Federal Home Loan Bank

Adopted at the March 30, 2014, meeting of the Capital Adequacy (E) Task Force was a proposal to add lines to FR017, Off-Balance Sheet and Other Items, to accommodate the expanded presentation of Federal Home Loan Bank transactions in the annual statement General Interrogatories.

Information-Only Alternative C-3 RBC Cash Flow Testing

Adopted at the April 30, 2014, meeting of the Capital Adequacy (E) Task Force was a proposal to add a new section to FR027, Interest Rate Risk and Market Risk. This new section includes lines to report the results of alternative C-3 cash flow testing methodologies. These alternative calculations will have no effect on a company’s actual RBC calculation. The first alternative, which is required for companies having more than ten billion in admitted assets and more than one billion in reserves subject to this testing, uses the most current American Academy of Actuaries’ economic scenario generator. The second alternative, which is optional, is for companies having and using proprietary economic scenario generators.

Asset Valuation Reserve Limitation

Adopted at the April 30, 2014, meeting of the Capital Adequacy (E) Task Force was a proposal to limit the inclusion of the Asset Valuation Reserve in lines (2) and (6) on FR033, Calculation of Total Adjusted Capital, to the amount not used in asset adequacy testing in support of the Actuarial Opinion for Reserves.

What RBC Pages Should Be Submitted?

For year-end 2014 Fraternal RBC, submit hard copies of pages FR001 through FR046 to any state that requests a hard copy. A hardcopy is not required to be submitted to the NAIC.

If any actuarial certifications are required per the RBC instructions, those should be included as part of the hardcopy filing. Other pages, such as the mortgage and real estate worksheets, do not need to be submitted, but still need to be retained by the company as documentation.

Federal Affordable Care Act Fee Sensitivity Test

Adopted at the March 30, 2014, meeting of the Capital Adequacy (E) Task Force was a proposal to include on FR033, Calculation of Total Adjusted Capital, a sensitivity test which excludes the federal Affordable Care Act fee from total adjusted capital. This sensitivity test does not impact an insurer’s actual RBC calculation.
Operational Risk

Adopted at the April 30, 2014, meeting of the Capital Adequacy (E) Task Force was a proposal to add a schedule to specifically address operational risk. FR029-A, Operational Risk, is on an information-only basis for 2014 and will have no effect on a company’s actual RBC calculation. This schedule will capture premium, claim liability and reserve information from annual statement sources which will be used in the Operational Risk (E) Subgroup’s continuing analysis of this risk element and how best to appropriately address it in the RBC formula.