Draft date: 2/24/26

*2026 Spring National Meeting*
*San Diego, California*

**Life RISK-BASED CAPITAL (E) WORKING GROUP**
Sunday, March 22, 2026
1:15 – 2:15 p.m.
Grand Hall C–Level 1

**ROLL CALL**

| | | | |
|---|---|---|---|
| Ben Slutsker, Chair | Minnesota | William Leung | Missouri |
| Philip Barlow, Vice Chair | District of Columbia | Michael Muldoon | Nebraska |
| Sheila Travis | Alabama | Jennifer Li | New Hampshire |
| Thomas Reedy | California | Seong-min Eom | New Jersey |
| Wanchin Chou | Connectivut | William B. Carmello | New York |
| Hannah Howard | Florida | Andy Schallhorn | Oklahoma |
| Matt Cheung | Illinois | Rachel Hemphill | Texas |
| Mike Yanacheak | Iowa | Tomasz Serbinowski | Utah |

NAIC Committee Support: Kazeem Okosun/Maggie Chang

**AGENDA**

1. Consider Adoption of its Feb. 25 and Feb. 10 Minutes — Attachment A1, Attachment A2
   *–Ben Slutsker (MN)*

2. Consider Adoption of its Feb. 11 Joint Minutes With the Variable Annuities Capital and Reserve (E/A) Subgroup — Attachment B
   *–Ben Slutsker (MN)*

3. Receive Updates From its Subgroups–*Ben Slutsker (MN)* — Attachment C
   A. Generator of Economic Scenarios (GOES) (E/A) Subgroup
   B. Longevity Risk (E/A) Subgroup
   C. Variable Annuities Capital and Reserve (E/A) Subgroup

4. Discuss Comments Received on and Consider Reexposure of Proposal 2025-14-L C-3 GOES Implementation — Attachment D1
   *–Ben Slutsker (MN)*
   A. American Council of Life Insurers (ACLI) — Attachment D2

5. Discuss Comments Received on and Consider Reexposure of Proposal 2025-16-L MOD (Collateral Loans) *–Ben Slutsker (MN)* — Attachment E1
   A. American Council of Life Insurers (ACLI) — Attachment E2

B. American Investment Council
C. Utah Insurance Department
D. Alternative Credit Council

6. Consider Adoption of Proposal 2025-17-L (LR027 Scope Clarification) — Attachment F
*—Ben Slutsker (MN)*

7. Receive Reports from the American Academy of Actuaries (Academy) on RBC Ratios and Impairment Risk. — Attachment G
*—Ben Slutsker (MN)*

8. Discuss Any Other Matters Brought Before the Working Group
*—Ben Slutsker (MN)*

9. Adjournment

Draft: 3/4/26

Life Risk-Based Capital (E) Working Group
Virtual Meeting
February 25, 2026

The Life Risk-Based Capital (E) Working Group of the Capital Adequacy (E) Task Force met Feb. 25, 2026. The following Working Group members participated: Ben Slutsker, Chair (MN); Philip Barlow, Vice Chair (DC); Sanjeev Chaudhuri (AL); Thomas Reedy (CA); Wanchin Chou (CT); Hannah Howard (FL); Mike Yanacheak and Kevin Clark (IA); Matt Cheung (IL); William Leung (MO); Michael Muldoon (NE); Jennifer Li (NH); Seong-min Eom (NJ); William B. Carmello (NY); Andy Schallhorn (OK); Rachel Hemphill (TX); and Tomasz Serbinowski (UT).

1. Exposed the C-3 Alignment Field Test Specs

Slutsker stated that the Working Group has two main active topics: 1) collateral loans, which are on the asset side; and 2) principle-based capital calculations, specifically C-3 Phase I (single-premium life and annuities) and C-3 Phase II (variable annuities [VAs]). He noted that the focus of the meeting was C-3 Phase I modernization, building on the American Academy of Actuaries' (Academy's) prior presentations aimed at better aligning C-3 Phase I with the recently updated C-3 Phase II and principle-based reserve (PBR) frameworks in the *Valuation Manual*. Slutsker highlighted the Academy's questions and sought input from the Working Group, with the objective of developing an exposure to address the questions. He encouraged active engagement given the project's scope and importance.

Maambo Mujala (Academy) provided a brief background to the project and an update on the C-3 Alignment Field Test specifications (Attachment XX). Mujala stated that the Academy incorporated feedback from prior presentations and the preliminary survey of potential field test participants in developing the draft field-test specifications. She emphasized that these specifications are intended to support a planned field test window in the summer, with the goal of adopting the C-3 alignment by year-end 2027. To remain on schedule, she underscored the need for timely and substantive feedback so the specifications can be refined in advance of the summer field test.

Slutsker asked whether the Academy is seeking feedback on both the draft field test specifications and the accompanying cover questions. Mujala confirmed that it is. She added that the Academy is also requesting input on whether C-3 issues identified during the generator of economic scenarios (GOES) implementation should be included in the current field test, deferred to a later effort, or addressed by another group.

Slutsker highlighted Mujala's key questions for Working Group feedback, including whether items such as the risk threshold or target level, C-3 Phase II distribution assumptions, and the treatment of voluntary reserves should be addressed as part of the current C-3 Phase I/II modernization effort. He noted that these topics were excluded from the GOES update proposals but emphasized their importance. Slutsker acknowledged that addressing them now would significantly expand the scope due to their implications for C-3 Phase II and outlined options to either include them in the current initiative, address them in a separate project, or defer them to a future effort.

Cheung asked whether, in addition to prescribed default sensitivities, the Working Group was considering a sensitivity related to reinvestment spreads. Mujala noted that this had not previously been discussed but that the Academy was open to the idea. She asked whether such a sensitivity should be required or optional and how it should be prioritized relative to others.

 

Cheung indicated that he would prefer a single sensitivity encompassing both prescribed spreads and defaults, rather than separate sensitivities. Slutsker asked Mujala to confirm that the intent was to limit sensitivities to prescribed spreads and defaults, which Mujala affirmed. Cheung then asked whether "prescribed defaults" were intended to include spreads as well. Mujala clarified that under the GOES scenarios, spreads are implied and, therefore, both spread and default assumptions would be prescribed. Slutsker asked whether this differed from the current C-3 Phase I framework, and Mujala confirmed that it did.

Slutsker emphasized that alignment with C-3 Phase II would require a shift to prescribed assumptions and sought confirmation that this was the intent of the proposed change, which Mujala confirmed.

Cheung asked whether reinvestment asset spreads, in addition to bond spreads, are explicitly defined within the scenario generator when using GOES scenarios. Slutsker responded that he did not believe reinvestment spreads are specified in the generator. Hemphill added that spreads and defaults are addressed separately in the *Valuation Manual*, suggesting they are not fully embedded in the scenario generator.

Cheung further sought clarification on whether "prescribed defaults" in sensitivity testing are intended to include prescribed spreads, or whether company-determined spread assumptions would be used alongside prescribed defaults. He noted that uncertainty around the treatment of spreads and defaults contributed to the exclusion of the proposed RBC changes from the net asset earned rate (NAER) and raised the issue to clarify the intended approach.

Mujala explained that prior Working Group discussions identified challenges in advancing NAER-related changes due to complexities in C-3 Phase II, particularly reinvestment guardrails and net spread adjustments under both C-3 Phase II and PBR. She noted that a key question is whether the current initiative should evaluate the use of prescribed versus company-specific spread assumptions, and whether the scope should differ based on that distinction.

Cheung stated his understanding that the requested sensitivity analysis would compare two approaches: one using company-specific assumptions for spreads and defaults, and another using prescribed assumptions consistent with PBR. Mujala acknowledged this interpretation and indicated she would follow up.

Slutsker then raised the question of whether the field test should include guardrails and evaluate surplus-based versus asset-based metrics. He noted shared interest with the Academy in exploring a surplus-based metric and observed that survey results suggest many companies could produce it. However, given the project's scope, he suggested prioritizing alignment of C-3 Phase I with C-3 Phase II first, with a subsequent joint effort to more broadly assess the appropriate principle-based capital metric. He added that including a surplus-based metric in the field test could be informative if it does not impose undue burden and helps inform future work. He indicated a preference for addressing it alongside C-3 Phase II.

Reedy agreed that including both surplus-based and asset-based metrics would be valuable, despite the additional burden on companies. He noted that the appropriateness of each metric depends on liability characteristics, with shorter-duration liabilities aligning more closely with surplus-based measures and longer-duration liabilities with asset-based measures. Evaluating both, he said, would provide more meaningful insight across liability profiles.

Cheung agreed with earlier comments, framing the issue as a broader conceptual question about the objectives of a principle-based capital metric. He highlighted the trade-off between capturing short-term balance-sheet effects, reflected in surplus-based metrics, and focusing on longer-term risk perspectives, particularly given that PBR capital is already calibrated at higher conditional tail expectation (CTE) levels. Drawing on his experience with VAs, where surplus impacts were ultimately excluded, he suggested first harmonizing approaches before

 

determining whether surplus-based measures should be incorporated, emphasizing that this is a fundamental design decision rather than a purely technical one.

Slutsker noted the range of views expressed on the call, observing that surplus-based metrics could be informative but are better framed as conceptual at this stage rather than as immediate implementation items. He asked whether such metrics should be treated as optional rather than required runs. Cheung indicated openness to an optional approach and remarked that, in general, asset-based metrics may be less stringent than surplus-based ones. He also raised concerns about whether a surplus-based framework sufficiently mitigates interim balance-sheet volatility driven by short-term scenario fluctuations, and whether the group is comfortable with that exposure.

Reedy agreed that evaluating both approaches would be informative and indicated a preference for making such analyses mandatory over time, potentially through a phased or staged implementation coordinated with the Academy to manage timing and workload. He emphasized the importance of minimizing the burden on companies, for example, by introducing one calculation earlier and another at a later stage. Mujala noted that the field test survey primarily focused on C-3 Phase I, which was considered the main scope, and that VA writers may face greater challenges in producing surplus-based metrics for C-3 Phase II. She added that companies currently performing C-3 Phase I are assumed to be capable of generating surplus-based metrics, as this is an existing requirement, and that the survey already identifies which companies can produce asset-based metrics. The remaining question, she explained, is whether the field test should assess the feasibility of surplus-based metrics for C-3 Phase II products and whether such calculations should be required.

Cheung expressed a preference not to revisit the C-3 Phase II framework absent a compelling regulatory rationale. He emphasized that the VA framework was deliberately designed to prevent interim deficiencies driven by reserve projections and short-term equity movements from affecting reserve outcomes. He stated that he did not support revisiting that policy choice without new considerations. In response to Slutsker's question regarding metric consistency across phases, Cheung noted that consistency is not necessary given the differing liability profiles. He argued that shorter-duration frameworks may appropriately reflect balance-sheet impacts, while longer-duration frameworks need not, and concluded that differing objectives across phases justify the use of different metrics.

Slutsker noted general support for including a surplus-based metric where feasible, while deferring its application to VAs and maintaining a focus on fixed annuities at this stage. He indicated that this reflects the Working Group's initial feedback. Due to time constraints, he then proposed moving to the remaining agenda items and suggested deferring topics such as NAER discounting and direct iteration to the exposure phase.

Slutsker further observed that the second and third questions relate to issues removed from the most recent exposure associated with GOES implementation for C-3 Phase I and Phase II. He proposed that these topics, particularly the treatment of voluntary reserves in C-3 Phase I, be considered for inclusion in the field test, acknowledging that doing so would materially expand the scope and raise broader regulatory and conceptual considerations. He asked the Working Group for feedback to inform the Academy on whether these matters should be included. Hemphill clarified that the intent was not to require additional field test runs, noting that tail scenarios could be analyzed using existing scenario outputs. She questioned, however, what incremental information the field test would collect beyond what already emerges from current results. Slutsker clarified that C-3 Phase II is not presently within the scope of the proposed field test and reframed the question to ask whether Phase II–related issues, such as voluntary reserves, target risk thresholds, or VA considerations, should nevertheless be addressed through the field test questions. Mujala confirmed that the Academy has been defaulting to the current C-3 Phase II standard of 25% × CTE 98 and noted that, if alternative thresholds are under consideration, the field test would provide a useful mechanism to confirm preferences and gather supporting information.

 

Hemphill stated that if the field test is intended to explore alternatives, it should not be limited to a small set of predefined thresholds (e.g., 25% × CTE 98 or the addition of CTE 95 or CTE 90). Instead, she recommended collecting sufficiently granular results to enable evaluation of a broader range of scalers and percentile levels after the fact. She emphasized that the field test presents an opportunity to gather flexible, reusable data to support more comprehensive analysis beyond the current standard. Slutsker agreed, noting the importance of actively examining these issues rather than defaulting to the existing risk threshold. Hemphill reiterated that the objective should be to enable analysis of multiple scalers and metrics, including previously discussed alternatives, rather than to constrain the review to a single predefined approach.

Carmello agreed that alternative metrics should be derivable from the same results but questioned the continued use of the 25% scalar. He noted that the factor was originally adopted as a practical response to concerns regarding asset intensive reinsurance transaction (AIRT) robustness rather than as a theoretically grounded target. From a conceptual perspective, he stated that RBC is intended to approximate a 95th-percentile risk level, which aligns more naturally with CTE 90. Accordingly, he argued that CTE 90 should remain the primary benchmark for both C-3 Phase I and Phase II. He also rejected constructs such as 25% × CTE 95, stating that they do not correspond to a 95th percentile under standard theoretical assumptions and, therefore, lack conceptual justification.

Slutsker agreed that emphasis on the scalar itself is misplaced and explained that the issue arises from the current calibration's reference to CTE 98, despite the project being framed as a continuation from C-3 Phase I to C-3 Phase II. He noted that, historically, the intended target has been CTE 90, which is why it was included in the GOES proposal and why regulators are interested in further exploration. He then asked whether, rather than requiring additional variable annuity runs, it would be appropriate to leverage existing C-3 Phase II runs to collect results at multiple risk thresholds (CTE 90, CTE 95, and CTE 98), thereby obtaining the necessary data without imposing additional modeling burden.

Hemphill suggested that, rather than running additional scenarios, it would be sufficient to request results for the 10% tail. With those results, other percentiles, CTE levels, or scalers could be evaluated as needed, provided the analysis does not extend below CTE 90.

Slutsker asked whether, for informational purposes, it would be useful to collect data on the presence of voluntary reserves for business in scope for C-3 Phase I and C-3 Phase II. He noted that the definition of "voluntary reserves" needed clarification and sought the Working Group's input on whether this question should be included in the field-test data collection. He added that the topic had been discussed previously with the Variable Annuities Capital and Reserve (E/A) Subgroup, but was tabled to avoid delaying GOES implementation and remains unresolved.

Yanacheak expressed a preference for collecting scenario-level results rather than pre-aggregated metrics to allow greater flexibility in calculating key statistics. He agreed that the 25% metric is unnecessary and instead supported focusing on measures such as CTE 90, CTE 95, the 95th percentile, and potentially the 98th percentile. At a minimum, he recommended comparing CTE 90 with the 95th percentile to better understand their relationship, noting that scenario-level data would facilitate this analysis.

Brian Bayerle (American Council of Life Insurers—ACLI) emphasized that the discussion remains focused on conceptual issues and expressed appreciation for the regulators' perspectives. He supported keeping the exposure analysis open-ended, with final determinations reserved for the Working Group. He noted concerns about relying on previously submitted C-3 Phase II field-test data, given subsequent calibration updates, but welcomed including a question on whether any elements of that data should be considered, allowing ACLI to review and provide input.

 

Slutsker noted that the most recent year-end results are not usable because they do not reflect GOES or the updated generator, meaning any analysis would need to rely on prior field-test data, which presents challenges. He summarized emerging feedback indicating regulator interest in including a surplus-based metric to assess its impact and in collecting existing information, such as tail results at multiple risk levels and data on voluntary reserves for informational purposes rather than requiring additional model runs. While the use of prior field-test data warrants further consideration, he observed growing consensus on these points. Other matters, including data granularity, supplemental information, and certain NAER-related issues, may require further evaluation during the exposure process.

Mujala stated that the discussion was constructive and noted that additional feedback could be provided through the exposure process. She clarified that the supplemental information and example granularity included in the appendix are illustrative only and are intended solely to solicit input on appropriate types and levels of data collection.

Slutsker thanked the Academy for its strong work in developing the specifications and framing the cover questions, noting that the questions are complex and foundational to the overall effort.

Slutsker then exposed the C-3 alignment field test specs for a 47-day public comment period ending April 13.

2. Exposed Proposal 2026-06-L LR027 (Blank Page)

Slutsker noted that NAIC staff identified proposed editorial updates to proposal LR027 (Blank Page) to correct outdated line references and improve accuracy, accompanied by a cover question. Kazeem Okosun (NAIC) clarified that the revisions would not affect RBC calculations and that the cover question seeks Working Group guidance due to ambiguity in the annual statement source regarding general versus separate account reporting. Slutsker reiterated that the changes are intended solely to enhance internal consistency across reporting requirements and not to alter RBC outcomes.

Slutsker exposed proposal 2026-06-L LR027 (Blank Page) for a 30-day public comment period ending March 27.

3. Discussed Other Matters

Slutsker reminded the Working Group that the longevity reinsurance proposal is exposed for a 35-day public comment period ending March 27. He noted that the Working Group will meet in person at the Spring National Meeting, with a focus on reaching consensus on collateral loans, including the effective date of potential changes, advanced approaches for reductions and capital charges under a new look-through methodology, and consideration of comments received during the exposure period.

Having no further business, the Life Risk-Based Capital (E) Working Group adjourned.

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Draft: 2/25/26

Life Risk-Based Capital (E) Working Group
Virtual Meeting
February 10, 2026

The Life Risk-Based Capital (E) Working Group of the Capital Adequacy (E) Task Force met Feb. 10, 2026. The following Working Group members participated: Ben Slutsker, Chair (MN); Philip Barlow, Vice Chair (DC); Sanjeev Chaudhuri (AL); Shaowei Yang (CA); Wanchin Chou (CT); Hannah Howard (FL); Mike Yanacheak and Kevin Clark (IA); Matt Cheung (IL); William Leung (MO); Michael Muldoon (NE); Jennifer Li (NH); Seong-min Eom (NJ); William B. Carmello (NY); Andy Schallhorn (OK); Rachel Hemphill (TX); and Tomasz Serbinowski (UT). Also participating was Tish Becker (KS).

1. Adopted its Nov. 14, 2025, Minutes

Slutsker said the Working Group's Nov. 14, 2025, minutes had been adopted during the Capital Adequacy (E) Task Force's Nov. 19, 2025, meeting. During the Working Group's Nov. 14, 2025, meeting, it took the following action: 1) adopted its Sept. 11, 2025, minutes; 2) adopted its Oct. 31, 2025, minutes, during which it met in joint session with the Variable Annuities Capital and Reserve (E/A) Subgroup; 3) discussed comments received on the exposed covariance slide deck; 4) adopted its 2026 working agenda; and 5) exposed proposal 2025-16-L MOD Collateral Loans for a 74-day public comment period ending Jan. 27, 2026.

Cheung made a motion, seconded by Chou, to adopt the Working Group's Nov. 14 minutes (*see NAIC Proceedings – Fall 2025, Capital Adequacy (E) Task Force, Attachment Two*). The motion passed unanimously.

2. Adopted the GOES (E/A) Subgroup's Oct. 29, 2025, Minutes

The Working Group noted that the Generator of Economic Scenarios (GOES) (E/A) Subgroup's Oct. 29, 2025, minutes had been adopted during the Life Actuarial (A) Task Force's meeting at the 2025 Fall National Meeting. During the Subgroup's Oct. 29, 2025, meeting, it took the following action: 1) adopted a revision to the corporate model calibration; 2) re-exposed revisions to the GOES Model Governance Framework; and 3) exposed NAIC scenario review and validation procedures.

Hemphill made a motion, seconded by Yanacheak, to adopt the Subgroup's Oct. 29 minutes (*see NAIC Proceedings – Fall 2025, Life Actuarial (A) Task Force, Attachment Seventeen*). The motion passed unanimously.

3. Received Comments on Proposal 2025-16-L and Exposed Proposal 2025-16-L—MOD Collateral Loans

Slutsker said proposal 2025-16-L was exposed on Nov. 14, 2025, for a 74-day public comment period. It was noted that, under the current risk-based capital (RBC) framework, these collateral loans were subject to a single, uniform factor of approximately 6%. He stated that the proposal introduces a shift to a look-through approach, under which the applicable factor would be determined based on the underlying collateral supporting each loan, rather than applying a single standardized factor. Slutsker highlighted this change as a key element of the proposal and the primary topic for discussion. He then asked American Council of Life Insurers (ACLI) representatives to speak to their comment letter (Attachment XX).

Marc Altschull (ACLI) acknowledged the need for different RBC treatments across collateral loan types but believed the exposed proposal did not adequately account for the structural features of collateral loans. Clark asked whether the ACLI has a proposal for incorporating the effects of overcollateralization into a look-through

 

factor. He said that he would like to see something simple, easy to implement, justifiable given the size of the asset class, and consistent with the existing RBC framework. Altschull responded that the ACLI does not currently have a specific proposal but expressed its willingness to work collaboratively with regulators to develop a framework that appropriately reflects both the characteristics of the underlying collateral and the risk-mitigating features of collateral loans, in a manner consistent with NAIC RBC principles.

Clark addressed Iowa's comment letter (Attachment XX) and expressed support for moving forward with look-through treatment, emphasizing that the issue is not newly developed or rushed but rather stems from the ACLI's proposal to adopt look-through treatment for mortgage loans approximately two years ago. Iowa's support of such a look-through was predicated on a broader scope discussion.

Justin McFarland (Security Benefit) addressed its comment letter (Attachment XX), echoing the ACLI's comments and expressing support for the ongoing process to develop a look-through RBC proposal that appropriately and accurately aligns with the recently and thoroughly considered RBC principles. McFarland highlighted two areas for regulatory consideration. First, regulators were encouraged to evaluate alternative approaches and assess how structural features and overcollateralization provisions affect insurers' and policyholders' risk. Second, he emphasized the importance of considering the timing of implementation. He said insurers should be provided with a reasonable transition period to implement the changes.

The Working Group noted that no Alternative Credit Council representative was available to address its comment letter (Attachment XX), which is similar to the ACLI comment letter.

