

## Capital Adequacy (E) Task Force

### RBC Proposal Form

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|---|--|--|
| <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>11/11/2025</u></p> <p><b>CONTACT PERSON:</b> <u>Maggie Chang</u></p> <p><b>TELEPHONE:</b> <u>816-783-8976</u></p> <p><b>EMAIL ADDRESS:</b> <u>mchang@naic.org</u></p> <p><b>ON BEHALF OF:</b> <u>Risk-Based Capital Investment Risk and Evaluation (E) Working Group</u></p> <p><b>NAME:</b> <u>Philip Barlow, Chair</u></p> <p><b>TITLE:</b> <u>Associate Commissioner of Insurance</u></p> <p><b>AFFILIATION:</b> <u>District of Columbia</u></p> <p><b>ADDRESS:</b> <u>1050 First Street, NE Suite 801</u> <u>Washington, DC 20002</u></p>	<p style="text-align: center;"><b>FOR NAIC USE ONLY</b></p> <p>Agenda Item # <u>2025-22-IRE MOD V.2</u> Year <u>2026 or later</u></p> <p style="text-align: center;"><b>DISPOSITION</b></p> <p><b>ADOPTED:</b></p> <p><input checked="" type="checkbox"/> TASK FORCE (TF) <u>5/14/2026</u></p> <p><input checked="" type="checkbox"/> WORKING GROUP (WG) <u>5/06/2026</u></p> <p><input type="checkbox"/> SUBGROUP (SG) _____</p> <p><b>EXPOSED:</b></p> <p><input type="checkbox"/> TASK FORCE (TF) _____</p> <p><input checked="" type="checkbox"/> WORKING GROUP (WG) <u>12/15/25</u> <u>3/23/26</u></p> <p><input type="checkbox"/> SUBGROUP (SG) _____</p> <p><b>REJECTED:</b></p> <p><input type="checkbox"/> TF <input type="checkbox"/> WG <input type="checkbox"/> SG _____</p> <p><b>OTHER:</b></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 a more granular reporting of Long-Term Bonds into two buckets: i) collateralized loan obligations (CLOs) and ii) all other Long-Term Bonds on the LR002 Bonds page. The expanded presentation of bonds is a result of the work of Risk-Based Capital Investment Risk and Evaluation (E) Working Group under Working Agenda item: Evaluate the appropriate RBC treatment of Asset-Backed Securities (ABS), including Collateralized Loan Obligations (CLO), collateralized fund obligations (CFOs), or other similar securities carrying similar types of tail risk (Complex Assets).

**Please note that this proposal does not contemplate any changes to factors. Any changes of factors, if deemed necessary, will be dealt with by a separate proposal. Likewise, residual tranche structural changes, if any, are to be contemplated in separate proposal form.**

The accompanying changes proposed to the instructions and blanks of the AVR – Default Component & Equity and Other Invested Asset Component tables are under purview of NAIC Blanks (E) Working Group. As such, the proposed changes to “Annual Statement Source” in LR002 are contingent on the adoption of such Blanks proposal.

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**Additional Staff Comments:**

12/15/25 – exposed by Working Group (mkc)

3/23/26 [MOD V.1] – modified to incorporate tranche thickness as comparable attributes (mkc).

5/1/26 [MOD V.2]–modified to streamline LR002 page such that line (3.3), (4.1)-(4.3), (5.1)-(5.3) and (6.1)-(6.3) no longer use “in part”/ “company record” methodology. **Noted this structure was initially exposed on 12/15/2025.** This modified version continues to include line (7.2) to capture all CLOs designated NAIC 2.C. or below AND have tranche thickness below 4%. **Note that this structure was initially exposed on 3/23/26.** The only modification in this version is to reflect a flat thin tranche surcharge, if advocated by the Working Group. Since this is a structural proposal, the amount of flat surcharge is not within the scope of the proposal. **Ultimately, after making the aforementioned modification, there will be no change in substance as compared to MOD V.1.** All modifications from V.1 are highlighted in Aqua within the RBC Blanks. (mkc)

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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) (3.3), (4.1), (4.2), (4.3), (5.1), (5.2), (5.3), (6.1), (6.2), (6.3)~~ should ~~exclude 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). ~~Such balances should be reported in Column (2) Line (7.2).~~

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.

