Capital Adequacy Task Force Exposure – ICOLI RBC Charge

Please provide a proposal for an RBC C-1 charge for Insurance Company Owned Life Insurance (ICOLI), along with rationale and quantitative evidence to support your proposal. The following questions may be considered:

- Categories - How many categories should there be for an RBC C-1 charge? Should fixed vs. separate accounts be separate charges?

- Fixed Account - To the extent there is a fixed account-specific charge, should this be based on a current C-1 bond charge? If so, what credit quality should it be calibrated to and why?

- Separate Account - For a separate account-specific charge, given that many of the underlying funds contain equity-type risk, if the 30% charge for common stock is a starting point, should this charge be reduced for specific ICOLI attributes (e.g., possibility of a death benefit payout instead of a surrender benefit)? Which adjustments should be made and by how much? Please provide quantitative analysis/rationale to support such.