Slutsker sought to assess whether there was a broad consensus among commenters and regulators on certain foundational issues. It was found that, apart from questions of timing and the magnitude of any adjustments, there was a broad consensus to move from a single uniform factor to a look-through approach for collateral loans.

Slutsker noted no objection from participants to continue the recently adopted look-through approach for collateral loans secured by mortgage loans. Clark reiterated that while Iowa has no objection, it found it unreasonable to limit look-through to collateral loans backed by mortgage loans.

Slutsker then noted no objection to the general direction of incorporating some reductions or adjustments as part of a look-through framework to reflect overcollateralization and other risk-mitigating features. Clark advocated a simple, straightforward approach given the size of the asset class. Clark also brought up that insurers have an alternative avenue to align RBC with risk by structuring investments as bonds, and that, if rated, RBC will be proportionate to the ratings received.

Cheung noted that collateral loans secured by mortgage loans did not have overcollateralization adjustments, and he would like to understand the rationale for this. Clark did not expect differences in overcollateralization requirements imposed by states on collateral loans backed by mortgage loans versus other collateral loans, but he recalled that the ACLI's original proposal did not request for overcollateralization adjustment/credit.

Barlow said he preferred to contemplate an overcollateralization adjustment for collateral loans backed by a mortgage loan in a separate future proposal.

Both Cheung and Serbinowski expressed interest in better understanding the potential magnitude of any reduction associated with overcollateralization. Serbinowski also questioned the potential structure of the adjustment, e.g., whether a sliding-scale approach might be contemplated, under which different loan-to-value (LTV) levels (e.g., higher versus lower LTVs) would result in different risk outcomes.

 

Altschull explained why the ACLI did not request overcollateralization adjustments for collateral loans backed by mortgage loans. He said that the objective of any adjustment or discounting mechanism is to ensure that RBC factors are not overly punitive at the high end, citing structures such as joint ventures (JV), limited partnerships (LP), limited liability companies (LLC), and residual tranches, while also avoiding overly favorable at the low end, such as in the case of mortgage loans. This balanced approach avoids outcomes that would further reduce charges where risk is already low, while also considering moderation where charges may be higher in other cases. Slutsker and Cheung thought the balanced approach was reasonable.

Slutsker noted that commenters have expressed differing views for timing of implementation. Slutsker asked participants for their preferences between 2026 versus 2027 implementation. Yanacheak, Clark, and Barlow were in favor of 2026 adoption. Becker and the ACLI expressed support for 2027 implementation. Given divergence in viewpoints, Slutsker said he would like to poll the Working Group members in an upcoming meeting, likely at the Spring National Meeting, to decide on the implementation timeline.

Slutsker directed the Working Group to the modified proposal (Attachment XX) as a starting point for evaluating potential reductions within a look-through framework for collateral loans. He explained that the modified proposal is intended to recognize certain risk-mitigating features discussed by commenters, while maintaining a simple and administrable approach. He noted in the modified proposal that the reduction is structured as a constant adjustment, rather than a granular or loan-specific calibration. He further clarified that this approach does not attempt to differentiate based on levels of overcollateralization, variations in loan-to-value, or differing statutory requirements across states. Instead, the modified proposal applies a flat 20% reduction, emphasizing simplicity and recognizing the lack of loan-to-value information in the statutory filing. Slutsker said 20% is subject to further discussion and the Working Group's discretion. Slutsker acknowledged that alternative approaches could be considered, including greater granularity by loan-to-value, collateral type, or tiered structures, and stated that the exposure of this proposal is intended to open discussion on both the proposed approach and any alternative methodologies for applying a reduction.

Clark agreed that alternative proposals can be considered. He noted that he could envision a limited number of loans-to-value bands, each with different haircuts, as a reasonable alternative. However, Clark cautioned that approaches that are more complex than that likely would be disproportionate to the size of the asset class and may not be appropriate.

Slutsker exposed Proposal 2025-16-L MOD for 24-day public comment period ending March 6.

4. Exposed Proposal 2026-02-L—BA Residential Loans

Slutsker said that in 2025, while deliberating proposal 2024-24-L—Principle Based Bond Definition Project, the ACLI and Pacific Life requested a revisit of Proposal 2026-02-L BA—Residential Loans in their comment letters, which is currently not separated out in asset valuation reserve (AVR) and, therefore, in RBC, and the proposal was drafted to address that comment. The Working Group further noted that the proposal is subject to the adoption of 2025-27BWG MOD by the Blanks (E) Working Group.

Slutsker exposed Proposal 2026-02-L—BA Residential Loans for a 30-day public comment period ending March 12.

 

5. Exposed the Proposal 2026-01-L—AVR Changes

Slutsker stated that, due to proposed changes to the instructions and blanks of the AVR—Default Component and Equity and Other Invested Asset Component tables as per Blanks (E) Working Group 2025-27BWG MOD, NAIC committee support has drafted Proposal 2026-01-L—AVR Changes, subject to the adoption of 2025-27BWG MOD.

Slutsker exposed Proposal 2026-01-L—AVR Changes for a 30-day public comment period ending March 12.

6. Heard C-3 Field Test Survey Results

Scott O'Neal (NAIC) and Rick Hayes (American Academy of Actuaries—Academy) provided an update on the C-3 Field Test results (Attachment XX). The results inform the NAIC and the Academy on companies' interest in participating in the C-3 alignment field test, the preferred timeframe, and their modeling capabilities.

Slutsker thanked NAIC committee support and the Academy for their work on the survey, noting that it was an important step in assessing whether a field test would be feasible. Based on the results, he observed that conducting a field test appears feasible, with respondents demonstrating meaningful modeling capabilities, albeit at varying levels of sophistication. Slutsker noted that across the various items under consideration, there appears to be sufficient availability of functionality and data to support the proposed work. As a result, he indicated that the next step would be to schedule another call, potentially later in the month, to hear more from the Academy regarding field-test specifications, including a more detailed discussion of scope and design. Slutsker also noted that this discussion would help inform whether those specifications should be exposed for comment or subject to additional feedback.

7. Discussed Other Matters

Slutsker stated that the Working Group will be meeting in person at the Spring National Meeting on March 22 at 1:15 p.m. local time. He also said that the H-2 underwriting factor proposal was exposed for 75-day public comment period ending Jan. 20 by the Health Risk-Based Capital (E) Working Group and that the proposal has an impact on life RBC blanks (e.g., LR019 and LR020) and encouraged participation in the Health Risk-Based Capital (E) Working Group, which is meeting on Feb. 13.

He also reminded the Working Group of the joint meeting with the Variable Annuities Capital and Reserve (E/A) Subgroup scheduled for Feb. 11.

Having no further business, the Life Risk-Based Capital (E) Working Group adjourned.

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Draft: 3/2/26

Life Risk-Based Capital (E) Working Group
and Variable Annuities Capital and Reserve (E/A) Subgroup
Virtual Meeting
February 11, 2026

The Life Risk-Based Capital (E) Working Group of the Capital Adequacy (E) Task met Feb. 11, 2026, in joint session with the Variable Annuities Capital and Reserve (E/A) Subgroup of the Life Risk-Based Capital (E) Working Group and Life Actuarial (A) Task Force. The following Working Group members participated: Ben Slutsker, Chair (MN); Philip Barlow, Vice Chair (DC); Sheila Travis (AL); Shaowei Yang (CA); Wanchin Chou (CT); Hannah Howard (FL); Mike Yanacheak (IA); Matt Cheung (IL); William Leung (MO); Michael Muldoon (NE); Jennifer Li (NH); Seong-min Eom (NJ); William B. Carmello (NY); Rachel Hemphill (TX); and Tomasz Serbinowski (UT). The following Subgroup members participated: Peter Weber, Chair (OH); Matt Cheung, Vice Chair (IL); Shaowei Yang (CA); Philip Barlow (DC); Ben Slutsker (MN); William Leung (MO); Seong-min Eom (NJ); William B. Carmello (NY); and Rachel Hemphill (TX).

1. Adopted Their Oct. 31, 2025, Joint Minutes

Slutsker stated that the Working Group and Subgroup met Oct. 31, 2025, in joint session.

Hemphill made a motion, seconded by Leung, to adopt the Working Group and Subgroup's Oct. 31 joint minutes (Attachment X). The motion passed unanimously.

2. Discussed Comments Received from the Academy

Rick Hayes (American Academy of Actuaries—Academy) spoke to the Academy's comment letter (Attachment X). He said the comment letter consolidated observations and comments from the Academy's Variable Annuity Reserves and Capital Subcommittee and C-3 Subcommittee. Their comments on voluntary reserves align with their prior comments that, if established using sound, rigorous actuarial analysis, they can be included. The comment letter provides various examples in terms of thresholds for voluntary reserves.

3. Discussed Comments Received from the ACLI

Brian Bayerle (American Council of Life Insurers—ACLI) spoke to the ACLI's comment letter (Attachment X). He said that his remarks would anticipate the intended re-exposure of the updated proposal for the risk-based capital (RBC) C3PI and C3PII framework. Bayerle said the ACLI appreciates the reflection of the conditional tail expectation (CTE) 98 with a 25% scalar in the C3PII framework. He said that it is important to maintain this stability for now and to possibly look at alternative metrics. The ACLI recommended considering CTE 95, and regulators expressed interest in considering CTE 90.

Bayerle stated that, regarding the C3PI framework, the ACLI also appreciates using non-prescribed scenario generators. He said the ACLI would appreciate hearing regulators' thoughts and concerns on the net asset earned rate (NAER) discounting methodology. He said it is appropriate to have an alternative approach for discounting in addition to the one-year treasury rate approach that is currently used. He also said it might be appropriate to reflect on how voluntary reserves are treated in the framework.

4. Discussed Comments Received from the CAI

 

Daren Moreira (Eversheds Sutherland LLP) spoke on behalf of the Committee of Annuity Insurers (CAI) and noted its comments (Attachment X). He said the CAI echoes the ACLI's comments.

5. Re-Exposed the Updated Proposal for both C3PI and C3PII Framework

Cheung walked through the updated proposal for the C3PI framework, which is intended for re-exposure (Attachment X). He highlighted that the voluntary reserve is still a concern from a regulator's perspective, but it takes time to find the best way to address it. Therefore, the proposed changes to voluntary reserves in the prior exposure have been removed. He stated that regulators still support using the NAER for discounting, but need to think further before a final construct is determined. Therefore, this approach is not mentioned in the re-exposure draft. He also pointed out that the use of non-prescribed scenario generators is included as an option in the re-exposure draft.

Cheung then spoke about the updated proposal for the C3PII framework, which is also intended for re-exposure (Attachment X). He said that the previously proposed changes, as shown in the prior exposure, reverted to the CTE 98 construct that is currently used. However, regulators are interested in investigating other metrics to address some of their concerns. He also mentioned that the proposed removal of C-3 RBC amount smoothing is to be kept in the draft that will be re-exposed.

Weber asked whether companies would provide regulators with information on other metrics, such as CTE 90 and CTE 95. Bayerle said that the ACLI would be happy to work with the regulators on this approach.

Michael Cebula (New York State Department of Financial Services—NYDFS) questioned the reasonableness of using the less conservative CTE 98 with the scalar approach that is to be re-exposed, as opposed to CTE 90, which was proposed in the prior exposure of C3PII.

Cheung said CTE 90 is an important metric for companies that are not highly capitalized. He said the CTE 98 construct is not a prevalent concern for companies that report well in excess of the minimum RBC requirement. However, regulators strongly feel that they need to address certain situations when the RBC held by companies becomes less than expected from an overall construct perspective.

Slutsker asked the Working Group and Subgroup to consider re-exposing the updated proposal for the C3PI and C3PII framework with a drafting note welcoming comments on not permitting discounting at the NAER in C3PI for a 23-day public comment period.

Barlow made a motion, seconded by Yanacheak, to expose the updated proposal with a stipulation for a 23-day public comment period ending March 6. The motion passed unanimously.

6. Discussed Comments Received from the ACLI on APF 2025-14 and RBC Proposal Form 2025-17-L

Bayerle spoke to the ACLI's comment letter (Attachment X) regarding amendment proposal form (APF) 2025-14 and RBC proposal form 2025-17-L. He said the ACLI wants to ensure that the proposed scope clarification language will align with other sections of the *Valuation Manual*.

7. Re-Exposed APF 2025-14

Cheung walked through the updated proposal for scope clarification of variable annuity (VA) contracts in the payout phase, which is intended for re-exposure (Attachment X).

 

The first edit was made so that VA contracts in the payout phase that are currently reserved under Valuation Manual (VM)-21: Requirements for Principle-Based Reserves for Variable Annuities will not be affected by the proposed scope clarification. The second edit was made in response to the ACLI's comments. As proposed in the re-exposure draft, language was added to VM-V: Statutory Maximum Valuation Interest Rates for Formulaic Reserves. However, Cheung noted that he would remove "elected to be" from the proposed language before the draft is re-exposed. Remaining edits were made to revise the section reference in the guidance note.

Barlow asked whether the Working Group and Subgroup can opt to adopt the updated proposal with minor changes without an exposure before sending the proposal to the Life Actuarial (A) Task Force, which will expose it before final adoption.

Cheung said that VA contracts in the payout phase will be subject to VM-V due to the proposed scope clarification. As a result, they can use a higher discount rate for reserving. He asked whether the proposal is significant enough to warrant exposure. Weber said there is time for exposure.

Leung made a motion, seconded by Barlow, to expose the updated proposal for the scope clarification of VA contracts in the payout phase for a 23-day public comment period ending March 6. The motion passed unanimously.

Having no further business, the Life Risk-Based Capital (E) Working Group and Variable Annuities Capital and Reserve (E/A) Subgroup adjourned.

SharePoint/NAIC Support Staff Hub/Member Meetings/A CMTE/LATF/2026-1 Spring/VACR SG/02 11 Joint LRBC WG VACR SG/0211 Joint LRBC VACR Minutes.docx

 

March 22, 2026

**From:** Mike Yanacheak, Chair
The Generator of Economic Scenarios (GOES) (E/A) Subgroup

**To:** Ben Slutsker, Chair
The Life Risk-Based Capital (RBC) (E) Working Group

**Subject:** The Report of the Generator of Economic Scenarios (GOES) (E/A) Subgroup to the Life RBC (E) Working Group

The GOES (E/A) Subgroup last met on Oct. 29, 2025 to take the following action: 1) adopting revisions to the corporate model calibration; 2) re-expose the GOES Model Governance Framework; and 3) expose the NAIC's scenario review and validation procedures. Since that time, the GOES has gone into effect for principle-based reserve calculations beginning on January 1, 2026. Discussions are continuing at the Life RBC (E) Working Group to effectuate the GOES for year-end RBC calculations. Revisions to the RBC instructions will be considered by the Life RBC (E) Working Group at the NAIC's Spring National Meeting.

The GOES (E/A) Subgroup provided a report to the Life Actuarial (A) Task Force at their Spring National Meeting session. The report detailed: 1) enhancements to documentation and statistical reports produced alongside the monthly scenarios; 2) the process for incident documentation and remediation; and 3) a proposal for the GEMS® software to be updated.

March 10, 2026

**From:** Seong-min Eom, Chair
The Longevity Risk (E/A) Subgroup

**To:** Ben Slutsker, Chair
The Life Risk-Based Capital (E) Working Group

**Subject:** The Report of the Longevity Risk (E/A) Subgroup to the Life Risk-Based Capital (E) Working Group

The Longevity Risk (E/A) Subgroup met February 9th to adopt prior meeting minutes and consider which of the various longevity reinsurance C-2 capital calculation proposals to move forward with. The Subgroup exposed Longevity Reinsurance C-2 Longevity Risk Capital Proposal 2026-07-L for a 35-day comment period ending March 26th. This proposal recommends a principle-based approach to calculate longevity risk capital for the longevity reinsurance product. The longevity reinsurance product was excluded from the application of the current C-2 longevity risk factors. The Subgroup plans to meet following spring national meeting to discuss comments and consider the proposal for Subgroup adoption and move the proposal to the LRBC Working Group for exposure and consideration for adoption for year-end 2026 reporting.

March 6, 2026

**From:** Pete Weber, Chair
The Variable Annuities Capital and Reserve (E/A) Subgroup

**To:** Ben Slutsker, Chair
The Life Risk-Based Capital (E) Working Group

**Subject:** The Report of the Variable Annuities Capital and Reserve (E/A) Subgroup (VACR SG) to the Risk-Based Capital (E) Working Group

The VACR SG met Feb. 11, 2026, in joint session with the Life Risk-Based Capital (E) Working Group, to discuss comments that were received on the re-exposure of the proposed changes to the C-3 Phase I/C-3 Phase II framework as well as discussing an updated proposal for the framework. The Working Group and VACR SG also discussed comments that were received on the exposure of the proposed scope clarification of variable annuity contracts in the payout phase (APF 2025-14 and RBC Proposal Form 2025-17-L) as well as discussing an updated proposal for APF 2025-14.

The updated proposals for both the C-3 Phase I/C-3 Phase II framework and APF 2025-14 were re-exposed for a 23-day public comment period ending Mar. 6, 2026. They were re-exposed with the intention to discuss comments at the upcoming Working Group session at the NAIC's Spring National Meeting. The exposure period has been extended to Mar. 10, 2026. Additionally, the Working Group and VACR SG adopted the minutes from Oct. 31, 2025 joint call.

# Capital Adequacy (E) Task Force

## RBC Proposal Form

☐ Capital Adequacy (E) Task Force ☐ Health RBC (E) Working Group ☒ Life RBC (E) Working Group
☐ Catastrophe Risk (E) Subgroup ☐ P/C RBC (E) Working Group ☐ Longevity Risk (A/E) Subgroup
☐ Variable Annuities Capital. & Reserve (E/A) Subgroup ☐ Economic Scenarios (E/A) Subgroup ☐ RBC Investment Risk & Evaluation (E) Working Group

| | |
|---|---|
| **DATE:** | 7/9/2025 |
| **CONTACT PERSON:** | Kazeem Okosun |
| **TELEPHONE:** | 816-783-8981 |
| **EMAIL ADDRESS:** | kokosun@naic.org |
| **ON BEHALF OF:** | Life Risk-Based Capital (E) Working Group |
| **NAME:** | Philip Barlow, Chair |
| **TITLE:** | Associate Commissioner of Insurance |
| **AFFILIATION:** | District of Columbia |
| **ADDRESS:** | 1050 First Street, NE Suite 801<br>Washington, DC 20002 |

**FOR NAIC USE ONLY**

Agenda Item # 2025-14-L
Year 2026

**DISPOSITION**

**ADOPTED:**
☐ TASK FORCE (TF) _____
☐ WORKING GROUP (WG) _____
☐ SUBGROUP (SG) _____

**EXPOSED:**
☐ TASK FORCE (TF) _____
☐ WORKING GROUP (WG) _____
☐ SUBGROUP (SG) _____

**REJECTED:**
☐ TF ☐ WG ☐ SG _____

**OTHER:**
☐ DEFERRED TO _____
☐ REFERRED TO OTHER NAIC GROUP
☐ (SPECIFY) _____

**IDENTIFICATION OF SOURCE AND FORM(S)/INSTRUCTIONS TO BE CHANGED**

☐ Health RBC Blanks ☐ Property/Casualty RBC Blanks ☐ Life and Fraternal RBC Blanks
☐ Health RBC Instructions ☐ Property/Casualty RBC Instructions ☒ Life and Fraternal RBC Instructions
☐ Health RBC Formula ☐ Property/Casualty RBC Formula ☐ Life and Fraternal RBC Formula
☐ OTHER _____

**DESCRIPTION/REASON OR JUSTIFICATION OF CHANGE(S)**

This proposal addresses the referral from the GOES (E/A) Subgroup to the Life RBC (E) Working Group (Attachment A) to consider changes to the C3 Phase I calculation and C3 Phase II calculation and the necessary changes to the Life Risk-Based Capital Instructions.

This proposal implements the technical changes for the C3 Phase I and C3 Phase II to update for the adoption of the GOES economic scenario generator and updates the C3 Phase II calculation to not rely on a deep tail CTE(98) metric.

**Additional Staff Comments:**

** **This section must be completed on all forms.** **Revised 2-2023**

# Appendix 1a – Cash Flow Modeling for C-3 RBC Methodology

General Approach

1. The underlying asset and liability model(s) are those used for year-end Asset Adequacy Analysis cash flow testing, or a consistent model.

2. Run the 200 scenarios ~~(12 or 50)~~ subset selected from the 10,000 scenarios for interest rates produced from the ~~interest rate~~NAIC economic scenario generator, using significance values based on the 20-year US treasury rates.

3. The statutory capital and surplus position, S(t), should be captured for every scenario for each calendar year-end of the testing horizon. The capital and surplus position is equal to statutory assets less statutory liabilities for the portfolio.

4. For each scenario, the C-3 measure is the most negative of the series of present values S(t)*pv(t), where pv(t) is the accumulated discount factor for t years using ~~[~~105 percent of the after-tax one-year US Treasury rates for that scenario. In other words:

$$pv(t) \quad \prod_{1}^{t} 1/(1+i_t)$$

—**Drafting Note:** Language permitting discounting at the NAER was contemplated but ultimately removed while we work on what specifications are needed to go along with it. Comments are welcome on this item.~~.~~

5. Rank the scenario-specific C-3 measures in descending order, with scenario number 1's measure being the positive capital amount needed to equal the very worst present value measure.

6. Taking the weighted average of a subset of the scenario specific C-3 scores derives the final C-3 after-tax factor. The C-3 scores are multiplied by the following series of weights:

~~For the 50 scenario set, the C-3 scores are multiplied by the following series of weights:~~

---------- Weighting Table ----------

| Scenario Rank: | 17 | 16 | 15 | 14 | 13 | 12 | 11 | 10 | 9 | 8 | 7 | 6 | 5 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Weight: | 0.02 | 0.04 | 0.06 | 0.08 | 0.10 | 0.12 | 0.16 | 0.12 | 0.10 | 0.08 | 0.06 | 0.04 | 0.02 |

The sum of these products is the C-3 charge for the product.

