1427	0.0973	0.1143
\$3-\$25 Million	0.1427	0.0596	0.0706
Over \$25 Million	0.0832	0.0596	0.0706

Risk-Based Capital Forecasting and Instructions

The Life and Fraternal RBC forecasting spreadsheet calculates RBC using the same formula presented in the *2024 NAIC Life and Fraternal Risk-Based Capital Forecasting & Instructions for Companies*, and it is available to download from the [NAIC Account Manager](#). The *2024 NAIC Life and Fraternal Risk-Based Capital Forecasting & Instructions for Companies* publication is available for purchase in electronic format through the NAIC Publications Department. This publication is available 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.



©2024 NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

Life and Fraternal Risk-Based Capital Newsletter Volume 30.
Published annually or whenever needed by the NAIC for state insurance regulators, professionals and consumers.

Direct correspondence to: Kazeem Okosun, RBC Newsletters, NAIC, 1100 Walnut Street, Suite 1000, Kansas City, MO 64106-2197. Phone: (816) 783-8121. Email: kokosun@naic.org.