Report the Subtotal RBC Requirement in Column (4), Line (7.2) based on the following calculations:

<u>NAIC Designation Categories of the thin tranche CLOs</u>	<u>Book/Adjusted Carrying Value</u>		<u>Factors</u>		<u>RBC Requirement</u>
<u>NAIC Designation Category 2.C</u>	<u>Company Record</u>	<u>X</u>	<u>TBD</u>	<u>=</u>	
<u>NAIC Designation Category 3.A</u>	<u>Company Record</u>	<u>X</u>	<u>TBD</u>	<u>=</u>	

<u>NAIC Designation Category 3.B</u>	<u>Company Record</u>	<u>X</u>	<u>TBD</u>	<u> </u>
<u>NAIC Designation Category 3.C</u>	<u>Company Record</u>	<u>X</u>	<u>TBD</u>	<u> </u>
<u>NAIC Designation Category 4.A</u>	<u>Company Record</u>	<u>X</u>	<u>TBD</u>	<u> </u>
<u>NAIC Designation Category 4.B</u>	<u>Company Record</u>	<u>X</u>	<u>TBD</u>	<u> </u>
<u>NAIC Designation Category 4.C</u>	<u>Company Record</u>	<u>X</u>	<u>TBD</u>	<u> </u>
<u>NAIC Designation Category 5.A</u>	<u>Company Record</u>	<u>X</u>	<u>TBD</u>	<u> </u>
<u>NAIC Designation Category 5.B</u>	<u>Company Record</u>	<u>X</u>	<u>TBD</u>	<u> </u>
<u>NAIC Designation Category 5.C</u>	<u>Company Record</u>	<u>X</u>	<u>TBD</u>	<u> </u>
			<u>Subtotal</u>	<u> </u>

The total of Column (2) Lines (3.3), (4.1), (4.2), (4.3), (5.1), (5.2), (5.3) (6.1), (6.2) and (6.3) should agree to the total of AVR Default Component Column 1 Line A10.3, Line A11.1, Line A11.2, Line A11.3, Line A12.1, Line A12.2, Line A12.3, Line A13.1, Line A13.2, Line A13.3.

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 (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,</u>	(b) <u>Weighted Issuers</u> <u>(for bonds, excluding</u> <u>CLOs/CBOs/CDOs)</u>
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		<u>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 (23) Column (1)</u>						
<u>(ii) Total Weighted Issuers (for bonds, excluding CLOs/CBOs/CDOs)</u>						
	<u>Source</u>	<u>(a) Number of Issuers (for CLOs/CBOs/ CDOs)</u>				<u>(b) 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	=	
<u>(iii) Total Number of Issuers from Line (23) Column (2)</u>						
<u>(iv) Total Weighted Issuers (for CLOs/CBOs/CDOs)</u>						
Size Factor = Total Weighted Issuers (ii)+(iv) Divided by Total Number of Issuers (i)+(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.