~~(a) For the 12 scenario set, the charge is calculated as the average of the C-3 scores ranked 2 and 3, but cannot be less than half the worst scenario score.~~

7. If multiple asset/liability portfolios are tested and aggregated, an aggregate C-3 charge can be derived by first summing the S(t)'s from all the portfolios (by scenario) and then following Steps 2 through 6 above. An alternative method is to calculate the C-3 score by scenario for each product, sum them by scenario, then order them by rank and apply the above weights.

8. Phase in: A company may elect to phase-in the effect of the new economic scenario requirements on C-3 RBC, using the following steps:
   - 1. Begin with the C-3 RBC amount from ~~s~~Step 7 for the Dec. 31, 2025 instructions for all business within the scope of the modeling requirements as of 12/31/25. Add to this the

amount of C-3 RBC computed in the same manner as the 2025 value for any reinsurance ceded that is expected to be recaptured in 2026 and in the scope of the modeling requirements. This amount is 2025 RBC.

- 2. Determine the C-3 RBC amount as of 12/31/25 using ~~s~~Steps 2 - 7 for the same inforce business as in 1. This amount is 2025 RBC New.
- Determine the phase-in amount (PIA) as the excess of 2025 RBC New over 2025 RBC.
- For 12/31/2026, compute the C-3 RBC following ~~s~~Steps 2 – 7 above, then subtract PIA times (2/3).
- For 12/31/2027, compute the C-3 RBC following ~~s~~Steps 2 – 7 above, then subtract PIA times (1/3).

Single Scenario C-3 Measurement Considerations

1. GENERAL METHOD - This approach incorporates interim values, consistent with the approach used for bond, mortgage and mortality RBC factor quantification. The approach establishes the risk measure in terms of an absolute level of risk (e.g., solvency) rather than volatility around an expected level of risk. It also recognizes reserve conservatism, to the degree that such conservatism has not been used elsewhere.

2. INITIAL ASSETS = RESERVES - Consistent with appointed actuary practice, the cash flow models are run with initial assets equal to reserves; that is, no surplus assets are used.

3. AVR - Existing AVR-related assets should not be included in the initial assets used in the C-3 modeling. These assets are available for future credit loss deviations over and above expected credit losses. These deviations are covered by C-1 risk capital. Similarly, future AVR contributions should not be modeled. However, the expected credit losses should be in the cash flow modeling. (Deviations from expected are covered by both the AVR and the C-1 risk capital.)

4. IMR - IMR assets should be used for C-3 modeling. (Also see #9 – Disinvestment Strategy.)

5. INTERIM MEASURE - Retained statutory surplus (i.e., statutory assets less statutory liabilities) is used as the year-to-year interim measure.

6. TESTING HORIZONS - Surplus adequacy should be tested over a period that extends to a point at which contributions to surplus on a closed block are immaterial in relationship to the analysis. If some products are being cash flow tested for Asset Adequacy Analysis over a longer period than the ~~3~~100 years generated by the ~~interest rate~~economic scenario generator, the scenario rates should be held constant at the year ~~3~~100 level for all future years. A consistent testing horizon is important for all lines if the C-3 results from different lines of business are aggregated.

7. TAX TREATMENT - The tax treatment should be consistent with that used in Asset Adequacy Analysis. Appropriate disclosure of tax assumptions may be required.

8. REINVESTMENT STRATEGY - The reinvestment strategy should be that used in Asset Adequacy Analysis modeling.

9. DISINVESTMENT STRATEGY - In general, negative cash flows should be handled just as they are in the Asset Adequacy Analysis. The one caveat is, since the RBC scenarios are more severe, models that depend on borrowing need to be reviewed to be confident that loans in the necessary volume are likely to be available under these circumstances at a rate consistent with the model's assumptions. If not, adjustments need to be made.

   If negative cash flows are handled by selling assets, then appropriate modeling of contributions and withdrawals to the IMR need to be reflected in the modeling.

10. STATUTORY PROFITS RETAINED - The measure is based on a profits retained model, anticipating that statutory net income earned one period is retained to support capital requirements in future periods. In other words, no stockholder dividends are withdrawn, but policyholder dividends, excess interest, declared rates, etc., are modeled realistically and assumed, paid or credited.

11. LIABILITY and ASSET ASSUMPTIONS - The liability and asset assumptions should be those used in Asset Adequacy Analysis modeling. Disclosure of these assumptions may be required.

12. SENSITIVITY TESTING - Key assumptions shall be stress tested (e.g., lapses increased by 50 percent) to evaluate sensitivity of the resulting C-3 requirement to the various assumptions made by the actuary. Disclosure of these results may be required.

13. USE OF NON-PRESCRIBED SCENARIO GENERATORS - At the option of the company, interest rates may be generated in part or in full using non-prescribed scenario generators in lieu of the prescribed economic generators, provided that the scenarios thus generated do not result in a C-3 charge for the product as calculated in Step 6 that is materially lower than the C-3 charge for the product as calculated in Step 6 resulting from the use of the scenarios from the prescribed NAIC economic scenario generator as defined in Step 2 above.

# Appendix 1b - Frequently Asked Questions for Cash Flow Modeling for C-3 RBC

1. Where can the scenario generator be found? ~~What is needed to run it?~~

   The scenario generator is the Conning GEMS Economic Scenario Generator. Outputs may be found at the following website: https://naic.conning.com/scenariofiles ~~a Microsoft Excel spreadsheet. By entering the Treasury yield curve at the date for which the testing is done, it will generate the sets of 50 or 12 scenarios. It requires Windows 95 or higher. This spreadsheet and instructions are available on the NAIC Web site at (http://www.naic.org/cmte_e_lrbc.htm). It is also available on diskette from the American Academy of Actuaries~~.

2. The results may include sensitive information in some instances. How can it be kept confidential?

   As provided for in Section 8 of the Risk-Based Capital (RBC) For Insurers Model Act, all information in support of and provided in the RBC reports (to the extent the information therein is not required to be set forth in a publicly available annual statement schedule), with respect to any domestic or foreign insurer, which is filed with the commissioner constitute information that might be damaging to the insurer if made available to its competitors, and therefore shall be kept confidential by the commissioner. This information shall not be made public or be subject to subpoena, other than by the commissioner and then only for the purpose of enforcement actions taken by the commissioner under the Risk-Based Capital (RBC) For Insurers Model Act or any other provision of the insurance laws of the state.

3. The definition of the annuities category talks about "debt incurred for funding an investment account…" Could you give a specific description of what is intended?

   One example is a situation where an insurer is borrowing under an advance agreement with a federal home loan bank, under which agreement collateral, on a current fair value basis, is required to be maintained with the bank. This arrangement has many of the characteristics of a GIC, but is classified as debt.

4. The instructions specify that assumptions consistent with those used for Asset Adequacy Analysis testing be used for C-3 RBC, but my company cash flow tests a combination of universal life and annuities for that analysis and using the same assumptions will produce incorrect results. What was intended in this situation?

   Where this situation exists, assumptions should be used for the risk-based capital work that are consistent with those used for the Asset Adequacy Cash Flow Testing. In other words, the assumptions used should be appropriate to the annuity component being evaluated for RBC and consistent with the overall assumption set used for Asset Adequacy Analysis.

Details Eliminated to Conserve



Line (35)
Enter the interest rate risk component from the Cash Flow Modeling for C-3 RBC Requirements Variable Annuities and Similar Products (see Line (37)). The interest rate risk component should be entered on a pre-tax basis using the enacted maximum corporate income tax rate.

Line (36)
Total interest rate risk. Equals Line (34) plus Line (35).

Line (37)

**Cash Flow Modeling for C-3 RBC Requirements for Variable Annuities and Similar Products:**

*Overview*

The amount reported on Line (35) and Line (37) is calculated using the 7-step process defined below. This calculation applies to all policies and contracts that have been valued following the requirements of AG-43 or VM-21. For contracts whose reserve was determined using the Alternative Methodology (VM-21 Section 7) see step 3 while all other contracts follow steps 1 and 2, then all contracts follow steps 4 - 7.

Step 1 CTE98: The first step is to determine CTE98 by applying the one of the two methodologies described in paragraph A below.

Step 2 C-3 RBC: using the formulas in paragraph B, determine the C-3 RBC amount based on the amount calculated in step (1). Floor this amount at $0.

Step 3: Determine the C-3 RBC using the Alternative Methodology for any business subject to that requirement~~s~~ as described in paragraph C.

Step 4: As described in paragraph D below, the C-3 RBC amount is the sum of the amounts determined in steps 2 and 3 above, but not less than zero. The Total Asset Requirement is the Reserve based on the requirements of VM-21 prior to the application of any phase-in, plus the C-3 RBC amount.

Step 5: For a company that has elected a Phase-in for reserves following VM-21 Section 2.B., the C-3 RBC amount is to be phased-in over the same time period following the requirements in paragraph E below.

Step 6: Apply the smoothing rules (if applicable) to the C-3 RBC amount in step (4) or (5) as applicable.

Step 7: Divide the amount from Step 4, 5, or 6 (as appropriate) by (1-enacted maximum federal corporate income tax rate). Split this amount into an interest rate risk portion and a market risk portion, as described in paragraph ~~G~~F.
The interest rate portion of the risk should be included in Line (35) and the market risk portion in Line (37).

The C-3 RBC is calculated as follows:

A. CTE (98) is calculated as follows: Except for policies and contracts subject to the Alternative Methodology (See C. below), apply the CTE methodology described in NAIC Valuation Manual VM-21 and calculate the CTE (98) as the numerical average of the 2% largest values of the Scenario Reserves, as defined by Section 4 of VM-21. In performing this calculation, the process and methods used to calculate the Scenario Reserves use the requirements of VM-21 and should be the same as used for the reserve calculations. The effect of Federal Income Tax should be handled following one of the following two methods:

1. If using the Macro Tax Adjustment (MTA): The modeled cash flows will ignore the effect of Federal Income Tax. As a result, for each individual scenario, the numerical value of the scenario reserve used in this calculation should be identical to that for the same scenario in the Aggregate Reserve calculation under VM-21. Federal Income Tax is reflected later in the formula in paragraph B.1.

2. If using Specific Tax Recognition (STR): At the option of the company, CTE After-Tax (98) (CTEAT (98)) may be calculated using an approach in which the effect of Federal Income Tax is reflected in the projection of Accumulated Deficiencies, as defined in Section 4.A. of VM-21, when calculating the Scenario Reserve for each scenario. To reflect the effect of Federal Income Tax, the company should find a reasonable and consistent basis for approximating the evolution of tax reserves in the projection, taking into account restrictions around the size of the tax reserves (e.g., that tax reserve must equal or exceed the cash surrender value for a given contract). The Accumulated Deficiency at the end of each projection year should also be discounted at a rate that reflects the projected after-tax discount rates in that year. In addition, the company should add the Tax Adjustment as described below to the calculated CTEAT (98) value.

3. A company that has elected to calculate CTEAT (98) using STR may not switch back to using MTA in the projection of Accumulated Deficiencies without prominently disclosing that change in the certification and supporting memorandum. The company should also disclose the methodology adopted, and the rationale for its adoption, in the documentation required by paragraph J below.

4. Application of the Tax Adjustment: Under the U.S. IRC**,** the tax reserve is defined. It can never exceed the statutory reserve nor be less than the cash surrender value. If a company is using STR and if the company's actual tax reserves exceed the projected tax reserves at the beginning of the projection, a tax adjustment is required.

   The CTEAT (98) must be increased on an approximate basis to correct for the understatement of modeled tax expense. The additional taxable income at the time of claim will be realized over the projection and will be approximated using the duration to worst, i.e., the duration producing the lowest present value for each scenario. The method of developing the approximate tax adjustment is described below.

   The increase to CTEAT (98) may be approximated as the corporate tax rate times f times the difference between the company's actual tax reserves and projected tax reserves at the start of the projections. For this calculation, f is calculated as follows**:** For the scenarios reflected in calculating CTE (98), the scenario reserve is determined and its associated projection duration is tabulated. At each such duration, the ratio of the number of contracts in force (or covered lives for group contracts) to the number of contracts in force (or covered lives) at the start of the modeling projection is calculated. The average ratio is then calculated over all CTE (98) scenarios and f is one minus this average ratio. If the Alternative Method is used, f is approximated as 0.5.

B. Determination of RBC amount using stochastic modeling:

1. If using the MTA: Calculate the RBC Requirement by the following formula in which the statutory reserve is the actual reserve reported in the Annual Statement. ~~,~~ ~~i~~In the second term – i.e., the difference between statutory reserves and tax reserves multiplied by the Federal Income Tax Rate – may not exceed the portion of the company's non-admitted deferred tax assets attributable to the same portfolio of contracts to which VM-21 is applied in calculating statutory reserves:

   25% x ((CTE (98) + Additional Standard Projection Amount – Statutory Reserve) x (1 – Federal Income Tax Rate) – (Statutory Reserve – Tax Reserve) x Federal Income Tax Rate

If the company elects to use the STR: The C-3 RBC is determined by the following formula: 25% x (CTEAT (98) + Additional Standard Projection Amount – Statutory Reserve) The Additional Standard Projection Amount is calculated using the methodology outlined in Section 6 of VM-21.

C. Determination of C-3 RBC using Alternative Methodology: This calculation applies to all policies and contracts that have been valued following the requirements of AG-43 or VM-21, for which the reserve was determined using the Alternative Methodology (VM-21 Section 7). The C-3 RBC amount is determined by applying the methodology as defined in Appendix 2 to these instructions.

D. The C-3 RBC amount is the sum of the amounts determined in paragraphs B and C above, but not less than zero. The TAR is defined as the Reserve determined according to VM-21 plus the C-3 RBC amount. All values are prior to any consideration of Phase-in allowances for either reserve or C-3 RBC~~, or any C-3 RBC smoothing allowance~~. The RBC values are post-tax.

E. Phase in: A company that has elected to phase-in the effect of the new ~~reserve~~ economic scenario ~~generator~~ requirements following VM-21 Section 2.C~~B.~~ shall phase in the effect on C-3 RBC ~~over the same time period~~, using the following steps:

- 1. Begin with the C-3 RBC amount from step 7 for Dec. 31, ~~2019~~ 2025 LR027 Line (37) instructions for all business within the scope of the Variable Annuities modeling requirements as of 12/31/~~19~~25. ~~Add to this any voluntary reserves which were subtracted from TAR when the C-3 RBC amount reported for 2019 was determined. Also a~~Add to this the amount of C-3 RBC computed in the same manner as the 2025~~19~~ value for any reinsurance ceded that is expected to be recaptured in 2026~~0~~ and in the scope of the Variable Annuities modeling requirements. This amount is 20~~19~~25 RBC.
- 2. Determine the C-3 RBC amount as of 12/31/~~19~~25 using paragraphs A, B, C, and D for the same inforce business as in 1. ~~Exclude any voluntary reserves in these calculations. Labeled as~~ This amount is 20~~19~~25 RBC New.
- Determine the phase-in amount (PIA) as the excess of 20~~19~~25 RBC New over 20~~19~~25 RBC.
- For 12/31/202~~0~~6, compute the C-3 RBC following paragraphs A –~~10~~8D above, then subtract PIA times (2/3).
- For 12/31/202~~1~~7, compute the C-3 RBC following paragraphs A – D above, then subtract PIA times (1/3).

~~**Guidance Note:** For a company that has adopted a Phase in for reserves longer than 3 years, adjust the above formula to reflect the actual period with uniform amortization amounts during that period.~~

~~**Guidance Note:** An adjustment is made for voluntary reserves. Voluntary reserve means any reserve that is not required by AG 43, VM 21 and/or a state in which the company is doing business and was subtracted from TAR in 2019 to determine the RBC.~~

~~F. Smoothing of C-3 RBC amount~~

~~A company should decide whether or not to smooth the C-3 RBC calculated in paragraph D or E above to determine the amount in Line (37). For any business reinsured under a coinsurance agreement that complies with all applicable reinsurance reserve credit "transfer of risk" requirements, the ceding company shall reduce the reserve in proportion to the business ceded while the assuming company shall use a reserve consistent with the business assumed.~~

~~A company may choose to smooth the C-3 RBC calculated in paragraph D or E above. A company is required to get approval from its domestic regulator prior to changing its decision about smoothing from the prior year. In addition, a company that has elected to smooth the risk-based capital is required to get approval from its domestic regulator prior to smoothing if it has experienced a material change in its Clearly Defined Hedging Strategy from the prior. For this purpose, a company's Clearly Defined Hedging Strategy is considered to have experienced a material change if any of the items outlined in VM-21 Section 1.D.2 in the current year differs from that in the prior year.~~

~~To implement smoothing, use the following steps. If a company does not qualify to smooth or a decision has been made not to smooth, go to paragraph G.~~

~~1. Determine the C-3 RBC amount calculated in paragraph D or E above~~
~~2. Determine the aggregate reserve for the contracts covered by the Variable Annuity Stochastic modeling requirements.~~
~~3. Determine the ratio of the C-3 RBC / reserve for current year.~~
~~4. Determine the C-3 RBC as actually reported for the prior year Lines (35) plus (37) and adjust that amount to a post-tax amount by multiplying by (1- enacted maximum federal corporate income tax rate). Restate the amount to remove the effect of any voluntary reserves held in prior years that materially differ in amount from the voluntary reserves held in the current year.~~

~~5. Determine the aggregate reserve for the contracts in scope of these requirements for the prior year-end. Restate the aggregate reserve to remove any voluntary reserves held for the prior year-end that materially differ in amount from the voluntary reserves held as of the current year-end.~~
~~6. Determine the ratio of the C-3 RBC / reserve for prior year.~~
~~7. Determine a ratio as 0.4*(6) plus 0.6*(3) {40% prior year ratio and 60% current year ratio}.~~
~~8. Determine the risk-based capital for current year as the product of (7) and (2) {adjust (2) to be actual 12/31 reserve}.~~

~~G.~~F. The amount determined in paragraphs D.~~, E.,~~ or ~~F~~E. above for the contracts shall be divided by (1-enacted maximum federal corporate income tax rate) to arrive at a pre-tax amount. This pre-tax amount shall be split into a component for interest rate risk and a component for market risk. Neither component may be less than zero. The provision for the interest rate risk, if any, is to be reported in Line (35). The market risk component is reported in Line (37).

The amount reported in Line (37) is to be combined with the C-1cs component for covariance purposes.

~~H.~~G. The way grouping (of funds and of contracts), sampling, number of scenarios, and simplification methods are handled is the responsibility of the company. However, all these methods are subject to Actuarial Standards of Practice, supporting documentation and justification, and should be identical to those used in calculating the company's statutory reserves following VM-21.

~~I.~~H. Certification of the work done to set the C-3 RBC amount for Variable Annuities and Similar products are the same as are required for reserves as part of VM-31. The certification should specify that the actuary is not opining on the adequacy of the company's surplus or its future financial condition.

The certification(s) should be submitted by hard copy with any state requiring an RBC hard copy.

~~J.~~I. An actuarial memorandum should be constructed documenting the methodology and assumptions upon which the required capital for the variable annuities and similar products is determined. Since the starting point for the C-3 RBC calculation is the cash flow modeling used for the reserves, the documentation requirements for reserves (VM-31) should be followed for the C-3 RBC. The reserve report may be incorporated by reference, with this C-3 RBC memorandum focused on identifying differences and items unique to the C-3 RBC process, or at the company's option, the documentation of C-3 RBC may be merged into the VA Report with the differences for C-3 RBC discussed in a separate section of the Memorandum as outlined in VM-31.

These differences that would need to be identified either in the RBC Actuarial Memorandum or the VA Report will typically include:

* The basis for considering federal income tax,
* Whether or not smoothing was applied, and the effect of that smoothing,
* Whether or not a phase in was used, and the impact on the reported values,
* If the company elects to calculate CTEAT (98) using STR whereby the effect of Federal Income Tax is reflected in the projection of Accumulated Deficiencies, the company should still disclose in the memorandum the Total Asset Requirement and C-3 RBC that would be obtained if the company had elected to use the MTA method.
* Documentation of the alternative methodology calculations, if applicable, and
* Documentation of how the C-3 RBC values were allocated to the interest and market risk components.

This actuarial memorandum will be confidential and available to regulators upon request.

The lines on the alternative calculations page will not be required for 2019 or later.

The total of all annual statement reserves representing exposure to C–3 risk on Line (36) should equal the following:

Exhibit 5, Column 2, Line 0199999
– Page 2, Column 3, Line 6
+ Exhibit 5, Column 2, Line 0299999
+ Exhibit 5, Column 2, Line 0399999
+ Exhibit 7, Column 1, Line 14
+ Separate Accounts Page 3, Column 3, Line 1 plus Line 2 after deducting (a) funds in unitized separate accounts with no underlying guaranteed minimum return and no unreinsured guaranteed living benefits; (b) non-indexed separate accounts that are not cash flow tested with guarantees less than 4%; (c) non-cash-flow-tested experience rated pension reserves/liabilities; and (d) guaranteed indexed separate accounts using a Class II investment strategy.
– Non policyholder reserves reported on Exhibit 7
+ Exhibit 5, Column 2, Line 0799997
+ Schedule S, Part 1, Section 1, Column 12
– Schedule S, Part 3, Section 1, Column 14

# APPENDIX 2 – ALTERNATIVE METHOD FOR GMDB RISKS

**{Drafting Note: the following is copied from the American Academy of Actuaries June 2005 Report to the NAIC Capital Adequacy Task Force**
**This Appendix describes the Alternative Method for GMDB exposure in significant detail; how it is to be applied and how the factors were developed. Factor tables have been developed using the Conditional Tail Expectation ("CTE") risk measure at two confidence levels: 65% and 90%. The latter is determined on an "after tax" basis and is required for the RBC C3 Phase II standard for Total Asset Requirement ("TAR"). The former is a pre-tax calculation and should assist the Variable Annuity Reserve Working Group ("VARWG") in formulating a consistent "alternative method" for statutory reserves.**

## General

1. It is expected that the Alternative Method ("AltM") will be applied on a policy-by-policy basis (i.e., seriatim). If the company adopts a cell-based approach, only materially similar contracts should be grouped together. Specifically, all policies comprising a "cell" must display substantially similar characteristics for those attributes expected to affect risk-based capital (e.g., definition of guaranteed benefits, attained age, policy duration, years-to-maturity, market-to-guaranteed value, asset mix, etc.).

