

RISK-BASED CAPITAL LEVEL OF ACTION
(Including Tax Sensitivity Test)

	<u>Source</u>	<u>(1)</u> <u>RBC Amount</u>
(1) Total Adjusted Capital - REPORT AMOUNT IN FIVE-YEAR HISTORICAL DATA PAGE 22 COLUMN 1 LINE 30	LR033 Calculation of Total Adjusted Capital Column (2) Line (12)	
<u>Trigger Points for Level of Regulatory Action:</u>		
(2) Company Action Level = 200% of Authorized Control Level Risk-Based Capital	2.0 times LR031 Calculation of Total Authorized Control Level Risk-Based Capital Column (1) Line (73)	
(3) Regulatory Action Level = 150% of Authorized Control Level Risk-Based Capital	1.5 times LR031 Calculation of Total Authorized Control Level Risk-Based Capital Column (1) Line (73)	
(4) Authorized Control Level Risk-Based Capital - REPORT AMOUNT IN FIVE-YEAR HISTORICAL DATA PAGE 22 COLUMN 1 LINE 31	1.0 times LR031 Calculation of Total Authorized Control Level Risk-Based Capital Column (1) Line (73)	
(5) Mandatory Control Level = 70% of Authorized Control Level Risk-Based Capital	0.7 times LR031 Calculation of Total Authorized Control Level Risk-Based Capital Column (1) Line (73)	
(6) Level of Action†:		
(7) Authorized Control Level RBC Ratio	Line (1) / Line (4)	0.000%
<u>Tax Sensitivity Test</u>		
(8) Tax Sensitivity Test: Total Adjusted Capital	LR033 Calculation of Total Adjusted Capital Column (2) Line (17)	
(9) Tax Sensitivity Test: Company Action Level = 200% of Authorized Control Level Risk-Based Capital	2.0 times LR031 Calculation of Total Authorized Control Level Risk-Based Capital Column (1) Line (75)	
(10) Tax Sensitivity Test: Regulatory Action Level = 150% of Authorized Control Level Risk-Based Capital	1.5 times LR031 Calculation of Total Authorized Control Level Risk-Based Capital Column (1) Line (75)	
(11) Tax Sensitivity Test: Authorized Control Level Risk-Based Capital	1.0 times LR031 Calculation of Total Authorized Control Level Risk-Based Capital Column (1) Line (75)	
(12) Tax Sensitivity Test: Mandatory Control Level = 70% of Authorized Control Level Risk-Based Capital	0.7 times LR031 Calculation of Total Authorized Control Level Risk-Based Capital Column (1) Line (75)	
(13) Tax Sensitivity Test: Level of Action:		
† If Total Adjusted Capital Line (1) exceeds Company Action Level Risk-Based Capital Line (2), None will be indicated (unless the Trend Test triggers Company Action Level). Otherwise, the appropriate level of action will be indicated.		
	If the trend test is applicable for the company, the level that the trend test applies to for the state of domicile as reported on LR035 Trend Test Line (18) is indicated as being:	
(0000001)	If 3.0 had been selected for LR035 Trend Test Line (18) as the state of domicile level, the Line (6) level of action above would have been:	
(0000002)	If 2.5 had been selected for LR035 Trend Test Line (18) as the state of domicile level, the Line (6) level of action above would have been:	

Denotes items that must be manually entered on the filing software.

TREND TEST

	Source	(1) <u>3.0 Amount</u>	(2) <u>3.0 Result</u>	(3) <u>2.5 Amount</u>	(4) <u>2.5 Result</u>
<u>Criteria for Applying Trend Test</u>					
(1)	Authorized Control Level Risk-Based Capital	LR031 Calculation of Authorized Control Level Risk-Based Capital Column (1) Line (73)			
(2)	Trend Test Safe Harbor	Column (1)=3.0 x Line (1), Column (3)=2.5 x Line (1)			
(3)	Total Adjusted Capital	LR033 Calculation of Total Adjusted Capital Line (12)			
<u>Trend Test Data</u>					
(4)	First Prior Year Total Adjusted Capital	Five-Year Historical Data Page 22 Column 2 Line 30			
(5)	First Prior Year Authorized Control Level Risk-Based Capital	Five-Year Historical Data Page 22 Column 2 Line 31			
(6)	Third Prior Year Total Adjusted Capital	Five-Year Historical Data Page 22 Column 4 Line 30			
(7)	Third Prior Year Authorized Control Level Risk-Based Capital	Five-Year Historical Data Page 22 Column 4 Line 31			
<u>Trend Test Calculation (only if applicable)†</u>					
(8)	Current Year Margin	Line (3) - Line (1)			
(9)	First Prior Year Margin	Line (4) - Line (5)			
(10)	Third Prior Year Margin	Line (6) - Line (7)			
(11)	Decrease in Margin from First Prior Year	Line (9) - Line (8) (use zero if negative)			
(12)	Decrease in Margin from Third Prior Year	Line (10) - Line (8) (use zero if negative)			
(13)	Average decrease in Last Three Years	1/3 of Line (12)			
(14)	Marginal Difference	Greater of Line (11) and Line (13)			
(15)	Total Adjusted Capital Less Margin Difference	Line (3) - Line (14)			
(16)	Level of Risk-Based Capital‡	1.9 x Line (1)			
(17)	Negative Trend?‡				
(18)	For companies where one of the above trend tests applies, does the state of domicile require action at 2.5 or 3.0 times Authorized Control Level RBC?	Select "2.5", "3.0" or "N/A"			

† The Trend Test applies only if Total Adjusted Capital Line (3) is less than the Trend Test Safe Harbor Line (2) and the LR034 Risk-Based Capital Level of Action Line (6) is "None".

‡ If Line (15) is less than Line (16), the company triggers regulatory attention at the Company Action Level based on the trend test. ~~The NAIC is in the process of changing the upper level where the trend test can be triggered from 2.5 times the Authorized Control Level RBC to 3.0 times the Authorized Control Level RBC. Until all states have transitioned to the 3.0 standard, there may be differences between states as to whether columns (1) and (2) or columns (3) and (4) of the LR035 Trend Test page apply to a particular company, so information is provided to alert users to potential alternative trend test results during the transition period.~~

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