SVO Bond Designation Category	Annual Statement Source	(1)	(2)	(3)	(4)
		Non-CLOs /CBOs/CDOs Book / Adjusted Carrying Value	CLOs/CBOs/CDOs Book / Adjusted Carrying Value	Factor	RBC Requirement
<b>Long Term Bonds</b>					
(1) Exempt Obligations	C(1) AVR Default Component Column 1 Line A1 C(1) AVR Default Component Column 1 Line A2.1	\$0 X 0.00000	XXX	XXX	\$0
(2.1) NAIC Designation Category 1.A	C(2) AVR Default Component Column 1 Line A9.1	\$0 X 0.00158	\$0 X	TBD	\$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 X 0.00271	\$0 X	TBD	\$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 X 0.00419	\$0 X	TBD	\$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 X 0.00523	\$0 X	TBD	\$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 X 0.00657	\$0 X	TBD	\$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 X 0.00816	\$0 X	TBD	\$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 X 0.01016	\$0 X	TBD	\$0
(2.8) Subtotal NAIC 1	Sum of Lines (2.1) through (2.7)	\$0	\$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 X 0.01261	\$0 X	TBD	\$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 X 0.01523	\$0 X	TBD	\$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 X 0.02168	\$0 X	TBD	\$0
(3.4) Subtotal NAIC 2	Sum of Lines (3.1) through (3.3)	\$0	\$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 X 0.03151	\$0 X	TBD	\$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 X 0.04537	\$0 X	TBD	\$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 X 0.06017	\$0 X	TBD	\$0
(4.4) Subtotal NAIC 3	Sum of Lines (4.1) through (4.3)	\$0	\$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 X 0.07386	\$0 X	TBD	\$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 X 0.09535	\$0 X	TBD	\$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 X 0.12428	\$0 X	TBD	\$0
(5.4) Subtotal NAIC 4	Sum of Lines (5.1) through (5.3)	\$0	\$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 X 0.16942	\$0 X	TBD	\$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 X 0.23798	\$0 X	TBD	\$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 X 0.30000	\$0 X	TBD	\$0
(6.4) Subtotal NAIC 5	Sum of Lines (6.1) through (6.3)	\$0	\$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 X 0.30000	\$0 X	TBD	\$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	XXX	TBD	\$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	\$0
(Column (1) + Column (2) should equal Page 2 Column 3 Line 1 + Schedule DL Part 1 Column 6 Line 200999999)					
<b>Short Term and Cash Equivalent Bonds</b>					
(9) Exempt Obligations	AVR Default Component Column 1 Line C1 + Schedule E, Part 2, Column 7, Line 001999999	\$0 X 0.000	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 001999999	\$0 X 0.00158	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 X 0.00271	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 X 0.00419	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 X 0.00523	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 X 0.00657	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 X 0.00816	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 X 0.01016	XXX	XXX	\$0

=ROUND(MAX(0,D10)\*F10 + MAX(0,G10)\*H10,0)

(10.8)	Subtotal NAIC 1	Sum of Lines (10.1) through (10.7)	\$0			\$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 = \$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 = \$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 = \$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 = \$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 = \$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 = \$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 = \$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 = \$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 = \$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 = \$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 = \$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 = \$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	0.300	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) (Column (1) should equal Schedule DA Part 1 Column 6 Line 0509999999 + Schedule DL Part 1 Column 6 Line 9509999999 + Schedule E Part 2 Column 7 Line 0509999999 )	\$0			\$0
(17)	Total Long-Term and Short-Term Bonds (pre-MODCO/Funds Withheld)	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)	Bonds Subject to Size Factor	Line (21) - Line (1) - Line (9) - Line (22)	\$0		\$0	\$0
(24)	Number of Issuers	Company Records	\$0		\$0	\$0
(25)	Size Factor for Bonds					2.4
(26)	Bonds Subject to Size Factor after the Size Factor is Applied	Line (23) x Line (25)				\$0
(27)	Total Bonds	Line (22) + Line (26)				\$0

Formula subjects to change once breakpoints & weights are finalized

† 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.