2. The Alternative Method determines the TAR as the sum of the Cash Surrender Value and the following three (3) provisions, collectively referred to as the *Additional Asset Requirement* ("AAR"):
   - Provision for amortization of the outstanding (unamortized) surrender charges – "Charge Amortization" or "CA";
   - Provision for fixed dollar expenses/costs net of fixed dollar revenue – "Fixed Expenses" or "FE"; and
   - Provision for claims (in excess of account value) under the guaranteed benefits net of available spread-based revenue ("margin offset") – "Guaranteed Cost" or "GC".

   All of these components reflect the impact of income taxes and are explained in more detail later in this Appendix.
   The Risk-Based Capital amount (C-3 RBC) is determined in aggregate for the block of policies as the TAR less the reserve determined based on Section 7 of VM-21.
   Note the following regarding income taxes:
   The company determines the CA and FE amounts by projecting the inforce data and incorporating a 21% tax rate and a post-tax discount rate of 4.54% (= 5.75% x [1-21%]).

   In determining the GC amounts, a "look-up" function is used which provides a GMDB Cost Factor "f" and Base Margin Offset Factor "g". These factors ("f" and "g") represent CTE90 factors on a post-tax basis where a 35% tax rates and 3.74% (= 5.75% x (1-35%)) discount rate has been used. The company needs to multiply these factors by (.79/.65) to adjust the factors for a 21% tax rate basis. It is noted that this adjustment overstates the impact of the lower tax rate as the impact of the higher discount rate has not been reflected.

3. The total AAR (in excess of cash surrender value) is the sum of the AAR calculations for each policy or cell. The result for any given policy (cell) may be negative, zero or positive.

4. For variable annuities without guarantees, the Alternative Method for capital uses the methodology which applied previously to all variable annuities. The charge is 11% of the difference between fund balance and cash surrender value if the current surrender charge is based on fund balance. If the current surrender charge is based on fund contributions, the charge is 2.4% of the difference for those contracts for which the fund balance exceeds the sum of premiums less withdrawals and 11% for those for which that is not the case. In all cases, the result is to be multiplied by 0.79 to adjust for Federal Income Tax. For in-scope contracts, such as many payout annuities with no cash surrender value and no performance guarantees, there is no capital charge.

5. For variable annuities with death benefit guarantees, the AAR for a given policy is equal to: $R \times (CA + FE) + GC$ where:
   *CA (Charge Amortization)* = Provision for amortization of the outstanding (unamortized) surrender charges
   *FE (Fixed Expense)* = Provision for fixed dollar expenses/costs net of fixed dollar revenue
   *GC (Guaranteed Cost)* = Provision for claims (in excess of account value) under the guaranteed benefits net of available spread-based revenue ("margin offset")

The components *CA*, *FE* and *GC* are calculated separately. *CA* and *FE* are defined by deterministic "single-scenario" calculations which account for asset growth, interest, inflation and tax at prescribed rates. Mortality is ignored. However, the actuary determines the appropriate "prudent best estimate" lapses/withdrawal rates for the calculations. The components *CA*, *FE* and *GC* may be positive, zero or negative. $R=h(\circ)$ is a "scaling factor" that depends on certain risk attributes $\tilde{\theta}$ for the policy and the product portfolio.

6. The "Alternative Method" factors and formulas for GMDB risks (component *GC*) have been developed from stochastic testing using the 10,000 "Pre-packaged" scenarios (March 2005). The pre-packaged scenarios have been fully documented under separate cover – see http://www.actuary.org/pdf/life/c3supp_march05.pdf at the American Academy of Actuaries' website.

7. The model assumptions for the AltM Factors (component GC) are documented in the section of this Appendix entitled *Component GC*.

8. The table of *GC* factors that has been developed assumes male mortality at 100% of the MGDB 94 ALB table, and uses a 5-year age setback for female annuitants. Companies using the Alternative Method may use these factors, or may use the procedure described in Methodology Note C3-05 in the report "Recommended Approach for Setting Risk- Based Capital Requirements for Variable Annuities and Similar Products Presented by the American Academy of Actuaries' Life Capital Adequacy Subcommittee to the National Association of Insurance Commissioners' Capital Adequacy (E) Task Force (June 2005)" to adjust for the actuary's Prudent Best Estimate of mortality. If the company does not have a Prudent Best Estimate mortality assumption, the company may use the procedure described in Methodology Note C3-05 to adjust to the 2012 IAM as modified in VM-21 Section 11.C. Once a company uses the modified method for a block of business, the option to use the unadjusted table is no longer available for that part of its business.

9. There are five (5) major steps in using the *GC* factors to determine the "*GC*" component of the AAR for a given policy/cell:

    a) Classifying the asset exposure;
    b) Determining the risk attributes;
    c) Retrieving the appropriate nodes from the factor grid;
    d) Interpolating the nodal factors, where applicable (optional);
    e) Applying the factors to the policy values.

    Categorizing the asset value for the given policy or cell involves mapping the entire exposure to one of the eight (8) prescribed "fund classes". Alternative Method factors are provided for each asset class.
    The second step requires the company to determine (or derive) the appropriate attributes for the given policy or cell. These attributes are needed to calculate the required values and access the factor tables:

    - Product form ("Guarantee Definition"), *P*.
    - Adjustment to guaranteed value upon partial withdrawal ("GMDB Adjustment"), *A*.
    - Fund class, *F*.
    - Attained age of the annuitant, *X*.
    - Policy duration since issue, *D*.
    - Ratio of account value to guaranteed value, $\ell$.
    - Total account charges, *MER*.

    Other required policy values include:
    - Account value, *AV*.
    - Current guaranteed minimum death benefit, *GMDB*.

- Net deposit value (sum of deposits less sum of withdrawals), *NetDeposits*[2].
- Net spread available to fund guaranteed benefits ("margin offset"), $\alpha$.

The next steps – retrieving the appropriate nodes from the factor grid and interpolation – are explained in the section entitled *Component GC* of this Appendix. Tools are provided to assist the company in these efforts (see Appendix 9), but their use is not mandatory. This documentation is sufficiently detailed to permit the company to write its own lookup and extraction routines. A calculation example to demonstrate the application of the various component factors to sample policy values is shown in the section *Component GC* of this Appendix.

10. The total account charges should include all amounts assessed against policyholder accounts, expressed as a level spread per year (in basis points). This quantity is called the Management Expense Ratio ("MER") and is defined as the average amount (in dollars) charged against policyholder funds in a given year divided by average account value. Normally, the MER would vary by fund class and be the sum of investment management fees, mortality & expense charges, guarantee fees/risk premiums, etc. The spread available to fund the GMDB costs ("margin offset", denoted by $\alpha$) should be net of spread-based costs and expenses (e.g., net of maintenance expenses, investment management fees, trail commissions, etc.), but may be increased for Revenue Sharing as can be reflected in modeling (i.e., had the Alternative Method not been elected) by adhering to the requirements set forth in section 6 of the *Modeling Methodology*. The section of this Appendix on *Component GC* describes how to determine *MER* and $\alpha$. 'Time-to-maturity' is uniquely defined in the factor modeling by $T = 95 - X$. (This assumes an assumed maturity age of 95 and a current attained age of $X$.) Net deposits are used in determining benefit caps under the GMDB Roll-up and Enhanced Death Benefit ("EDB") designs.

11. The GMDB definition for a given policy/cell may not exactly correspond to those provided. In some cases, it may be reasonable to use the factors/formulas for a different product form (e.g., for a "roll-up" GMDB policy near or beyond the maximum reset age or amount, the company should use the "return-of-premium" GMDB factors/formulas, possibly adjusting the guaranteed value to reflect further resets, if any). In other cases, the company might determine the RBC based on two different guarantee definitions and interpolate the results to obtain an appropriate value for the given policy/cell. However, if the policy form (definition of the guaranteed benefit) is sufficiently different from those provided and there is no practical or obvious way to obtain a good result from the prescribed factors/formulas, the company must select one of the following options:
    a) Model the "C3 Phase II RBC" using stochastic projections according to the approved methodology;
    b) Select factors/formulas from the prescribed set such that the values obtained conservatively estimate the required capital; or
    c) Calculate company-specific factors or adjustments to the published factors based on stochastic testing of its actual business. This option is described more fully in the section of this Appendix on *Component GC*.

12. The actuary must decide if existing reinsurance arrangements can be accommodated by a straight-forward adjustment to the factors and formulas (e.g., quota-share reinsurance without caps, floors or sliding scales would normally be reflected by a simple pro-rata adjustment to the "gross" *GC* results). For more complicated forms of reinsurance, the company will need to justify any adjustments or approximations by stochastic modeling. However, this modeling need not be performed on the whole portfolio but can be undertaken on an appropriate set of representative policies. See the section of this Appendix on *Component GC*.

[2] Net deposits are required only for certain policy forms (e.g., when the guaranteed benefit is capped as a multiple of net policy contributions).

**Component *CA***

Component *CA* provides for the amortization of the unamortized surrender charges using the actual surrender charge schedule applicable to the policy. Over time, the surrender charge is reduced and a portion of the charges in the policy are needed to fund the resulting increase in surrender value. This component can be interpreted as the "amount needed to amortize the unamortized surrender charge allowance for the *persisting* policies plus an implied borrowing cost". By definition, the amortization for non-persisting lives in each time period is exactly offset by the collected surrender charge revenue (ignoring timing differences and any waiver upon death). The company must project the unamortized balance to the end of the surrender charge period and discount the year-by-year amortization under the following assumptions. All calculations should reflect the impact of income taxes.

- Net asset return (i.e., after fees) as shown in Table 1 below. These rates roughly equate to an annualized 5th percentile return over a 10-year horizon3. The 10-year horizon was selected as a reasonable compromise between the length of a typical surrender charge period and the longer testing period usually needed to capture all the costs on "more expensive" portfolios (i.e., lower available spread, lower AV/GV ratio, older ages, etc.). Note, however, that it may not be necessary to use these returns if surrender charges are a function of deposits/premiums.
- Income tax and discount rates (after-tax) as defined in Table 9 of this Appendix.
- The "Dynamic Lapse Multiplier" calculated at the valuation date (a function of Account Value (AV) — Guaranteed Value (GV) ratio) is assumed to apply in each future year. This factor adjusts the lapse rate to reflect the antiselection present when the guarantee is in-the-money. Lapse rates may be lower when the guarantees have more value.
- Surrender charges and free partial withdrawal provisions should be reflected as per the contract specifications.
- "Prudent best estimate" lapse and withdrawal rates. Rates may vary according to the attributes of the business being valued, including, but not limited to, attained age, policy duration, etc.
- For simplicity, mortality may be ignored in the calculations.

Unlike the GC component, which requires the actuary to map the entire contract exposure to a single "equivalent" asset class, the *CA* calculation separately projects each fund (as mapped to the 8 prescribed categories) using the net asset returns in Table 2-1.

**Table 2-1: Net Asset Returns for "CA" Component**

| Asset Class/Fund | Net Annualized Return |
|---|---|
| Fixed Account | Guaranteed Rate |
| Money Market and Fixed Income | 0% |
| Balanced | –1% |
| Diversified Equity | –2% |
| Diversified International Equity | –3% |
| Intermediate Risk Equity | –5% |
| Aggressive or Exotic Equity | –8% |

[3] A 5th percentile return is consistent with the CTE90 risk measure adopted in the C3 Phase II RBC methodology.

**Component *FE***

Component *FE* establishes a provision for fixed dollar costs (i.e., allocated costs, including overhead *and* those expenses defined on a "per policy" basis) less any fixed dollar revenue (e.g., annual administrative charges or policy fees). The company must project fixed expenses net of any "fixed revenue" to the earlier of contract maturity or 30 years and discount the year-by-year amounts under the following assumptions. All calculations should reflect the impact of income taxes.

- Income tax and discount rates (after-tax) as defined in Table 9 of this Appendix.
- The "Dynamic Lapse Multiplier" calculated at the valuation date (a function of MV−−GV ratio) is assumed to apply in each future year. This factor adjusts the lapse rate to reflect the antiselection present when the guarantee is in-the-money. Lapse rates may be lower when the guarantees have more value.
- Per policy expenses are assumed to grow with inflation starting in the second projection year. The ultimate inflation rate of 3% per annum is reached in the 8th year after the valuation date. The company must grade linearly from the current inflation rate ("CIR") to the ultimate rate. The CIR is the higher of 3% and the inflation rate assumed for expenses in the company's most recent asset adequacy analysis for similar business.
- "Prudent best estimate" for policy termination (i.e., total surrender). Rates may vary according to the attributes of the business being valued, including, but not limited to, attained age, policy duration, etc. Partial withdrawals should be ignored as they do not affect survivorship.
- For simplicity, mortality may be ignored in the calculations.

**Component *GC***

The general format for *GC* may be written as: $GC = GV \times f(\tilde{\theta}) - AV \times \hat{g}(\tilde{\theta}) \times h(\tilde{\theta})$ where *GV* = current guaranteed minimum death benefit, *AV* = current account value and $= \frac{\alpha}{\hat{\alpha}} \times g(\tilde{\theta})$. The functions $f(\circ)$, $g(\circ)$, and $h(\circ)$ depend on the risk attributes of the policy $\tilde{\theta}$ and product portfolio $\hat{\theta}$. $h(\circ) = R$ was introduced in the "General" section as a "scaling factor". $\alpha$ is the company-determined net spread ("margin offset") available to fund the guaranteed benefits and $\hat{\alpha} = 100$ basis points is the margin offset assumed in the development of the "Base" tabular factors. The functions $f(\circ)$ $g(\circ)$ and $h(\circ)$ are more fully described later in this section.

Rearranging terms for *GC*, we have $GC = f(\tilde{\theta}) \times [GV - AV \times z(\tilde{\theta})]$. Admittedly, $z(\tilde{\theta})$ is a complicated function that depends on the risk attribute sets $\tilde{\theta}$ and $\hat{\theta}$, but conceptually we can view $AV \times z(\tilde{\theta})$ as a shock to the current account value (in anticipation of the adverse investment return scenarios that typically comprise the CTE(90) risk measure for the AAR) so that the term in the square brackets is a "modified net amount at risk". Accordingly, $f(\tilde{\theta})$ can be loosely interpreted as a factor that adjusts for interest (i.e., discounting) and mortality (i.e., the probability of the annuitant dying).

In practice, $f(\circ)$, $g(\circ)$, and $h(\circ)$ are not functions in the typical sense, but values interpolated from the factor grid. The factor grid is a large pre-computed table developed from stochastic modeling for a wide array of combinations of the risk attribute set. The risk attribute set is defined by those policy and/or product portfolio characteristics that affect the risk profile (exposure) of the business: attained age, policy duration, AV/GV ratio, fund class, etc.

***Fund Categorization***

**The following criteria should be used to select the appropriate factors, parameters and formulas for the exposure represented by a specified guaranteed benefit. When available, the volatility of the long-term annualized total return for the fund(s) – or an appropriate benchmark – should conform to the limits presented. This calculation should be made over a reasonably long period, such as 25 to 30 years.**

Where data for the fund or benchmark are too sparse or unreliable, the fund exposure should be moved to the next higher volatility class than otherwise indicated. In reviewing the asset classifications, care should be taken to reflect any additional volatility of returns added by the presence of currency risk, liquidity (bid-ask) effects, short selling and speculative positions.

All exposures/funds must be categorized into one of the following eight (8) asset classes:

1. Fixed Account
2. Money Market
3. Fixed Income
4. Balanced
5. Diversified Equity
6. Diversified International Equity
7. Intermediate Risk Equity
8. Aggressive or Exotic Equity

***Fixed Account.*** The fund is credited interest at guaranteed rates for a specified term or according to a 'portfolio rate' or 'benchmark' index. The funds offer a minimum positive guaranteed rate that is periodically adjusted according to company policy and market conditions.

***Money Market/Short-Term.*** The fund is invested in money market instruments with an average remaining term-to-maturity of less than 365 days.

***Fixed Income.*** The fund is invested primarily in investment grade fixed income securities. Up to 25% of the fund within this class may be invested in diversified equities or high- yield bonds. The expected volatility of the fund returns will be lower than the Balanced fund class.

***Balanced.*** This class is a combination of fixed income securities with a larger equity component. The fixed income component should exceed 25% of the portfolio and may include high yield bonds as long as the total long-term volatility of the fund does not exceed the limits noted below. Additionally, any aggressive or 'specialized' equity component should not exceed one-third (33.3%) of the total equities held. Should the fund violate either of these constraints, it should be categorized as an equity fund. These funds usually have a long- term volatility in the range of 8% – 13%.

***Diversified Equity.*** The fund is invested in a broad-based mix of U.S. and foreign equities. The foreign equity component (maximum 25% of total holdings) must be comprised of liquid securities in well-developed markets. Funds in this category would exhibit long-term volatility comparable to that of the S&P500. These funds should usually have a long-term volatility in the range of 13% – 18%.

***Diversified International Equity.*** The fund is similar to the Diversified Equity class, except that the majority of fund holdings are in foreign securities. These funds should usually have a long-term volatility in the range of 14% – 19%.

***Intermediate Risk Equity.*** The fund has a mix of characteristics from both the Diversified and Aggressive Equity Classes. These funds have a long-term volatility in the range of 19% – 25%.

***Aggressive or Exotic Equity.*** This class comprises more volatile funds where risk can arise from: (a) underdeveloped markets, (b) uncertain markets, (c) high volatility of returns, (d) narrow focus (e.g., specific market sector), etc. The fund (or market benchmark) either does not have sufficient history to allow for the calculation of a long-term expected volatility, or the volatility is very high. This class would be used whenever the long-term expected annualized volatility is indeterminable or exceeds 25%.

**THE SELECTION OF AN APPROPRIATE INVESTMENT TYPE SHOULD BE DONE AT THE LEVEL FOR WHICH THE GUARANTEE APPLIES. FOR GUARANTEES APPLYING ON A DEPOSIT-BY-DEPOSIT BASIS, THE FUND SELECTION IS STRAIGHTFORWARD. HOWEVER, WHERE THE GUARANTEE APPLIES ACROSS DEPOSITS OR FOR AN ENTIRE CONTRACT, THE APPROACH CAN BE MORE COMPLICATED. IN SUCH INSTANCES, THE APPROACH IS TO IDENTIFY FOR EACH POLICY WHERE THE "GROUPED FUND HOLDINGS" FIT WITHIN THE CATEGORIES LISTED AND TO CLASSIFY THE ASSOCIATED ASSETS ON THIS BASIS.**

A seriatim process is used to identify the "grouped fund holdings", to assess the risk profile of the current fund holdings (possibly calculating the expected long-term volatility of the funds held with reference to the indicated market proxies), and to classify the entire "asset exposure" into one of the specified choices. Here, "asset exposure" refers to the underlying assets (separate and/or general account investment options) on which the guarantee will be determined. For example, if the guarantee applies separately for each deposit year within the contract, then the classification process would be applied separately for the exposure of each deposit year.

In summary, mapping the benefit exposure (i.e., the asset exposure that applies to the calculation of the guaranteed minimum death benefits) to one of the prescribed asset classes is a multi-step process:

1. Map each separate and/or general account investment option to one of the prescribed asset classes. For some funds, this mapping will be obvious, but for others it will involve a review of the fund's investment policy, performance benchmarks, composition and expected long-term volatility.
2. Combine the mapped exposure to determine the expected long-term "volatility of current fund holdings". This will require a calculation based on the expected long-term volatilities for each fund and the correlations between the prescribed asset classes as given in Table 2-2.
3. Evaluate the asset composition and expected volatility (as calculated in step 2) of current holdings to determine the single asset class that best represents the exposure, with due consideration to the constraints and guidelines presented earlier in this section.

In step 1., the company should use the fund's actual experience (i.e., historical performance, inclusive of reinvestment) only as a guide in determining the expected long-term volatility. Due to limited data and changes in investment objectives, style and/or management (e.g., fund mergers, revised investment policy, different fund managers, etc.), the company may need to give more weight to the expected long-term volatility of the fund's benchmarks. In general, the company should exercise caution and not be overly optimistic in assuming that future returns will consistently be less volatile than the underlying markets.

In step 2., the company should calculate the "volatility of current fund holdings" ($\sigma$ for the exposure being categorized) by the following formula using the volatilities and correlations in Table 2.

$$\sigma = \sqrt{\sum_{i=1}^{n}\sum_{j=1}^{n} w_i w_j \rho_{ij} \sigma_i \sigma_j}$$

where $w_i = \frac{AV_i}{\sum_k AV_k}$ is the relative value of fund $i$ expressed as a proportion of total contract value, $\rho_{ij}$ is the correlation between asset classes $i$ and $j$ and $\sigma_i$ is the volatility of asset class $i$ (see Table 2). An example is provided at the end of this section.

**Table 2-2: Volatilities and Correlations for Prescribed Asset Classes**

| ANNUAL VOLATILITY | | FIXED ACCOUNT | MONEY MARKET | FIXED INCOME | BALANCED | DIVERSE EQUITY | INTL EQUITY | INTERM EQUITY | AGGR EQUITY |
|---|---|---|---|---|---|---|---|---|---|
| 1.0% | FIXED ACCOUNT | **1** | 0.50 | 0.15 | 0 | 0 | 0 | 0 | 0 |
| 1.5% | MONEY MARKET | 0.50 | **1** | 0.20 | 0 | 0 | 0 | 0 | 0 |
| 5.0% | FIXED INCOME | 0.15 | 0.20 | **1** | 0.30 | 0.10 | 0.10 | 0.10 | 0.05 |
| 10.0% | BALANCED | 0 | 0 | 0.30 | **1** | 0.95 | 0.60 | 0.75 | 0.60 |
| 15.5% | DIVERSE EQUITY | 0 | 0 | 0.10 | 0.95 | **1** | 0.60 | 0.80 | 0.70 |
| 17.5% | INTL EQUITY | 0 | 0 | 0.10 | 0.60 | 0.60 | **1** | 0.50 | 0.60 |
| 21.5% | INTERM EQUITY | 0 | 0 | 0.10 | 0.75 | 0.80 | 0.50 | **1** | 0.70 |
| 26.0% | AGGR EQUITY | 0 | 0 | 0.05 | 0.60 | 0.70 | 0.60 | 0.70 | **1** |

As an example, suppose three funds (Fixed Income, diversified U.S. Equity and Aggressive Equity) are offered to clients on a product with a contract level guarantee (i.e., across all funds held within the policy). The current fund holdings (in dollars) for five sample contracts are shown in Table 2-3.

**TABLE 2-3: FUND CATEGORIZATION EXAMPLE**

| | 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|---|
| MV Fund X (Fixed Income): | 5,000 | 4,000 | 8,000 | - | 5,000 |
| MV Fund Y (Diversified Equity): | 9,000 | 7,000 | 2,000 | 5,000 | - |
| MV Fund Z (Aggressive Equity): | 1,000 | 4,000 | - | 5,000 | 5,000 |
| Total Market Value: | 15,000 | 15,000 | 10,000 | 10,000 | 10,000 |
| Total Equity Market Value: | 10,000 | 11,000 | 2,000 | 10,000 | 5,000 |
| Fixed Income % (*A*): | 33% | 27% | 80% | 0% | 50% |
| Fixed Income Test (*A*>75%): | No | No | Yes | No | No |
| Aggressive % of Equity (B): | 10% | 36% | n/a | 50% | 100% |
| Balanced Test (*A*>25% & *B*<33.3%): | Yes | No | n/a | No | No |
| Volatility of Current Fund Holdings: | 10.9% | 13.2% | 5.3% | 19.2% | 13.4% |
| Fund Classification: | **Balanced** | **Diversified*** | **Fixed Income** | **Intermediate** | **Diversified** |

* Although the volatility suggests "Balanced Fund", the Balanced Fund criteria were not met. Therefore, this 'exposure' is moved "up" to Diversified Equity. For those funds classified as Diversified Equity, additional analysis would be required to assess whether they should be instead designated as "Diversified International Equity".

As an example, the "Volatility of Current Fund Holdings" for policy #1 is calculated as $\sqrt{A+B}$ where:

$$A = \left(\frac{5}{15}\times 0.05\right)^2 + \left(\frac{9}{15}\times 0.155\right)^2 + \left(\frac{1}{15}\times 0.26\right)^2$$

$$B = 2\cdot\left(\frac{5}{15}\cdot\frac{9}{15}\right)(0.1\times 0.05\times 0.155) + 2\cdot\left(\frac{5}{15}\cdot\frac{1}{15}\right)(0.05\times 0.05\times 0.26) + 2\cdot\left(\frac{9}{15}\cdot\frac{1}{15}\right)(0.7\times 0.155\times 0.26)$$

So, the volatility for contract #1 = $\sqrt{0.0092+0.0026}$ = 0.109 or 10.9%.

***Derivation of Total Equivalent Account Charges (MER) and Margin Offset ($\alpha$)***

The total equivalent account charge ("MER") is meant to capture *all* amounts that are deducted from policyholder funds, not only those that are commonly expressed as spread-based fees. The MER, expressed as an equivalent annual basis point charge against account value, should include (but not be limited to) the following: investment management fees, mortality & expense charges, administrative loads, policy fees and risk premiums. In light of the foregoing, it may be necessary to estimate the "equivalent MER" if there are fees withdrawn from policyholder accounts that are not expressed as basis point charges against account value.

The margin offset, $\alpha$, represents the total amount available to fund the guaranteed benefit claims and amortization of the unamortized surrender charge allowance after considering most other policy expenses (including overhead). The margin offset, expressed as an equivalent annual basis point charge against account value, may include the effect of Revenue Sharing in the same manner as would be done for modeling as described in section 6 of the Modeling Methodology, except as may be thereby permitted, should be deemed "permanently available" in all future scenarios. However, the margin offset should not include per policy charges (e.g., annual policy fees) since these are included in *FE*. It is often helpful to interpret the margin offset as $\alpha = MER - X + RS$, where *X* is the sum of:

- Investment management expenses and advisory fees;
- Commissions, bonuses (dividends) and overrides;
- Maintenance expenses, other than those included in *FE*; and
- Unamortized acquisition costs not reflected in *CA*.

And *RS* is the Revenue Sharing to the extent permitted as described above.

***Product Attributes and Factor Tables***

The tabular approach for the *GC* component creates a multi-dimensional grid (array) by testing a very large number of combinations for the policy attributes. The results are expressed as factors. Given the seven (7) attributes for a policy (i.e., *P*, *A*, *F*, *X*, *D*, $\{$, *MER*), two factors are returned for $f(\circ)$ and $g(\circ)$. The factors are determined by looking up (based on a "key") into the large, pre-computed multi-dimensional tables and using multi-dimensional linear interpolation.

The policy attributes for constructing the test cases and the lookup keys are given in Table 2-4.

As can be seen, there are 6 ξ 2 ξ 8 ξ 8 ξ 5 ξ 7 ξ 3 = 80,640 "nodes" in the factor grid. Interpolation is only permitted across the last four (4) dimensions: Attained Age (*X*), Policy Duration (*D*), AV––GV Ratio ($\{$) and MER. The "MER Delta" is calculated based on the difference between the actual MER and that assumed in the factor testing (see Table 10), subject to a cap (floor) of 100 bps (−100 bps).

Functions are available to assist the company in applying the Alternative Method for GMDB risks. These functions perform the factor table lookups and associated multi-dimensional linear interpolations. Their use is not mandatory. Based on the information in this document, the company should be able to write its own lookup and retrieval routines. Interpolation in the factor tables is described further later in this section.

**Table 2-4: Nodes of the Factor Grid**

| Policy Attribute | Key: Possible Values & Description |
|---|---|
| Product Definition, *P*. | 0 : 0 Return-of-premium.<br>1 : 1 Roll-up (3% per annum).<br>2 : 2 Roll-up (5% per annum).<br>3 : 3 Maximum Anniversary Value (MAV).<br>4 : 4 High of MAV and 5% Roll-up.<br>5 : 5 Enhanced Death Benefit (excl. GMDB) |
| GV Adjustment Upon Partial Withdrawal, *A*. | 0 : 0 Pro-rata by market value.<br>1 : 1 Dollar-for-dollar. |
| Fund Class, *F*. | 0 : 0 Fixed Account.<br>1 : 1 Money Market.<br>2 : 2 Fixed Income (Bond).<br>3 : 3 Balanced Asset Allocation.<br>4 : 4 Diversified Equity.<br>5 : 5 International Equity.<br>6 : 6 Intermediate Risk Equity.<br>7 : 7 Aggressive / Exotic Equity. |
| Attained Age (Last Birthday), *X*. | 0 : 35 4 : 65<br>1 : 45 5 : 70<br>2 : 55 6 : 75<br>3 : 60 7 : 80 |
| Policy Duration (years-since-issue), *D*. | 0 : 0.5<br>1 : 3.5<br>2 : 6.5<br>3 : 9.5<br>4 : 12.5 |
| Account Value-to-Guaranteed Value Ratio, $\ell$. | 0 : 0.25 4 : 1.25<br>1 : 0.50 5 : 1.50<br>2 : 0.75 6 : 2.00<br>3 : 1.00 |
| Annualized Account Charge Differential from Table 2-10 Assumptions (“MER Delta”) | 0 : –100 bps<br>1 : +0<br>2 : +100 |

A test case (i.e., a node on the multi-dimensional matrix of factors) can be uniquely identified by its key, which is the concatenation of the individual ‘policy attribute’ keys, prefixed by a leading ‘1’. For example, the key ‘12034121’ indicates the factor for a 5% roll-up GMDB, where the GV is adjusted pro-rata upon partial withdrawal, balanced asset allocation, attained age 65, policy duration 3.5, 75% AV/GV ratio and “equivalent” annualized fund based charges equal to the ‘base’ assumption (i.e., 250 bps p.a.).

The factors are contained in the file “C3-II GMDB Factors 100%Mort CTE(90) (2005-03-29).csv”, a comma-separated value text file. Each “row” represents the factors/parameters for a test policy as identified by the lookup keys shown in Table 2-4. Rows are terminated by new line and line feed characters.

Each row consists of 5 entries, described further below.

| 1 | 2 | 3 | 4 | 5 |
|---|---|---|---|---|
| Test Case Identifier (Key) | Base GMDB Cost Factor | Base Margin Offset Factor | Scaling Adjustment (Intercept) | Scaling Adjustment (Slope) |

**GMDB Cost Factor.** This is the term $f(\tilde{\theta})$ in the formula for *GC*. The parameter set $\tilde{\theta}$is defined by $(P, A, F, X, D, \varphi, MER)$. Here, $\varphi$ is the AV/GV ratio for the benefit exposure (e.g., policy) under consideration. The values in the factor grid represent CTE(90) of the sample distribution[4] for the present value of guaranteed benefit cash flows (in excess of account value) in all future years (i.e., to the earlier of contract maturity and 30 years), normalized by guaranteed value.

**Base Margin Offset Factor.** This is the term $g(\tilde{\theta})$ in the formula for *GC*. The parameter set $\tilde{\theta}$ is defined by $(P, A, F, X, D, \varphi, MER)$. Here, $\varphi$ is the AV/GV ratio for the benefit exposure (e.g., policy) under consideration. The values in the factor grid represent CTE(90) of the sample distribution for the present value of margin offset cash flows in all future years (i.e., to the earlier of contract maturity and 30 years), normalized by account value. Note that the Base Margin Offset Factors assume $\hat{\alpha} = 100$ basis points of "margin offset" (net spread available to fund the guaranteed benefits).

All else being equal, the margin offset $\alpha$ has a profound effect on the resulting AAR. In comparing the Alternative Method against models for a variety of GMDB portfolios, it became clear that some adjustment factor would be required to "scale" the results to account for the diversification effects[5] of attained age, policy duration and AV/GV ratio. The testing examined $W_1 = \frac{\alpha}{MER} = 0.20$ and $W_2 = \frac{\alpha}{MER} = 0.60$, where $\alpha$ = available margin offset and *MER* = total "equivalent" account based charges, in order to understand the interaction between the margin ratio ("*W*") and AAR.

Based on this analysis, the *Scaling Factor* is defined as:

$$h(\hat{\theta}) = R = \beta_0 + \beta_1 \times W$$

$\beta_0$ and $\beta_1$ are respectively the intercept and slope for the linear relationship, defined by the parameter set $\hat{\theta} = (P, F, \hat{\varphi})$. Here, $\hat{\varphi}$ is 90% of the aggregate AV/GV for the *product form* (i.e., not for the individual policy or cell) under consideration. In calculating the *Scaling Factor* directly from this linear function, the margin ratio "*W*" must be constrained[6] to the range $[0.2, 0.6]$.

It is important to remember that $\hat{\varphi} = 0.90 \times \frac{\sum AV}{\sum GV}$ for the product form being evaluated (e.g., all 5% Roll-up policies). The 90% factor is meant to reflect the fact that the cost (payoff structure) for a basket of otherwise identical put options (e.g., GMDB) with varying degrees of in-the-moneyness (i.e., AV/GV ratios) is more left-skewed than the cost for a

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4 Technically, the sample distribution for "present value of net cost" = PV[GMDB claims] – PV[Margin Offset] was used to determine the scenario results that comprise the CTE90 risk measure. Hence, the "GMDB Cost Factors" and "Base Margin Offset Factors" are calculated from the same scenarios.

5 By design, the Alternative Methodology does not directly capture the diversification benefits due to a varied asset profile and product mix. This is not a flaw of the methodology, but a consequence of the structure. Specific assumptions would be required to capture such diversification effects. Unfortunately, such assumptions might not be applicable to a given company and could grossly over-estimate the ensuing reduction in required capital.

6 The scaling factors were developed by testing "margin ratios" $W_1 = 0.2$ and $W_2 = 0.6$. Using values outside this range could give anomalous results.

single put option at the "weighted average" asset-to-strike ratio.

To appreciate the foregoing comment, consider a basket of two 10-year European put options as shown in Table 2-5. These options are otherwise identical except for their "market-to-strike price" ratios. The option values are calculated assuming a 5% continuous risk-free rate and 16% annualized volatility. The combined option value of the portfolio is $9.00, equivalent to a single put option with $S$ = $180.92 and $X$ = $200. The market-to-strike (i.e., $AV/GV$) ratio is 0.905, which is less than the average $AV/GV = 1 = \frac{\$75+\$125}{\$100+\$100}$.

**Table 2-5: Equivalent Single European Put Option**

| | Equivalent Single Put Option | Put Option A ("in-the-money") | Put Option B ("out-of-the-money") |
|---|---|---|---|
| **Market value (*AV*)** | $180.92 | $75 | $125 |
| **Strike price (*GV*)** | $200.00 | $100 | $100 |
| **Option Value** | $9.00 | $7.52 | $1.48 |

**Scaling Adjustment (Intercept).** The scaling factor $h(\hat{\theta}) = R$ is a linear function of $W$, the ratio of margin offset to MER. This is the intercept $\beta_0$ that defines the line.

**Scaling Adjustment (Slope).** The scaling factor $h(\hat{\theta}) = R$ is a linear function of $W$, the ratio of margin offset to MER. This is the slope $\beta_1$ that defines the line.

Table 2-6 shows the "Base Cost" and "Base Margin Offset" values from the factor grid for some sample policies. As mentioned earlier, the Base Margin Offset factors assume 100 basis points of "available spread". The "Margin Factors" are therefore scaled by the ratio $\frac{\alpha}{100}$, where $\alpha$ = the actual margin offset (in basis points per annum) for the policy being valued. Hence, the margin factor for the 7th sample policy is exactly half the factor for node 12044121 (the 4th sample policy in Table 6). That is, 0.02160 = 0.5 × 0.04319.

**Table 2-6: Sample Nodes on the Factor Grid**

| KEY | GMDB TYPE | GV ADJUST | FUND CLASS | AGE | POLICY DUR | AV/GV | MER (bps) | OFFSET | COST FACTOR | MARGIN FACTOR |
|---|---|---|---|---|---|---|---|---|---|---|
| 10132031 | ROP | $-for-$ | Balanced Allocation | 55 | 0.5 | 1.00 | 250 | 100 | 0.01073 | 0.04172 |
| 10133031 | ROP | $-for-$ | Balanced Allocation | 60 | 0.5 | 1.00 | 250 | 100 | 0.01619 | 0.03940 |
| 10134031 | ROP | $-for-$ | Balanced Allocation | 65 | 0.5 | 1.00 | 250 | 100 | 0.02286 | 0.03634 |
| | | | | | | | | | | |
| 12044121 | 5% Rollup | Pro-rata | Diverse Equity | 65 | 3.5 | 0.75 | 250 | 100 | 0.18484 | 0.04319 |
| 12044131 | 5% Rollup | Pro-rata | Diverse Equity | 65 | 3.5 | 1.00 | 250 | 100 | 0.12931 | 0.03944 |
| 12044141 | 5% Rollup | Pro-rata | Diverse Equity | 65 | 3.5 | 1.25 | 250 | 100 | 0.08757 | 0.03707 |
| | | | | | | | | | | |
| 12044121 | 5% Rollup | Pro-rata | Diverse Equity | 65 | 3.5 | 0.75 | 250 | 50 | 0.18484 | 0.02160 |

***Interpolation in the Factor Tables***

Interpolation is only permitted across the last four (4) dimensions of the risk parameter set $\tilde{\theta}$: Attained Age ($X$), Policy Duration ($D$), AV––GV Ratio ( ) and MER. The "MER Delta" is calculated based on the difference between the actual MER and that assumed in the factor testing (see Table 2-10), subject to a cap (floor) of 100 bps (–100 bps). In general, the calculation for a single policy will require *three* applications of multi-dimensional linear interpolation between the $16 = 2^4$ factors/values in the grid:

(1) To obtain the *Base Factors* $f(\hat{\theta})$ and $g(\hat{\theta})$.

(2) To obtain the *Scaling Factor* $h(\hat{\theta}) = R$.

Based on the input parameters, the supplied functions (see Appendix 9) will automatically perform the required lookups, interpolations and calculations for $h(\hat{\theta}) = R$., including the constraints imposed on the margin ratio $W$. Use of the tools noted in Appendix 9 is not mandatory.

Multi-dimensional interpolation is an iterative extension of the familiar two-dimensional linear interpolation for a discrete function $V(x)$:

$$\tilde{V}(x_k + \delta) = (1 - \xi) \times V(x_k) + \xi \times V(x_{k+1})$$

*and*

$$\xi = \frac{\delta}{x_{k+1} - x_x}$$

In the above formulation, $\tilde{V}(x)$ is assumed continuous and $x_k$ and $x_{k+1}$ are defined values ("nodes") for $V(x)$. By definition, $x_k \leq (x_k + \delta) \leq x_{k+1}$ so that $0 \leq \xi \leq 1$. In effect, multi-dimensional interpolation repeatedly applies simple linear interpolation one dimension at a time until a single value is obtained.

Multi-dimensional interpolation across all four dimensions is not required. However, simple linear interpolation for *AV*–*GV* Ratio ($\lambda$) is mandatory. In this case, the company must choose nodes for the other three (3) dimensions according to the following rules:

| **Risk Attribute (Dimension)** | **Node Determination** |
|---|---|
| Attained Age | Use next higher attained age. |
| Policy Duration | Use nearest. |
| MER Delta | Use nearest (capped at +100 & floored at –100 bps. |

**For example, if the actual policy/cell is attained age 62, policy duration 4.25 and MER Delta = +55 bps, the company should use the nodes defined by attained age 65, policy duration 3.5 and MER Delta = +100.**

Table 2-7 provides an example of the fully interpolated results for a 5% Roll-up "Pro Rata" policy mapped to the Diversified Equity class (first row). While Table 2-7 does not demonstrate how to perform the multi-dimensional interpolation, it does show the required 16 nodes from the *Base Factors*. The margin offset is assumed to be 100 basis points.

**Table 2-7: Base Factors for a 5% Rollup GMDB Policy, Diversified Equity**

| Key | Age | Policy Dur | Policy Av/Gv | Mer (Bps) | Base Cost Factor | Base Margin Factor |
|---|---|---|---|---|---|---|
| INTERPOLATED | 62 | 4.25 | 0.80 | 265 | 0.15010 | 0.04491 |
| | | | | | | |
| 12043121 | 60 | 3.5 | 0.75 | 250 | 0.14634 | 0.04815 |
| 12043122 | 60 | 3.5 | 0.75 | 350 | 0.15914 | 0.04511 |
| 12043131 | 60 | 3.5 | 1.00 | 250 | 0.10263 | 0.04365 |
| 12043132 | 60 | 3.5 | 1.00 | 350 | 0.11859 | 0.04139 |
| 12043221 | 60 | 6.5 | 0.75 | 250 | 0.12946 | 0.04807 |
| 12043222 | 60 | 6.5 | 0.75 | 350 | 0.14206 | 0.04511 |
| 12043231 | 60 | 6.5 | 1.00 | 250 | 0.08825 | 0.04349 |
| 12043232 | 60 | 6.5 | 1.00 | 350 | 0.10331 | 0.04129 |
| | | | | | | |
| 12044121 | 65 | 3.5 | 0.75 | 250 | 0.18484 | 0.04319 |
| 12044122 | 65 | 3.5 | 0.75 | 350 | 0.19940 | 0.04074 |
| 12044131 | 65 | 3.5 | 1.00 | 250 | 0.12931 | 0.03944 |
| 12044132 | 65 | 3.5 | 1.00 | 350 | 0.14747 | 0.03757 |
| 12044221 | 65 | 6.5 | 0.75 | 250 | 0.16829 | 0.04313 |
| 12044222 | 65 | 6.5 | 0.75 | 350 | 0.18263 | 0.04072 |
| 12044231 | 65 | 6.5 | 1.00 | 250 | 0.11509 | 0.03934 |
| 12044232 | 65 | 6.5 | 1.00 | 350 | 0.13245 | 0.03751 |

The interpolations required to compute the *Scaling Factor* are slightly different from those needed for the *Base Factors*. Specifically, the user should *not* interpolate the intercept and slope terms for each surrounding node, but rather interpolate the *Scaling Factors* applicable to each of the nodes.

Table 2-8 provides an example of the *Scaling Factor* for the sample policy given earlier in Table 2-7 (i.e., a 5% Roll-up "Pro Rata" policy mapped to the Diversified Equity class) as well as the nodes used in the interpolation. The aggregate AV/GV for the product portfolio (i.e., all 5% Roll-up policies combined) is 0.75; hence, 90% of this value is 0.675 as shown under "Adjusted Product AV/GV". As before, the margin offset is 100 basis points per annum.

**Table 2-8: Interpolated Scaling Factors for a 5% Rollup GMDB Policy, Diversified Equity**

| Key | Age | Policy Dur | Adjusted Product Av/Gv | Mer (Bps) | Intercept | Slope | Scaling Factor |
|---|---|---|---|---|---|---|---|
| INTERPOLATED | 62 | 4.25 | 0.675 | 265 | n/a | n/a | 0.871996 |
| | | | | | | | |
| 12043111 | 60 | 3.5 | 0.50 | 250 | 0.855724 | 0.092887 | 0.892879 |
| 12043112 | 60 | 3.5 | 0.50 | 350 | 0.855724 | 0.092887 | 0.882263 |
| 12043121 | 60 | 3.5 | 0.75 | 250 | 0.834207 | 0.078812 | 0.865732 |
| 12043122 | 60 | 3.5 | 0.75 | 350 | 0.834207 | 0.078812 | 0.856725 |
| 12043211 | 60 | 6.5 | 0.50 | 250 | 0.855724 | 0.092887 | 0.892879 |
| 12043212 | 60 | 6.5 | 0.50 | 350 | 0.855724 | 0.092887 | 0.882263 |
| 12043221 | 60 | 6.5 | 0.75 | 250 | 0.834207 | 0.078812 | 0.865732 |
| 12043222 | 60 | 6.5 | 0.75 | 350 | 0.834207 | 0.078812 | 0.856725 |
| | | | | | | | |
| 12044111 | 65 | 3.5 | 0.50 | 250 | 0.855724 | 0.092887 | 0.892879 |
| 12044112 | 65 | 3.5 | 0.50 | 350 | 0.855724 | 0.092887 | 0.882263 |
| 12044121 | 65 | 3.5 | 0.75 | 250 | 0.834207 | 0.078812 | 0.865732 |
| 12044122 | 65 | 3.5 | 0.75 | 350 | 0.834207 | 0.078812 | 0.856725 |
| 12044211 | 65 | 6.5 | 0.50 | 250 | 0.855724 | 0.092887 | 0.892879 |
| 12044212 | 65 | 6.5 | 0.50 | 350 | 0.855724 | 0.092887 | 0.882263 |
| 12044221 | 65 | 6.5 | 0.75 | 250 | 0.834207 | 0.078812 | 0.865732 |
| 12044222 | 65 | 6.5 | 0.75 | 350 | 0.834207 | 0.078812 | 0.856725 |

***Adjustments to GC for Product Variations & Risk Mitigation/Transfer***

In some cases, it may be necessary for the company to make adjustments to the published factors due to:

1. A variation in product form wherein the definition of the guaranteed benefit is materially different from those for which factors are available (see Table 2-9); and/or
2. A risk mitigation / management strategy that cannot be accommodated through a straight-forward and direct adjustment to the published values.