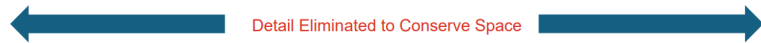
Company Name

CALCULATION OF TAX EFFECT FOR LIFE AND FRATERNAL RISK-BASED CAPITAL

Cocode: 00000

CALCULATION OF TAX EFFECT FOR LIFE AND FRATERNAL RISK-BASED CAPITAL

	<u>Source</u>	(1) <u>RBC Amount</u>	<u>Tax Factor</u>	(2) <u>RBC Tax Effect</u>
<b>ASSET RISKS</b>				
<u>Bonds</u>				
(001) Long-term Bonds – NAIC 1	LR002 Bonds Column (4) Line (2.8) + LR018 Off-Balance Sheet Collateral Column (3) Line (2.8)	\$0 X	0.1680	= \$0
(002) Long-term Bonds – NAIC 2	LR002 Bonds Column (4) Line (3.4) + LR018 Off-Balance Sheet Collateral Column (3) Line (3.4)	\$0 X	0.1680	= \$0
(003) Long-term Bonds – NAIC 3	LR002 Bonds Column (4) Line (4.4) + LR018 Off-Balance Sheet Collateral Column (3) Line (4.4)	\$0 X	0.1680	= \$0
(004) Long-term Bonds – NAIC 4	LR002 Bonds Column (4) Line (5.4) + LR018 Off-Balance Sheet Collateral Column (3) Line (5.4)	\$0 X	0.1680	= \$0
(005) Long-term Bonds – NAIC 5 & Others	LR002 Bonds Column (4) Line (6.4) & (7.2) + LR018 Off-Balance Sheet Collateral Column (3) Line (6.4)	\$0 X	0.1680	= \$0
(006) Long-term Bonds – NAIC 6	LR002 Bonds Column (4) Line (7.1) + LR018 Off-Balance Sheet Collateral Column (3) Line (7)	\$0 X	0.2100	= \$0
(007) Short-term Bonds – NAIC 1	LR002 Bonds Column (4) Line (10.8)	\$0 X	0.1680	= \$0
(008) Short-term Bonds – NAIC 2	LR002 Bonds Column (4) Line (11.4)	\$0 X	0.1680	= \$0
(009) Short-term Bonds – NAIC 3	LR002 Bonds Column (4) Line (12.4)	\$0 X	0.1680	= \$0
(010) Short-term Bonds – NAIC 4	LR002 Bonds Column (4) Line (13.4)	\$0 X	0.1680	= \$0
(011) Short-term Bonds – NAIC 5	LR002 Bonds Column (4) Line (14.4)	\$0 X	0.1680	= \$0
(012) Short-term Bonds – NAIC 6	LR002 Bonds Column (4) Line (15)	\$0 X	0.2100	= \$0
(013) Credit for Hedging - NAIC 1 Through 5 Bonds	LR014 Hedged Asset Bond Schedule Column (13) Line (0199999)	\$0 X	0.1680	= \$0 †
(014) Credit for Hedging - NAIC 6 Bonds	LR014 Hedged Asset Bond Schedule Column (13) Line (0299999)	\$0 X	0.2100	= \$0 †
(015) Bond Reduction - Reinsurance	LR002 Bonds Column (4) Line (19)	\$0 X	0.2100	= \$0 †
(016) Bond Increase - Reinsurance	LR002 Bonds Column (4) Line (20)	\$0 X	0.2100	= \$0
(017) Non-Exempt NAIC 1 U.S. Government Agency	LR002 Bonds Column (4) Line (22)	\$0 X	0.1680	= \$0
(018) Bonds Size Factor	LR002 Bonds Column (4) Line (26) - LR002 Bonds Column (4) Line (21)	\$0 X	0.1680	= \$0
<u>Mortgages</u>				
<u>In Good Standing</u>				
(019) Residential Mortgages - Insured		\$0 X	0.1575	= \$0
(020) Residential Mortgages - Other		\$0 X	0.1575	= \$0
(021) Commercial Mortgages - Insured		\$0 X	0.1575	= \$0



Detail Eliminated to Conserve Space

LR004 Mortgages Column (9) Line (1,2)  
LR004 Mortgages Column (6) Line (3)