Any adjustments to the published factors must be fully documented and supported through stochastic modeling. Such modeling may require stochastic simulations but would not ordinarily be based on full inforce projections. Instead, a representative "model office" should be sufficient. In the absence of material changes to the product design, risk management program and Alternative Method (including the published factors), the company would not be expected to redo this modeling each year.

Note that minor variations in product design do not necessarily require additional effort. In some cases, it may be reasonable to use the factors/formulas for a different product form (e.g., for a "roll-up" GMDB policy near or beyond the maximum reset age or amount, the company should use the "return-of-premium" GMDB factors/formulas, possibly adjusting the guaranteed value to reflect further resets, if any). In other cases, the company might determine the RBC based on two different guarantee definitions and interpolate the results to obtain an appropriate value for the given policy/cell. Likewise, it may be possible to adjust the Alternative Method results for certain risk transfer arrangements without significant additional work (e.g., quota-share reinsurance without caps, floors or sliding scales would normally be reflected by a simple pro-rata adjustment to the "gross" *GC* results).

However, if the policy design is sufficiently different from those provided and/or the risk mitigation strategy is non-linear in its impact on the AAR, and there is no practical or obvious way to obtain a good result from the prescribed factors/formulas, the company must justify any adjustments or approximations by stochastic modeling. Notably this modeling need not be performed on the whole portfolio but can be undertaken on an appropriate set of representative policies.

The remainder of this section suggests a process for adjusting the published "Cost" and "Margin Offset" factors due to a variation in product design (e.g., a "step-up" option at every 7th anniversary whereby the guaranteed value is reset to the account value, if higher). Note that the "Scaling Factors" (as determined by the slope and intercept terms in the factor table) would not be adjusted.

The steps for adjusting the published *Cost* and *Margin Offset* factors for product design variations are:

1. Select a policy design in the published tables that is similar to the product being valued. Execute cashflow projections using the documented assumptions (see Tables 2-9 and 2-10) and the scenarios from the prescribed generators for a set of representative cells (combinations of attained age, policy duration, asset class, AV/GV ratio and MER). These cells should correspond to nodes in the factor grid. Rank (order) the sample distribution of results for the present value of net cost[7]. Determine those scenarios which comprise CTE(90).

2. Using the results from step 1., average the present value of cost for the CTE(90) scenarios and divide by the current guaranteed value. For a the $J^{th}$ cell, denote this value by $F_J$. Similarly, average the present value of margin offset revenue for the same subset of scenarios and divide by account value. For the $J^{th}$ cell, denote this value by $G_J$.

[7] Present value of net cost = PV[ guaranteed benefit claims in excess of account value ] – PV[ margin offset ]. The discounting includes cashflows in all future years (i.e., to the earlier of contract maturity and the end of the horizon).

3. Extract the corresponding factors from the published grid. For each cell, calibrate to the published tables by defining a "model adjustment factor" (denoted by asterisk) separately for the "cost" and "margin offset" components:

$$F_J^* = \frac{f(\tilde{\theta})}{F_J} \text{ and } G_J^* = \frac{\hat{g}(\tilde{\theta})}{G_J}$$

4. Execute "product specific" cashflow projections using the documented assumptions and scenarios from the prescribed generators for the same set of representative cells. Here, the company should model the actual product design. Rank (order) the sample distribution of results for the present value of net cost. Determine those scenarios which comprise CTE(90).

5. Using the results from step 4., average the present value of cost for the CTE(90) scenarios and divide by the current guaranteed value. For a the $J^{th}$ cell, denote this value by $\bar{F}_J$. Similarly, average the present value of margin offset revenue for the same subset of scenarios and divide by account value. For a the $J^{th}$ cell, denote this value by $\bar{G}_J$.

6. To calculate the AAR for the specific product in question, the company should implement the Alternative Method as documented, but use $\bar{F}_J \times F_J^*$ in place of $f(\tilde{\theta})$ and $\bar{G}_J \times G_J^*$ instead of $\hat{g}(\tilde{\theta})$. The company must use the "Scaling Factors" for the product evaluated in step 1. (i.e., the product used to calibrate the company's cashflow model).

***Assumptions for the Alternative Method Published GMDB Factors***

This subsection reviews the model assumptions used to develop the Alternative Method factors. Each node in the factor grid is effectively the modeled result for a given "cell".

**Table 2-9: Model Assumptions & Product Characteristics**

| | |
|---|---|
| Account Charges (MER) | Vary by fund class. See Table 2-10 later in this section. |
| Base Margin Offset | 100 basis points per annum |
| GMDB Description | 1. ROP = return of premium ROP.<br>2. ROLL = 5% roll-up, capped at 2.5 ξ premium, frozen at age 80.<br>3. MAV = annual ratchet (maximum anniversary value), frozen at age 80.<br>4. HIGH = Higher of 5% roll-up and annual ratchet frozen at age 80.<br>5. EDB = ROP + 40% Enhanced Death Benefit (capped at 40% of deposit). |
| Adjustment to GMDB Upon Partial Withdrawal | "Pro-Rata by Market Value" and "Dollar-for-Dollar" are tested separately. |
| Surrender Charges | Ignored (i.e., zero). Reflected in the "CA" component of the AAR. |
| Single Premium/Deposit | $100,000. No future deposits; no intra-policy fund rebalancing. |
| Base Policy Lapse Rate | • Pro-rata by MV: 10% p.a. at all policy durations (before dynamics)<br>• Dollar-for-dollar: 2% p.a. at all policy durations (no dynamics) |
| Partial Withdrawals | • Pro-rata by MV: None (i.e., zero)<br>• Dollar-for-dollar: Flat 8% p.a. at all policy durations (as a % of AV). |

| | |
|---|---|
| | No dynamics or anti-selective behavior. |
| Mortality | 100% of MGDB 94 ALB. |
| Gender/Age Distribution | 100% male. Methodology accommodates different attained ages and policy durations. A 5-year age setback will be used for female annuitants. |
| Max. Annuitization Age | All policies terminate at age 95. |
| Fixed Expenses, Annual Fees | Ignored (i.e., zero). Reflected in the "FE" component of the AAR. |
| Income Tax Rate | 21% |
| Discount Rate | 4.54% (after-tax) effective = 5.75% pre-tax. |
| Dynamic Lapse Multiplier (Applies only to policies where GMDB is adjusted "pro-rata by MV" upon withdrawal) | *U*=1, *L*=0.5, *M*=1.25, *D*=1.1<br>■ Applied to the 'Base Policy Lapse Rate' (not withdrawals). |

***Notes on GMDB Factor Development***

- The roll-up is continuous (not simple interest, not stepped at each anniversary) and is applied to the previous roll-up guaranteed value (i.e., not the contract guaranteed value under HIGH).
- The Enhanced Death Benefit ("EDB") is floored at zero. It pays out 40% of the gain in the policy upon death at time *t*: $B_t = MIN[0.40 \times Deposit, 0.40 \times MAX(0, AV_t - Deposit)]$. The test policy also has a 100% return-of-premium GMDB, but the EDB Alternative Factors will be net of the GMDB component. That is, the EDB factors are 'stand-alone' and applied *in addition to* the GMDB factors.
- The "Base Policy Lapse Rate" is the rate of policy termination (total surrenders). Policy terminations (surrenders) are assumed to occur throughout the policy year (not only on anniversaries).
- Partial withdrawals (if applicable) are assumed to occur at the end of each time period (quarterly).
- Account charges ("MER") represent the total amount (annualized, in basis points) assessed against policyholder funds (e.g., sum of investment management fees, mortality and expense charges, risk premiums, policy/administrative fees, etc.). They are assumed to occur throughout the policy year (not only on anniversaries).

**Table 2-10: Account-Based Fund Charges (bps per annum)**

| Asset Class / Fund | Account Value Charges (MER) |
|---|---|
| Fixed Account | 0 |
| Money Market | 110 |
| Fixed Income (Bond) | 200 |
| Balanced | 250 |
| Diversified Equity | 250 |
| Diversified International Equity | 250 |
| Intermediate Risk Equity | 265 |
| Aggressive or Exotic Equity | 275 |

***Calculation Example***

Continuing the previous example (see Tables 2-7 and 2-8) for a 5% Roll-up GMDB policy mapped to Diversified Equity, suppose we have the policy/product parameters as specified in Table 2-11.

**Table 2-11: Sample Policy Results for 5% Roll-up GMDB, Diversified Equity**

| Parameter | Value | Description |
|---|---|---|
| Deposit Value | $100.00 | Total deposits adjusted for partial withdrawals. |
| Account Value | $98.43 | Total account value at valuation date, in dollars. |
| GMDB | $123.04 | Current guaranteed minimum death benefit, in dollars. |
| Attained Age | 62 | Attained age at the valuation date (in years). |
| Policy Duration | 4.25 | Policy duration at the valuation date (in years). |
| GV Adjustment | Pro-Rata | GMDB adjusted pro-rata by MV upon partial withdrawal. |
| Fund Class | Diversified Equity | Contract exposure mapped to Diversified Equity as per the Fund Categorization instructions in the section of this Appendix on Component GC. |
| MER | 265 | Total charge against policyholder funds (bps). |
| ProductCode | 2 | Product Definition code as per lookup key in Table 4. |
| GVAdjust | 0 | GV Adjustment Upon Partial Withdrawal as per key in Table 2-4. |

| | | |
|---|---|---|
| FundCode | 4 | Fund Class code as per lookup key in Table 2-4. |
| PolicyMVGV | 0.800 | Contract account value divided by GMDB. |
| AdjProductMVGV | 0.675 | 90% of the aggregate AV/GV for the Product portfolio. |
| RC | 150 | Margin offset (basis points per annum). |

Using the usual notation, $GC = GV \times f(\tilde{\theta}) - AV \times \hat{g}(\tilde{\theta}) \times h(\tilde{\theta})$.

$f(\tilde{\theta})$ = 0.150099 = GetCostFactor(2, 0, 4, 62, 4.25, 0.8, 265)

$\hat{g}(\tilde{\theta})$ = 0.067361 = GetMarginFactor(2, 0, 4, 62, 4.25, 0.8, 265, 150)

$h(\tilde{\theta})$ = 0.887663 = GetScalingFactor(2, 0, 4, 62, 4.25, 0.675, 265, 150)

Hence, *GC* = \$12.58 = (123.04 × 0.150099 ) – ( 98.43 × 0.067361 × 0.887663 ). As a normalized value, this quantity is 12.78% of account value, 10.23% of guaranteed value and 51.1% of the current net amount at risk (Net amount at risk = GV – AV).

Note that $\hat{g}(\tilde{\theta}) = \frac{\alpha}{\tilde{\alpha}} \times g(\tilde{\theta}) = \frac{150}{100} \times 0.044907$ where $g(\tilde{\theta})$ is "per 100 basis points" of available margin offset.

$g(\tilde{\theta})$ = 0.044907 = GetMarginFactor(2, 0, 4, 62, 4.25, 0.8, 265, 100)

Brian Bayerle
Chief Life Actuary
202-624-2169

Colin Masterson
Sr. Policy Analyst
202-624-2463

March 10, 2026

Ben Slutsker
Chair, NAIC Life Risk-Based Capital (E) Working Group (LRBC)

Peter Weber
Chair, NAIC Variable Annuities Capital and Reserve (E/A) Subgroup (VACR)

Re: February 2026 LRBC-VARC GOES C-3 Exposures

Dear Chairs Slutsker and Weber:

The American Council of Life Insurers (ACLI) appreciates the opportunity to comment on the latest set of Generator of Economic Scenarios (GOES) capital-related exposure materials addressing C-3 Phase I (C3P1) Instructions and C-3 Phase II (C3P2) updates. We also thank regulators and NAIC staff for incorporating our previous recommendation to retain CTE(98) with a 25% scalar into the C3P2 calculation.

We believe the current drafts reflect meaningful progress toward a more consistent and risk-appropriate capital framework. Our comments primarily focus on the implications of not including the Net Asset Earned Rate (NAER) methodology from C3P1. While we acknowledge regulators' concerns regarding its reliance on Valuation Manual constructs such as prescribed spreads, default assumptions, and reinvestment guardrails, we continue to support the eventual incorporation of an NAER-consistent approach once alignment efforts advance.

As an interim refinement, ACLI recommends replacing the current discount rate proxy—105% of the after-tax one-year U.S. Treasury rate—with a more representative structure better aligned to insurer asset strategies. Specifically, we propose using the ten-year U.S. Treasury rate combined with a fixed net spread of 85 basis points, reflecting long-term prescribed spreads and baseline default costs from the Valuation Manual. These refinements provide a more realistic and stable proxy while longer-term NAER alignment work is underway.

**Primary Recommendation: Use the 10-year treasury rather than a 1-year Treasury for discounting.**

- The 1-year Treasury is significantly shorter than actual company investment strategies so another tenor is more appropriate to better align to company practices. For simplicity, we are recommending a single tenor of 10 years which is a common benchmark. While no single maturity will suit all companies and products, we believe the 10-year is a reasonable choice for an interim solution. We recognize that in practice there is a range depending on product and company practices, and assets supporting products like Multi-Year Guaranteed Annuities likely have shorter weighted average life (WAL) and products like income annuities and Pension Risk Transfer likely have longer, so 10-years seems like a reasonable midpoint.
- Analysis of NAIC data (see Appendix A) suggests that 10 years would be a reasonable tenor based on weighted average of industry data.
- Additionally, the Chicago Fed wrote "Life insurers' publicly traded bond portfolio has a longer average remaining maturity of 14 years compared with ten years for their private placement portfolio" which corroborates the reasonability of this assumption.

**Secondary Recommendation: Replace the 105 percent multiple with a more representative adjustment for spreads and defaults.**

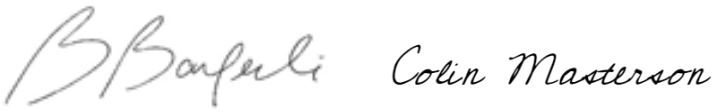
- If the regulators are open to additional refinement, we would suggest replacing the 105 percent multiple with an adjustment for spreads and defaults.
- Replacing the 105 percent adjustment with explicit spreads and defaults moves the methodology from a proxy-based adjustment towards a principle-based one. This is a reasonable interim step as we move to more sophisticated approaches to be defined under the C3P1 alignment effort.
- We recommend using a fixed net spread amount of 85bps, which is based on published values determined by the NAIC Valuation Manual. We calculated this value using the yearend 2025 AA spread using a WAL of 10 from Table H (12/31/2025) Investment Grade Long Term Benchmark Spreads of 87.19 less yearend 2024 AA defaults using a WAL of 10 from Table A. Baseline Annual Default Costs (in bps) using Moody's Data of 2.31, then applying simple rounding for an net spread of 85bps (calculated value of 84.88bps). Given this uses a long-term spread, this value is a reasonable proxy for an interim solution until the C3P1 alignment effort is complete.

Below are the edits reflecting these recommendations; the bracketed text reflects the second recommendation:

> 4. For each scenario, the C-3 measure is the most negative of the series of present values S(t)*pv(t), where pv(t) is the accumulated discount factor for t years using [ ~~105 percent of~~ ] the after-tax ten ~~one~~-year US Treasury rates for that scenario[ , where the Treasury rate is adjusted by a net spread of 85bps prior to the tax adjustment ].

Thank you very much for the chance to provide this feedback and we look forward to further discussion soon at a future NAIC meeting.

Sincerely,



cc: Jane Ren, NAIC

Appendix A:

Methodology: The NAIC U.S. Life and A&H Insurance Industry Analysis Report 2024 captures a snapshot of available bonds held to maturity (page 9):

NAIC NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS **U.S. Life and A&H Insurance Industry | 2024 Annual Results**

years or later represented 41.0% of total bonds. **Figure 8** illustrates bond distribution by maturity.

Figure 7 – Long Term Bond Allocation

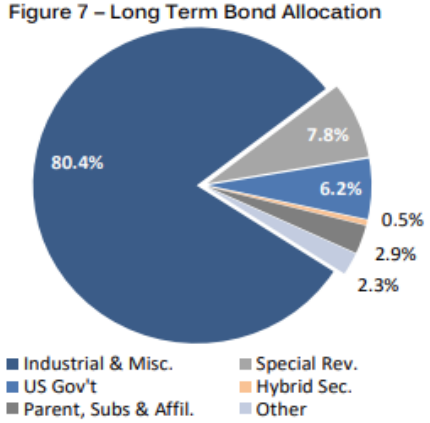
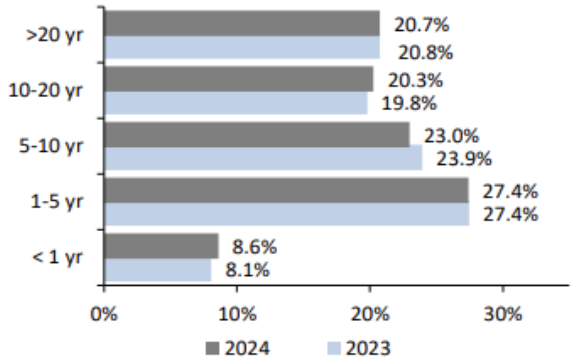



**Figure 8 – % of Total Bonds Held by Maturity**




**LIABILITIES**

The life industry reported a 6.2% ($509.7 billion) increase in total liabilities to $8.8 trillion at year-end 2024. The largest changes were in the following:

- A 7.4% ($225.0 billion) increase in separate account liabilities to $3.3 trillion
- A 35.7% ($79.1 billion) increase in funds held under coinsurance to $301.0 billion
- A 10.0% ($32.2 billion) increase in funds held under reinsurance treaties with unauthorized reinsurers to $354.0 billion
- And a 29.2% ($4.5 billion) decrease in interest maintenance reserve to $10.9 billion

The methodology attempted to approximate the weighted-average life using this data by assuming the midpoint of each bucket (using 20 years for largest bucket), and found results were consistent between 2023 and 2024. The table shows "remaining maturity," and not "average life" nor "duration," which suggests a slight increase from this calculation is reasonable:

| 2024 Calculation | | |
|---|---|---|
| Bucket | Selected Point | 2024 Weight |
| >20 yr | 20.0 | 20.7% |
| 10-20 yr | 15.0 | 20.3% |
| 5-10 yr | 7.5 | 23.0% |
| 1-5 yr | 3.0 | 27.4% |
| <1 yr | 0.5 | 8.6% |
| **Weighted Ave:** | 9.8 | 100.0% |

| 2023 Calculation | | |
|---|---|---|
| Bucket | Selected Point | 2023 Weight |
| >20 yr | 20.0 | 20.8% |
| 10-20 yr | 15.0 | 19.8% |
| 5-10 yr | 7.5 | 23.9% |
| 1-5 yr | 3.0 | 27.4% |
| <1 yr | 0.5 | 8.1% |
| **Weighted Ave:** | 9.8 | 100.0% |

# Capital Adequacy (E) Task Force

## RBC Proposal Form

☐ Capital Adequacy (E) Task Force ☐ Health RBC (E) Working Group ☒ Life RBC (E) Working Group
☐ Catastrophe Risk (E) Subgroup ☐ P/C RBC (E) Working Group ☐ Longevity Risk (A/E) Subgroup
☐ Variable Annuities Capital. & Reserve (E/A) Subgroup ☐ Economic Scenarios (E/A) Subgroup ☐ RBC Investment Risk & Evaluation (E) Working Group

| | |
|---|---|
| **DATE:** | **02/04/2026** |
| **CONTACT PERSON:** | **Kazeem Okosun** |
| **TELEPHONE:** | **816-783-8981** |
| **EMAIL ADDRESS:** | **kokosun@naic.org** |
| **ON BEHALF OF:** | **Life Risk-Based Capital (E) Working Group** |
| **NAME:** | **Ben Slutsker, Chair** |
| **TITLE:** | **Director of Life Actuarial Valuation** |
| **AFFILIATION:** | **Minnesota Department of Commerce** |
| **ADDRESS:** | **85 7th Place East, Suite 280** |
| | **Saint Paul, MN 55101** |

**FOR NAIC USE ONLY**

Agenda Item # 2025-16-L MOD
Year 2026 or later

**DISPOSITION**

**ADOPTED:**
☐ TASK FORCE (TF) _____
☐ WORKING GROUP (WG) _____
☐ SUBGROUP (SG) _____

**EXPOSED:**
☐ TASK FORCE (TF) _____
☒ WORKING GROUP (WG) **11/14/2025**
**02-10-2026**
☐ SUBGROUP (SG) _____

**REJECTED:**
☐ TF ☐ WG ☐ SG _____

**OTHER:**
☐ DEFERRED TO _____
☐ REFERRED TO OTHER NAIC GROUP
☐ (SPECIFY) _____

**IDENTIFICATION OF SOURCE AND FORM(S)/INSTRUCTIONS TO BE CHANGED**

☐ Health RBC Blanks ☐ Property/Casualty RBC Blanks ☒ Life and Fraternal RBC Blanks
☐ Health RBC Instructions ☐ Property/Casualty RBC Instructions ☒ Life and Fraternal RBC Instructions
☐ Health RBC Formula ☐ Property/Casualty RBC Formula ☒ Life and Fraternal RBC Formula
☐ OTHER _____

**DESCRIPTION/REASON OR JUSTIFICATION OF CHANGE(S)**

Life RBC (E) Working Group met June 18, 2025 and received a referral from Statutory Accounting Principles (E) Working Group regarding collateral loan schedule BA reporting changes (Attachment A). As a result of the referral, NAIC staff drafted the proposal with the following objectives:

(1) To make changes to Life RBC Blanks so as to reflect the adopted changes in Schedule BA and Asset Valuation Reserve (AVR) reporting effective 2026.
(2) To explore the potential need to revisit RBC and AVR factors based on the risk characteristics of the collaterals backing the collateral loans

The proposal 2025-16-L was exposed at the Working Group on Nov 14 for a 74-day public comment period ending Jan 27, 2026.Based on comments received, a modified proposal is drafted.

**Additional Staff Comments:**

- 11-14-2025: Proposal was exposed with comments due 01-27-2026 - 4 comment letters received (KO)
- 02-10-2026: Proposal was modified and re-exposed with comments due 03-06-2026 - 4 comment letters received (KO)

**2/2/26: NAIC Staff Drafting Note:**

Key highlights of the modified proposal:

1) Commenters stated that some states have maximum loan-to-values (LTV) limits for collateral loans. Initial outreach indicated that LTV limits vary by states, ranging from 0% to 90%. The modified proposal, henceforth, factored into a generic haircut of [20%] to the RBC factors originally proposed for i) collateral loans backed by residual tranches/interests and ii) collateral loans backed by investments in JV/LP/LLC. The final haircut % is subject to Working Group's discussions and discretion.
2) Commenters stated that collateral loans have other structural features that should be factored into when contemplating RBC factors based on risk characteristics of the collaterals. However, these structural features are bilaterally agreed upon between issuers and insurance companies (investors) and are not readily available public information. In order to avoid unnecessary complexity, no further consideration deemed necessary on other structure features apart from LTV as discussed above.
3) Given the representations that insurance companies have access to detailed loan level information for collateral loans backed by mortgage loans, the proposal is modified to allow treatment as per Proposal 2024-15-L adopted in 2024. (i.e. interim provision made permanent)
4) The Working Group had discussed AVR factors during Nov 14 meeting and was aware of historical precedence that AVR factors update trail behind RBC factors update. As such, Staff modified the proposal to set AVR Basic Contribution, Reserve Objective and Maximum Reserve to zero (i.e. continue the current practice) until otherwise advised by the American Academy of Actuary.
5) Asset Concentration Factor consideration: current life RBC framework doubles the charge for collateral loan (0.068). Staff modified the LR010 page to continue the current practice of doubling RBC charges, subject to 45% cap.

---

**** This section must be completed on all forms.** **Revised 2-2023**

Company Name | Cocode: 00000

OTHER LONG-TERM ASSETS

| | | Annual Statement Source | (1) Book / Adjusted Carrying Value | (2) Unrated Items ‡ | (3) RBC Subtotal † | | (4) Factor | | (5) RBC Requirement |
|---|---|---|---|---|---|---|---|---|---|
| | Schedule BA - Fixed Income - Bonds | | | | | | | | |
| (1) | Exempt Obligations | AVR Equity Component Column 1 Line **C1** | $0 | $0 | $0 | X | 0.0000 | = | $0 |
| (2) | Asset NAIC 1 | AVR Equity Component Column 1 Line **C2** | $0 | $0 | $0 | X | 0.0039 | = | $0 |
| (3) | Asset NAIC 2 | AVR Equity Component Column 1 Line **C3** | $0 | $0 | $0 | X | 0.0126 | = | $0 |
| (4) | Asset NAIC 3 | AVR Equity Component Column 1 Line **C4** | $0 | $0 | $0 | X | 0.0446 | = | $0 |
| (5) | Asset NAIC 4 | AVR Equity Component Column 1 Line **C5** | $0 | $0 | $0 | X | 0.0970 | = | $0 |
| (6) | Asset NAIC 5 | AVR Equity Component Column 1 Line **C6** | $0 | $0 | $0 | X | 0.2231 | = | $0 |
| (7) | Asset NAIC 6 | AVR Equity Component Column 1 Line **C7** | $0 | $0 | $0 | X | 0.3000 | = | $0 |
| (8) | Total Schedule BA Bonds (pre-MODCO/Funds Withheld) | Sum of Lines (1) through (7) | $0 | | $0 | | | | $0 |
| (9) | Reduction in RBC for MODCO/Funds Withheld Reinsurance Ceded Agreements | Company Records (enter a pre-tax amount) | | | | | | | $0 |
| (10) | Increase in RBC for MODCO/Funds Withheld Reinsurance Assumed Agreements | Company Records (enter a pre-tax amount) | | | | | | | $0 |
| (11) | Total Schedule BA Bonds (including MODCO/Funds Withheld.) | Lines (8) - (9) + (10) | $0 | | | | | | $0 |
| | Schedule BA - Fixed Income - Preferred Stock | | | | | | | | |
| (12) | Asset NAIC 1 | AVR Equity Component Column 1 Line **D1** | $0 | $0 | $0 | X | 0.0039 | = | $0 |
| (13) | Asset NAIC 2 | AVR Equity Component Column 1 Line **D2** | $0 | $0 | $0 | X | 0.0126 | = | $0 |
| (14) | Asset NAIC 3 | AVR Equity Component Column 1 Line **D3** | $0 | $0 | $0 | X | 0.0446 | = | $0 |
| (15) | Asset NAIC 4 | AVR Equity Component Column 1 Line **D4** | $0 | $0 | $0 | X | 0.0970 | = | $0 |
| (16) | Asset NAIC 5 | AVR Equity Component Column 1 Line **D5** | $0 | $0 | $0 | X | 0.2231 | = | $0 |
| (17) | Asset NAIC 6 | AVR Equity Component Column 1 Line **D6** | $0 | $0 | $0 | X | 0.3000 | = | $0 |
| (18) | Total Schedule BA Preferred Stock (pre-MODCO/Funds Withheld) | Sum of Lines (12) through (17) | $0 | | $0 | | | | $0 |
| (19) | Reduction in RBC for MODCO/Funds Withheld Reinsurance Ceded Agreements | Company Records (enter a pre-tax amount) | | | | | | | $0 |
| (20) | Increase in RBC for MODCO/Funds Withheld Reinsurance Assumed Agreements | Company Records (enter a pre-tax amount) | | | | | | | $0 |
| (21) | Total Schedule BA Preferred Stock (including MODCO/Funds Withheld.) | Lines (18) - (19) + (20) | $0 | | | | | | $0 |
| | Rated Surplus Notes Classified by Designation Equivalent | | | | | | | | |
| (22) | Rated NAIC 1 Surplus Notes | Schedule BA Part 1 Column 12 Line 2799999+2899999, in part | $0 | | $0 | X | 0.0039 | = | $0 |
| (23) | Rated NAIC 2 Surplus Notes | Schedule BA Part 1 Column 12 Line 2799999+2899999, in part | $0 | | $0 | X | 0.0126 | = | $0 |

Company Name | Cocode: 00000

OTHER LONG-TERM ASSETS

| | | Annual Statement Source | (1) Book / Adjusted Carrying Value | (2) Unrated Items ‡ | (3) RBC Subtotal † | | (4) Factor | | (5) RBC Requirement |
|---|---|---|---|---|---|---|---|---|---|
| (24) | Rated NAIC 3 Surplus Notes | Schedule BA Part 1 Column 12 Line 2799999+2899999, in part | $0 | | $0 | X | 0.0446 | = | $0 |
| (25) | Rated NAIC 4 Surplus Notes | Schedule BA Part 1 Column 12 Line 2799999+2899999, in part | $0 | | $0 | X | 0.0970 | = | $0 |
| (26) | Rated NAIC 5 Surplus Notes | Schedule BA Part 1 Column 12 Line 2799999+2899999, in part | $0 | | $0 | X | 0.2231 | = | $0 |
| (27) | Rated NAIC 6 Surplus Notes | Schedule BA Part 1 Column 12 Line 2799999+2899999, in part | $0 | | $0 | X | 0.3000 | = | $0 |
| (28) | Total Rated Surplus Notes (pre-MODCO/Funds Withheld) | Sum of Lines (22) through (27) | $0 | | $0 | | | | $0 |
| (29) | Reduction in RBC for MODCO/Funds Withheld Reinsurance Ceded Agreements | Company Records (enter a pre-tax amount) | | | | | | | $0 |
| (30) | Increase in RBC for MODCO/Funds Withheld Reinsurance Assumed Agreements | Company Records (enter a pre-tax amount) | | | | | | | $0 |
| (31) | Total Rated Surplus Notes (including MODCO/Funds Withheld.) | Lines (28) - (29) + (30) | $0 | | | | | | $0 |
| | Rated Capital Notes Classified by Designation Equivalent | | | | | | | | |
| (32) | Rated NAIC 1 Capital Notes | Schedule BA Part 1 Column 12 Line 2999999+3099999, in part | $0 | | $0 | X | 0.0039 | = | $0 |
| (33) | Rated NAIC 2 Capital Notes | Schedule BA Part 1 Column 12 Line 2999999+3099999, in part | $0 | | $0 | X | 0.0126 | = | $0 |
| (34) | Rated NAIC 3 Capital Notes | Schedule BA Part 1 Column 12 Line 2999999+3099999, in part | $0 | | $0 | X | 0.0446 | = | $0 |
| (35) | Rated NAIC 4 Capital Notes | Schedule BA Part 1 Column 12 Line 2999999+3099999, in part | $0 | | $0 | X | 0.0970 | = | $0 |
| (36) | Rated NAIC 5 Capital Notes | Schedule BA Part 1 Column 12 Line 2999999+3099999, in part | $0 | | $0 | X | 0.2231 | = | $0 |
| (37) | Rated NAIC 6 Capital Notes | Schedule BA Part 1 Column 12 Line 2999999+3099999, in part | $0 | | $0 | X | 0.3000 | = | $0 |
| (38) | Total Rated Capital Notes (pre-MODCO/Funds Withheld) | Sum of Lines (32) through (37) | $0 | | $0 | | | | $0 |
| (39) | Reduction in RBC for MODCO/Funds Withheld Reinsurance Ceded Agreements | Company Records (enter a pre-tax amount) | | | | | | | $0 |
| (40) | Increase in RBC for MODCO/Funds Withheld Reinsurance Assumed Agreements | Company Records (enter a pre-tax amount) | | | | | | | $0 |
| (41) | Total Rated Capital Notes (including MODCO/Funds Withheld.) | Lines (38) - (39) + (40) | $0 | | | | | | $0 |
| | Schedule BA - Unaffiliated Common Stock/ Equity Interests and Affiliated Non-Insurance Stock (C1-cs) | | | | | | | | |
| (42) | Schedule BA Unaffiliated Common Stock-Public | AVR Equity Component Column 1 Line **F1** | $0 | | $0 | X | | § = | $0 |
| **(43.1)** | Schedule BA Unaffiliated Common Stock-Private | AVR Equity Component Column 1 Line **F2** | $0 | | $0 | X | 0.3000 | = | $0 |

Company Name | Cocode: 00000

OTHER LONG-TERM ASSETS

| | | Annual Statement Source | (1) Book / Adjusted Carrying Value | (2) Unrated Items ‡ | (3) RBC Subtotal † | | (4) Factor | | (5) RBC Requirement |
|---|---|---|---|---|---|---|---|---|---|
| **(43.2)** | **Schedule BA Collateral Loans backed by Joint Ventures', Limited Partnerships' and Limited Liability Companies' Interests** | **AVR Equity Component Column 1 Line K3 + K4** | **$0** | | **$0** | **X** | **0.2400** | **=** | **$0** |
| (44) | Schedule BA Affiliated Common Stock - All Other | AVR Equity Component Column 1 Line **F5** | $0 | | $0 | X | 0.3000 | = | $0 |
| **(45.1)** | Total Residual Tranches or Interests | AVR Equity Component Column 1 Line **I13** | $0 | | $0 | X | 0.4500 | = | $0 |
| **(45.2)** | **Schedule BA Collateral Loans backed by Residual Tranches or Interests** | **AVR Equity Component Column 1 Line K5 + K6** | **$0** | | **$0** | **X** | **0.3600** | **=** | **$0** |
| (46) | Total Schedule BA Unaffiliated Common Stock/ Equity Interests and Affiliated Non-Insurance Stock (C1-cs) (pre-MODCO/Funds Withheld) | Line (42) + **(43.1) + (43.2)**+ (44) + **(45.1) + (45.2)** | $0 | | $0 | | | | $0 |
| (47) | Reduction in RBC for MODCO/Funds Withheld Reinsurance Ceded Agreements | Company Records (enter a pre-tax amount) | | | | | | | $0 |
| (48) | Increase in RBC for MODCO/Funds Withheld Reinsurance Assumed Agreements | Company Records (enter a pre-tax amount) | | | | | | | $0 |
| (49) | Total Schedule BA Unaffiliated Common Stock/ Equity Interests and Affiliated Non-Insurance Stock (C1-cs) (including MODCO/Funds Withheld.) | Lines (46) - (47) + (48) | $0 | | | | | | $0 |
| | Schedule BA - All Other (C-1o) | | | | | | | | |
| (50.1) | BA Affiliated Common Stock - Life with AVR | AVR Equity Component Column 1 Line **F3** | $0 | | | | | | |
| (50.2) | BA Affiliated Common Stock - Certain Other | AVR Equity Component Column 1 Line **F4** | $0 | | | | | | |
| (50.3) | Total Schedule BA Affiliated Common Stock - C-1o | Line (50.1) + (50.2) | $0 | | $0 | X | 0.3000 | = | $0 |
| (51) | **All Other Schedule BA Collateral Loans** | **AVR Equity Component Column 1 Line K7 + K8 + K9 + K10 + K11 + K12** | $0 | | $0 | X | 0.0680 | = | $0 |
| (52.1) | NAIC 01 Working Capital Finance Notes | AVR Equity Component Column 1 Line **L1** | $0 | | $0 | X | 0.0050 | = | $0 |
| (52.2) | NAIC 02 Working Capital Finance Notes | AVR Equity Component Column 1 Line **L2** | $0 | | $0 | X | 0.0163 | = | $0 |
| (52.3) | Total Admitted Working Capital Finance Notes | Line (52.1) + (52.2) | $0 | | $0 | | | | $0 |
| (53.1) | Other Schedule BA Assets, including Surplus Notes and Capital Notes | AVR Equity Component Column 1 Line **J7** + **L3** | $0 | | | | | | |
| (53.2) | Less NAIC 1 thru 6 Rated/Designated Surplus Notes and Capital Notes | Column (1) Lines (22) through (27) + Column (1) Lines (32) through (37) | $0 | | | | | | |
| (53.3) | Net Other Schedule BA Assets | Line (53.1) less (53.2) | $0 | $0 | $0 | X | 0.3000 | = | $0 |
| (54) | Total Schedule BA Assets C-1o (pre-MODCO/Funds Withheld) | Lines (11) + (21) + (31) + (41) + (50.3) + (51) + (52.3) + (53.3) | $0 | | | | | | $0 |
| (55) | Reduction in RBC for MODCO/Funds Withheld Reinsurance Ceded Agreements | Company Records (enter a pre-tax amount) | | | | | | | $0 |
| (56) | Increase in RBC for MODCO/Funds Withheld Reinsurance Assumed Agreements | Company Records (enter a pre-tax amount) | | | | | | | $0 |
| (57) | Total Schedule BA Assets C-1o (including MODCO/Funds Withheld.) | Lines (54) - (55) + (56) | $0 | | | | | | $0 |
| (58) | Total Schedule BA Assets Excluding Mortgages and Real Estate | Line (49)+ (57) | $0 | | | | | | $0 |

† Fixed income instruments and surplus notes designated by the NAIC Capital Markets and Investment Analysis Office or considered exempt from filing as specified in the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* should be reported in Column (3).

Company Name Cocode: 00000

OTHER LONG-TERM ASSETS

| | Annual Statement Source | (1) Book / Adjusted Carrying Value | (2) Unrated Items ‡ | (3) RBC Subtotal † | (4) Factor | (5) RBC Requirement |
|---|---|---|---|---|---|---|

‡ Column (2) is calculated as Column (1) less Column (3) for Lines (1) through (17). Column (2) equals Column (3) - Column (1) for Line (53.3).

§ The factor for Schedule BA publicly traded common stock should equal 30 percent adjusted up or down by the weighted average beta for the Schedule BA publicly traded common stock portfolio subject to a minimum of 22.5 percent and a maximum of 45 percent in the same manner that the similar 15.8 percent factor for Schedule BA publicly traded common stock in the Asset Valuation Reserve (AVR) calculation is adjusted up or down. The rules for calculating the beta adjustment are set forth in the AVR section of the annual statement instructions.

Company Name

Cocode: 00000

Attachment E

**ASSET CONCENTRATION FACTOR**

| Issuer | | Asset Type | (1) Book / Adjusted Carrying Value | | (2) Factor | | | (3) Additional RBC | (4) Adjustment/ Subsidiary RBC | (5) RBC Requirement |
|---|---|---|---|---|---|---|---|---|---|---|
| #01 | | Issuer Name: | | | | | | | | |
| #01 | (1.1) | Bond NAIC Designation Category 2.A | $0 | X | 0.01261 | | = | $0 | $0 | $0 |
| #01 | (1.2) | Bond NAIC Designation Category 2.B | $0 | X | 0.01523 | | = | $0 | $0 | $0 |
| #01 | (1.3) | Bond NAIC Designation Category 2.C | $0 | X | 0.02168 | | = | $0 | $0 | $0 |
| #01 | (2.1) | Bond NAIC Designation Category 3.A | $0 | X | 0.03151 | | = | $0 | $0 | $0 |
| #01 | (2.2) | Bond NAIC Designation Category 3.B | $0 | X | 0.04537 | | = | $0 | $0 | $0 |
| #01 | (2.3) | Bond NAIC Designation Category 3.C | $0 | X | 0.06017 | | = | $0 | $0 | $0 |
| #01 | (3.1) | Bond NAIC Designation Category 4.A | $0 | X | 0.07386 | | = | $0 | $0 | $0 |
| #01 | (3.2) | Bond NAIC Designation Category 4.B | $0 | X | 0.09535 | | = | $0 | $0 | $0 |
| #01 | (3.3) | Bond NAIC Designation Category 4.C | $0 | X | 0.12428 | | = | $0 | $0 | $0 |
| #01 | (4.1) | Bond NAIC Designation Category 5.A | $0 | X | 0.16942 | | = | $0 | $0 | $0 |
| #01 | (4.2) | Bond NAIC Designation Category 5.B | $0 | X | 0.21202 | | = | $0 | $0 | $0 |
| #01 | (4.3) | Bond NAIC Designation Category 5.C | $0 | X | 0.15000 | | = | $0 | $0 | $0 |
| #01 | (5) | Bond Asset NAIC 6 | $0 | X | 0.15000 | | = | $0 | $0 | $0 |
| #01 | (6.1) | Bond NAIC Designation Category 1.A † | $0 | X | 0.00158 | | = | $0 | $0 | $0 |
| #01 | (6.2) | Bond NAIC Designation Category 1.B † | $0 | X | 0.00271 | | = | $0 | $0 | $0 |
| #01 | (6.3) | Bond NAIC Designation Category 1.C † | $0 | X | 0.00419 | | = | $0 | $0 | $0 |
| #01 | (6.4) | Bond NAIC Designation Category 1.D † | $0 | X | 0.00523 | | = | $0 | $0 | $0 |
| #01 | (6.5) | Bond NAIC Designation Category 1.E † | $0 | X | 0.00657 | | = | $0 | $0 | $0 |
| #01 | (6.6) | Bond NAIC Designation Category 1.F † | $0 | X | 0.00816 | | = | $0 | $0 | $0 |
| #01 | (6.7) | Bond NAIC Designation Category 1.G † | $0 | X | 0.01016 | | = | $0 | $0 | $0 |
| #01 | (7) | Unaffiliated Preferred Stock NAIC 2 | $0 | X | 0.01260 | | = | $0 | $0 | $0 |
| #01 | (8) | Unaffiliated Preferred Stock NAIC 3 | $0 | X | 0.04460 | | = | $0 | $0 | $0 |
| #01 | (9) | Unaffiliated Preferred Stock NAIC 4 | $0 | X | 0.09700 | | = | $0 | $0 | $0 |
| #01 | (10) | Unaffiliated Preferred Stock NAIC 5 | $0 | X | 0.22310 | | = | $0 | $0 | $0 |
| #01 | (11) | Unaffiliated Preferred Stock NAIC 6 | $0 | X | 0.15000 | | = | $0 | $0 | $0 |
| #01 | (12) | Unaffiliated Preferred Stock NAIC 1 † | $0 | X | 0.00390 | | = | $0 | $0 | $0 |
| #01 | **(13.1)** | **Collateral Loans backed by Joint Ventures', Limited Partnerships' and Limited Liability Companies' Interests** | $0 | X | **0.21000** | | = | $0 | $0 | $0 |
| #01 | **(13.2)** | **Collateral Loans backed by Residual Tranches or Interests** | $0 | X | **0.09000** | | = | $0 | $0 | $0 |
| #01 | **(13.3)** | **All Other BA Collateral Loans** | $0 | X | 0.06800 | | = | $0 | $0 | $0 |
| #01 | (14) | Receivable for Securities | $0 | X | 0.01600 | | = | $0 | $0 | $0 |
| #01 | (15) | Write-ins for Invested Assets | $0 | X | 0.06800 | | = | $0 | $0 | $0 |
| #01 | (16) | Premium Notes | $0 | X | 0.06800 | | = | $0 | $0 | $0 |
| #01 | (17) | Real Estate - Foreclosed | $0 | | | | | | | |
| #01 | (18) | Real Estate - Foreclosed Encumbrances | $0 | X | 0.00000 | ‡ | = | $0 | $0 | $0 |
| #01 | (19) | Real Estate - Investments | $0 | | | | | | | |
| #01 | (20) | Real Estate - Investment Encumbrances | $0 | X | 0.00000 | ‡ | = | $0 | $0 | $0 |
| #01 | (21) | Real Estate - Schedule BA | $0 | | | | | | | |
| #01 | (22) | Real Estate - Schedule BA Encumbrances | $0 | X | 0.00000 | ‡ | = | $0 | $0 | $0 |
| #01 | (23) | Farm Mortgages - Category CM2 | $0 | X | 0.01750 | | = | $0 | $0 | $0 |
| #01 | (24) | Farm Mortgages - Category CM3 | $0 | X | 0.03000 | | = | $0 | $0 | $0 |
| #01 | (25) | Farm Mortgages - Category CM4 | $0 | X | 0.05000 | | = | $0 | $0 | $0 |
| #01 | (26) | Farm Mortgages - Category CM5 | $0 | X | 0.07500 | | = | $0 | $0 | $0 |
| #01 | (27) | Commercial Mortgages - Category CM2 | $0 | X | 0.01750 | | = | $0 | $0 | $0 |
| #01 | (28) | Commercial Mortgages - Category CM3 | $0 | X | 0.03000 | | = | $0 | $0 | $0 |
| #01 | (29) | Commercial Mortgages - Category CM4 | $0 | X | 0.05000 | | = | $0 | $0 | $0 |
| #01 | (30) | Commercial Mortgages - Category CM5 | $0 | X | 0.07500 | | = | $0 | $0 | $0 |
| #01 | (31) | Farm Mortgages - 90 Days Overdue | $0 | | | | | | | |
| #01 | (32) | Farm Mortgages - 90 Days Overdue - Cumulative Writedowns | $0 | X | 0.00000 | ‡ | = | $0 | $0 | $0 |
| #01 | (33) | Residential Mortgages - 90 Days Overdue | $0 | | | | | | | |
| #01 | (34) | Residential Mortgages - 90 Days Overdue - Cumulative Writedowns | $0 | X | 0.00000 | ‡ | = | $0 | $0 | $0 |
| #01 | (35) | Commercial Mortgages - 90 Days Overdue | $0 | | | | | | | |
| #01 | (36) | Commercial Mortgages - 90 Days Overdue - Cumulative Writedowns | $0 | X | 0.00000 | ‡ | = | $0 | $0 | $0 |
| #01 | (37) | Farm Mortgages in Foreclosure | $0 | | | | | | | |
| #01 | (38) | Farm Mortgages in Foreclosure - Cumulative Writedowns | $0 | X | 0.00000 | ‡ | = | $0 | $0 | $0 |
| #01 | (39) | Residential Mortgages in Foreclosure | $0 | | | | | | | |
| #01 | (40) | Residential Mortgages in Foreclosure - Cumulative Writedowns | $0 | X | 0.00000 | ‡ | = | $0 | $0 | $0 |
| #01 | (41) | Commercial Mortgages in Foreclosure | $0 | | | | | | | |
| #01 | (42) | Commercial Mortgages in Foreclosure - Cumulative Writedowns | $0 | X | 0.00000 | ‡ | = | $0 | $0 | $0 |
| #01 | (43) | Unaffiliated Mortgages with Covenants | $0 | X | 0.00000 | ‡ | = | $0 | $0 | $0 |
| #01 | (44) | Unaffiliated Mortgages - Defeased with Government Securities | $0 | X | 0.00900 | | = | $0 | $0 | $0 |
| #01 | (45) | Unaffiliated Mortgages - Primarily Senior | $0 | X | 0.01750 | | = | $0 | $0 | $0 |