CALCULATION OF AUTHORIZED CONTROL LEVEL RISK-BASED CAPITAL

	Source	(1) RBC Requirement
<u>Insurance Affiliates and Misc. Other Amounts (C-0)</u>		
(1) Directly Owned Health Insurance Companies or Health Entities	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (1)	\$0
(2) Directly Owned Property and Casualty Insurance Affiliates	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (2)	\$0
(3) Directly Owned Life Insurance Affiliates	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (3)	\$0
(4) Indirectly Owned Health Insurance Companies or Health Entities	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (4)	\$0
(5) Indirectly Owned Property and Casualty Insurance Affiliates	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (5)	\$0
(6) Indirectly Owned Life Insurance Affiliates	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (6)	\$0
(7) Affiliated Alien Insurers - Directly Owned	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Lines (9) + (10) + (11)	\$0
(8) Affiliated Alien Insurers - Indirectly Owned	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Lines (12) + (13) + (14)	\$0
(9) Off-Balance Sheet and Other Items	LR017 Off-Balance Sheet and Other Items Column (5) Line (34)	\$0
(10) Total (C-0) - Pre-Tax	Sum of Lines (1) through (9)	\$0
(11) (C-0) Tax Effect	LR030 Calculation of Tax Effect for Life and Fraternal Risk-Based Capital Column (2) Line (122)	\$0
(12) Net (C-0) - Post-Tax	Line (10) - Line (11)	\$0
<u>Asset Risk - Unaffiliated Common Stock and Affiliated Non-Insurance Stock (C-1cs)</u>		
(13) Schedule D Unaffiliated Common Stock	LR005 Unaffiliated Common Stock Column (5) Line (21) + LR018 Off-Balance Sheet Collateral Column (3) Line (16)	\$0
Schedule BA Unaffiliated Common Stock/ Equity Interests and Affiliated Non-Insurance Stock (C1-cs), excluding		
(14) Residual Tranches or Interests	LR008 Other Long-Term Assets Column (5) line (49) - (45)	\$0
(15) Total Residual Tranches or Interests	LR008 Other Long-Term Assets Column (5) line (45)	\$0
(16) Common Stock Concentration Factor	LR011 Common Stock Concentration Factor Column (6) Line (6)	\$0
(17) Holding Company in Excess of Indirect Subs	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (7)	\$0
(18) Affiliated Non-Insurers	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Lines (19) + (20) + (21)	\$0
(19) Total (C-1cs) - Pre-Tax	Sum of Lines (13) through (18)	\$0
(20) (C-1cs) Tax Effect	LR030 Calculation of Tax Effect for Life and Fraternal Risk-Based Capital Column (2) Line (134)	\$0
(21) Net (C-1cs) - Post-Tax	Line (19) - Line (20)	\$0
<u>Asset Risk - All Other (C-1o)</u>		
(22) Bonds after Size Factor	LR002 Bonds Column (4) Line (27) + LR018 Off-Balance Sheet Collateral Column (3) Line (8)	\$0
(23) Mortgages (including past due and unpaid taxes)	LR004 Mortgages Column (6) Line (31)	\$0
(24) Unaffiliated Preferred Stock	LR005 Unaffiliated Preferred and Common Stock Column (5) Line (10) + LR018 Off-Balance Sheet Collateral Column (3) Line (15)	\$0
(25) Investment Affiliates	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (8)	\$0
(26) Investment in Upstream Affiliate (Parent)	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (15)	\$0
(27) Directly Owned Health Insurance Companies or Health Entities Not Subject to RBC	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (16)	\$0
(28) Directly Owned Property and Casualty Insurance Companies Not Subject to RBC	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (17)	\$0
(29) Directly Owned Life Insurance Companies Not Subject to RBC	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (18)	\$0
(30) Publicly Traded Insurance Affiliates	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (22)	\$0
(31) Separate Accounts with Guarantees	LR006 Separate Accounts Column (3) Line (7)	\$0
(32) Synthetic GIC's (C-1o)	LR006 Separate Accounts Column (3) Line (8)	\$0
(33) Surplus in Non-Guaranteed Separate Accounts		\$0
(34) Real Estate (gross of encumbrances)		\$0
(35) Schedule BA Real Estate (gross of encumbrances)		\$0
(36) Other Long-Term Assets		\$0

Detail Eliminated to Conserve Space