Details Eliminated to Conserve Space

Company Name | Cocode: 00000

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

| | | Source | (1) RBC Amount | | Tax Factor | | (2) RBC Tax Effect | |
|---|---|---|---|---|---|---|---|---|
| | | Details Eliminated to Conserve Space | | | | | | |
| | Separate Accounts | | | | | | | |
| (046) | Guaranteed Index | LR006 Separate Accounts Column (3) Line (1) | $0 | X | 0.1575 | = | $0 | |
| (047) | Nonindex-Book Reserve | LR006 Separate Accounts Column (3) Line (2) | $0 | X | 0.1575 | = | $0 | |
| (048) | Separate Accounts Nonindex-Market Reserve | LR006 Separate Accounts Column (3) Line (3) | $0 | X | 0.1575 | = | $0 | |
| (049) | Separate Accounts Reduction-Reinsurance | LR006 Separate Accounts Column (3) Line (5) | $0 | X | 0.2100 | = | $0 | † |
| (050) | Separate Accounts Increase-Reinsurance | LR006 Separate Accounts Column (3) Line (6) | $0 | X | 0.2100 | = | $0 | |
| (051) | Synthetic GICs | LR006 Separate Accounts Column (3) Line (8) | $0 | X | 0.1575 | = | $0 | |
| (052) | Separate Account Surplus | LR006 Separate Accounts Column (3) Line (13) | $0 | X | 0.1575 | = | $0 | |
| | Real Estate | | | | | | | |
| (053) | Company Occupied Real Estate | LR007 Real Estate Column (3) Line (3) | $0 | X | 0.2100 | = | $0 | |
| (054) | Foreclosed Real Estate | LR007 Real Estate Column (3) Line (6) | $0 | X | 0.2100 | = | $0 | |
| (055) | Investment Real Estate | LR007 Real Estate Column (3) Line (9) | $0 | X | 0.2100 | = | $0 | |
| (056) | Real Estate Reduction - Reinsurance | LR007 Real Estate Column (3) Line (11) | $0 | X | 0.2100 | = | $0 | † |
| (057) | Real Estate Increase - Reinsurance | LR007 Real Estate Column (3) Line (12) | $0 | X | 0.2100 | = | $0 | |
| | Schedule BA | | | | | | | |
| (058) | Sch BA Real Estate Excluding Tax Credit Investments | LR007 Real Estate Column (3) Line (16) | $0 | X | 0.2100 | = | $0 | |
| (059) | Yield Guaranteed State Tax Credit Investments | LR007 Real Estate Column (3) Line (17) | $0 | X | 0.0000 | = | $0 | |
| (060) | Qualifying and Other Tax Credit Investments | LR007 Real Estate Column (3) Line (18) + Line (19) + Line (20) | $0 | X | 0.0000 | = | $0 | |
| (061) | Sch BA Real Estate Reduction - Reinsurance | LR007 Real Estate Column (3) Line (23) | $0 | X | 0.2100 | = | $0 | † |
| (062) | Sch BA Real Estate Increase - Reinsurance | LR007 Real Estate Column (3) Line (24) | $0 | X | 0.2100 | = | $0 | |
| (063) | Sch BA Bond NAIC 1 | LR008 Other Long-Term Assets Column (5) Line (2) | $0 | X | 0.1575 | = | $0 | |
| (064) | Sch BA Bond NAIC 2 | LR008 Other Long-Term Assets Column (5) Line (3) | $0 | X | 0.1575 | = | $0 | |
| (065) | Sch BA Bond NAIC 3 | LR008 Other Long-Term Assets Column (5) Line (4) | $0 | X | 0.1575 | = | $0 | |
| (066) | Sch BA Bond NAIC 4 | LR008 Other Long-Term Assets Column (5) Line (5) | $0 | X | 0.1575 | = | $0 | |
| (067) | Sch BA Bond NAIC 5 | LR008 Other Long-Term Assets Column (5) Line (6) | $0 | X | 0.1575 | = | $0 | |
| (068) | Sch BA Bond NAIC 6 | LR008 Other Long-Term Assets Column (5) Line (7) | $0 | X | 0.2100 | = | $0 | |
| (069) | BA Bond Reduction - Reinsurance | LR008 Other Long-Term Assets Column (5) Line (9) | $0 | X | 0.2100 | = | $0 | † |
| (070) | BA Bond Increase - Reinsurance | LR008 Other Long-Term Assets Column (5) Line (10) | $0 | X | 0.2100 | = | $0 | |
| (071) | BA Preferred Stock NAIC 1 | LR008 Other Long-Term Assets Column (5) Line (12) | $0 | X | 0.1575 | = | $0 | |
| (072) | BA Preferred Stock NAIC 2 | LR008 Other Long-Term Assets Column (5) Line (13) | $0 | X | 0.1575 | = | $0 | |
| (073) | BA Preferred Stock NAIC 3 | LR008 Other Long-Term Assets Column (5) Line (14) | $0 | X | 0.1575 | = | $0 | |
| (074) | BA Preferred Stock NAIC 4 | LR008 Other Long-Term Assets Column (5) Line (15) | $0 | X | 0.1575 | = | $0 | |
| (075) | BA Preferred Stock NAIC 5 | LR008 Other Long-Term Assets Column (5) Line (16) | $0 | X | 0.1575 | = | $0 | |
| (076) | BA Preferred Stock NAIC 6 | LR008 Other Long-Term Assets Column (5) Line (17) | $0 | X | 0.2100 | = | $0 | |
| (077) | BA Preferred Stock Reduction-Reinsurance | LR008 Other Long-Term Assets Column (5) Line (19) | $0 | X | 0.2100 | = | $0 | † |
| (078) | BA Preferred Stock Increase - Reinsurance | LR008 Other Long-Term Assets Column (5) Line (20) | $0 | X | 0.2100 | = | $0 | |
| (079) | Rated Surplus Notes | LR008 Other Long-Term Assets Column (5) Line (31) | $0 | X | 0.1575 | = | $0 | |
| (080) | Rated Capital Notes | LR008 Other Long-Term Assets Column (5) Line (41) | $0 | X | 0.1575 | = | $0 | |
| (081) | BA Common Stock Affiliated - C-1o | LR008 Other Long-Term Assets Column (5) Line (50.3) | **$0** | X | 0.2100 | = | $0 | |
| (082) | **All Other Schedule BA Collateral Loans** - C-1o | LR008 Other Long-Term Assets Column (5) Line (51) | **$0** | X | 0.1575 | = | $0 | |
| (083) | Other BA Assets | LR008 Other Long-Term Assets Column (5) Line (53.3) + LR018 Off-Balance Sheet Collateral Column (3) Line (17) + Line (18) | $0 | X | 0.2100 | = | $0 | |
| (084) | Other BA Assets Reduction-Reinsurance | LR008 Other Long-Term Assets Column (5) Line (55) | $0 | X | 0.2100 | = | $0 | † |
| (085) | Other BA Assets Increase - Reinsurance | LR008 Other Long-Term Assets Column (5) Line (56) | $0 | X | 0.2100 | = | $0 | |
| (086) | BA Mortgages - In Good Standing | LR009 Schedule BA Mortgages Column (6) Line (12) | $0 | X | 0.1575 | = | $0 | |
| (087) | BA Mortgages - 90 Days Overdue | LR009 Schedule BA Mortgages Column (6) Line (16) | $0 | X | 0.1575 | = | $0 | |
| (088) | BA Mortgages - In Process of Foreclosure | LR009 Schedule BA Mortgages Column (6) Line (20) | $0 | X | 0.1575 | = | $0 | |
| (089) | Reduction - Reinsurance | LR009 Schedule BA Mortgages Column (6) Line (22) | $0 | X | 0.2100 | = | $0 | † |
| (090) | Increase - Reinsurance | LR009 Schedule BA Mortgages Column (6) Line (23) | $0 | X | 0.2100 | = | $0 | |
| | Miscellaneous | | | | | | | |
| (091) | Asset Concentration Factor | LR010 Asset Concentration Factor Column (6) Line (61) Grand Total Page | $0 | X | 0.1575 | = | $0 | |
| (092) | Miscellaneous Assets | LR012 Miscellaneous Assets Column (2) Line (7) | $0 | X | 0.1575 | = | $0 | |
| (093) | Derivatives - Collateral and Exchange Traded | LR012 Miscellaneous Assets Column (2) Lines (8) + (9) + (10) | $0 | X | 0.1575 | = | $0 | |
| (094) | Derivatives NAIC 1 | LR012 Miscellaneous Assets Column (2) Line (11) | $0 | X | 0.1575 | = | $0 | |
| (095) | Derivatives NAIC 2 | LR012 Miscellaneous Assets Column (2) Line (12) | $0 | X | 0.1575 | = | $0 | |
| (096) | Derivatives NAIC 3 | LR012 Miscellaneous Assets Column (2) Line (13) | $0 | X | 0.1575 | = | $0 | |
| (097) | Derivatives NAIC 4 | LR012 Miscellaneous Assets Column (2) Line (14) | $0 | X | 0.1575 | = | $0 | |
| (098) | Derivatives NAIC 5 | LR012 Miscellaneous Assets Column (2) Line (15) | $0 | X | 0.1575 | = | $0 | |
| (099) | Derivatives NAIC 6 | LR012 Miscellaneous Assets Column (2) Line (16) | $0 | X | 0.2100 | = | $0 | |
| (100) | Miscellaneous Assets Reduction-Reinsurance | LR012 Miscellaneous Assets Column (2) Line (19) | $0 | X | 0.2100 | = | $0 | † |
| (101) | Miscellaneous Assets Increase-Reinsurance | LR012 Miscellaneous Assets Column (2) Line (20) | $0 | X | 0.2100 | = | $0 | |
| (102) | Replications | LR013 Replication (Synthetic Asset) Transactions and Mandatory Convertible Securities Column (7) Line (9999999) | $0 | X | 0.1575 | = | $0 | |
| (103) | Reinsurance | LR016 Reinsurance Column (4) Line (17) | $0 | X | 0.2100 | = | $0 | |

Company Name | Cocode: 00000

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

| | | Source | (1) RBC Amount | | Tax Factor | | (2) RBC Tax Effect | |
|---|---|---|---|---|---|---|---|---|
| (104) | Investment Affiliates | LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (8) | $0 | X | 0.2100 | = | $0 | |
| (105) | Investment in Upstream Affiliate (Parent) | LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (15) | $0 | X | 0.2100 | = | $0 | |
| (106) | Directly Owned Health Insurance Companies or Health Entities Not Subject to RBC | LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (16) | $0 | X | 0.2100 | = | $0 | |
| (107) | Directly Owned Property and Casualty Insurance Companies Not Subject to RBC | LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (17) | $0 | X | 0.2100 | = | $0 | |
| (108) | Directly Owned Life Insurance Companies Not Subject to RBC | LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (18) | $0 | X | 0.2100 | = | $0 | |
| (109) | Publicly Traded Insurance Affiliates | LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (22) | $0 | X | 0.2100 | = | $0 | |
| (110) | Subtotal for C-1o Assets | Sum of Lines (001) through (109), Recognizing the Deduction of Lines (013), (014), (015), (036), (044), (049), (056), (061), (069), (077), (084), (089) and (100) | $0 | | | | $0 | |
| | C-0 Affiliated Common Stock | | | | | | | |
| (111) | Off-Balance Sheet and Other Items | LR017 Off-Balance Sheet and Other Items Column (5) Line (27) | $0 | X | 0.1575 | = | $0 | |
| (112) | Off-Balance Sheet Items Reduction - Reinsurance | LR017 Off-Balance Sheet and Other Items Column (5) Line (28) | $0 | X | 0.2100 | = | $0 | † |
| (113) | Off-Balance Sheet Items Increase - Reinsurance | LR017 Off-Balance Sheet and Other Items Column (5) Line (29) | $0 | X | 0.2100 | = | $0 | |
| (114) | Directly Owned Health Insurance Companies or Health Entities | LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (1) | $0 | X | 0.2100 | = | $0 | |
| (115) | Directly Owned Property and Casualty Insurance Affiliates | LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (2) | $0 | X | 0.2100 | = | $0 | |
| (116) | Directly Owned Life Insurance Affiliates | LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (3) | $0 | X | 0.2100 | = | $0 | |
| (117) | Indirectly Owned Health Insurance Companies or Health Entities | LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (4) | $0 | X | 0.2100 | = | $0 | |
| (118) | Indirectly Owned Property and Casualty Insurance Affiliates | LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (5) | $0 | X | 0.2100 | = | $0 | |
| (119) | Indirectly Owned Life Insurance Affiliates | LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (6) | $0 | X | 0.2100 | = | $0 | |
| (120) | Affiliated Alien Insurers - Directly Owned | LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Lines (9) + (10) + (11) | $0 | X | 0.0000 | = | $0 | |
| (121) | Affiliated Alien Insurers - Indirectly Owned | LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Lines (12) + (13) + (14) | $0 | X | 0.0000 | = | $0 | |
| (122) | Subtotal for C-0 Affiliated Common Stock | Lines (111)-(112)+(113)+(114)+(115)+(116)+(117)+(118)+(119)+(120)+(121) | $0 | | | | $0 | |
| | Common Stock | | | | | | | |
| (123) | Unaffiliated Common Stock | LR005 Unaffiliated Preferred and Common Stock Column (5) Line (17) + LR018 Off-Balance Sheet Collateral Column (3) Line (16) | $0 | X | 0.2100 | = | $0 | |
| (124) | Credit for Hedging - Common Stock | LR015 Hedged Asset Common Stock Schedule Column (10) Line (0299999) | $0 | X | 0.2100 | = | $0 | † |
| (125) | Stock Reduction - Reinsurance | LR005 Unaffiliated Preferred and Common Stock Column (5) Line (19) | $0 | X | 0.2100 | = | $0 | † |
| (126) | Stock Increase - Reinsurance | LR005 Unaffiliated Preferred and Common Stock Column (5) Line (20) | $0 | X | 0.2100 | = | $0 | |
| (127) | Schedule BA Unaffiliated Common Stock/ Equity Interests and Affiliated Non-Insurance Stock (C1-cs), excluding Residual Tranches or Interests/ **Schedule BA Collateral Loans backed by Residiual Tranches or Interests** | LR008 Other Long-Term Assets Column (5) **Line (49) - Line (45.1) - Line (45.2)** | $0 | X | 0.2100 | = | $0 | |
| (128) | Total Residual Tranches or Interests/ **Schedule BA Collateral Loans backed by Residiual Tranches or Interests** | LR008 Other Long-Term Assets Column (5) Line (**45.1**) + **Line (45.2)** | $0 | X | 0.2100 | = | $0 | |
| (129) | Common Stock Concentration Factor | LR011 Common Stock Concentration Factor Column (6) Line (6) | $0 | X | 0.2100 | = | $0 | |
| (130) | NAIC 01 Working Capital Finance Notes | LR008 Other Long-Term Assets Column (5) Line (52.1) | $0 | X | 0.1575 | = | $0 | |
| (131) | NAIC 02 Working Capital Finance Notes | LR008 Other Long-Term Assets Column (5) Line (52.2) | $0 | X | 0.1575 | = | $0 | |
| (132) | Holding Company in Excess of Indirect Subs | LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (7) | $0 | X | 0.2100 | = | $0 | |
| (133) | Affiliated Non-Insurers | LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Lines (19) + (20) + (21) | $0 | X | 0.2100 | = | $0 | |
| (134) | Total for C-1cs Assets | Lines (123)-(124)-(125)+(126)+(127)+(128)+(129)+(130)+(131)+(132)+(133) | $0 | | | | $0 | |
| | Insurance Risk | | | | | | | |
| (135) | Disability Income Premium | LR019 Health Premiums Column (2) Lines (21) through (27) | $0 | X | 0.2100 | = | $0 | |
| (136) | Long-Term Care | LR019 Health Premiums Column (2) Line (28) + LR023 Long-Term Care Column (4) Line (7) | $0 | X | 0.2100 | = | $0 | |
| (137) | Individual & Industrial Life Insurance C-2 Risk | LR025 Life Insurance Column (2) Line (5) | $0 | X | 0.2100 | = | $0 | |
| (138) | Group & Credit Life Insurance C-2 Risk | LR025 Life Insurance Column (2) Line (12) | $0 | X | 0.2100 | = | $0 | |
| (138b) | Longevity C-2 Risk | LR025-A Longevity Risk Column (2) Line (5) | $0 | X | 0.2100 | = | $0 | |
| (139) | Disability and Long-Term Care Health Claim Reserves | LR024 Health Claim Reserves Column (4) Line (9) + Line (15) | $0 | X | 0.2100 | = | $0 | |
| (140) | Premium Stabilization Credit | LR026 Premium Stabilization Reserves Column (2) Line (10) | $0 | X | 0.0000 | = | $0 | |
| (141) | Total C-2 Risk | L(135) + L(136) + L(139) + L(140) + Greatest of [Guardrail Factor * (L(137)+L(138)), Guardrail Factor * L(138b), Square Root of [ (L(137) + L(138))2 + L(138b)2 + 2 * (Correlation Factor) * (L(137) + L(138)) * L(138b) ] ] | $0 | | | | $0 | |
| (142) | Interest Rate Risk | LR027 Interest Rate Risk Column (3) Line (36) | $0 | X | 0.2100 | = | $0 | |
| (143) | Health Credit Risk | LR028 Health Credit Risk Column (2) Line (7) | $0 | X | 0.0000 | = | $0 | |
| (144) | Market Risk | LR027 Interest Rate Risk Column (3) Line (37) | $0 | X | 0.2100 | = | $0 | |
| (145) | Business Risk | LR029 Business Risk Column (2) Line (40) | $0 | X | 0.2100 | = | $0 | |
| (146) | Health Administrative Expenses | LR029 Business Risk Column (2) Line (57) | $0 | X | 0.0000 | = | $0 | |
| (147) | Total Tax Effect | Lines (110) + (122) + (134) + (141) + (142) + (143) + (144) + (145) + (146) | $0 | | | | $0 | |

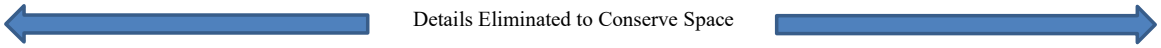
† Denotes lines that are deducted from the total rather than added.

Company Name

Cocode: 00000

CALCULATION OF AUTHORIZED CONTROL LEVEL RISK-BASED CAPITAL

| | | Source | (1) RBC Requirement |
|---|---|---|---|
| | Insurance Affiliates and Misc. Other Amounts (C-0) | | |
| (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 |
| | Asset Risk – Unaffiliated Common Stock and Affiliated Non-Insurance Stock (C-1cs) | | |
| (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/ **Schedule BA Collateral Loans backed by Residiual Tranches or Interests** | LR008 Other Long-Term Assets Column (5) **Line (49) - Line (45.1) - Line (45.2)** | $0 |
| (15) | Total Residual Tranches or Interests **/ Schedule BA Collateral Loans backed by Residiual Tranches or Interests** | LR008 Other Long-Term Assets Column (5) line **(45.1) + Line (45.2)** | $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 |
| | Asset Risk - All Other (C-1o) | | |
| (22) | Bonds after Size Factor | LR002 Bonds Column (2) 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 | LR006 Separate Accounts Column (3) Line (13) | $0 |



# OTHER LONG-TERM ASSETS

LR008

*Basis of Factors*

Recognizing the diverse nature of Schedule BA assets, the RBC is calculated by assigning different risk factors according to the different type of assets. Assets with underlying characteristics of bonds and preferred stocks designated by the NAIC Capital Markets and Investment Analysis Office have different factors according to the NAIC assigned classification. Unrated fixed-income securities will be treated the same as Other Schedule BA Assets and assessed a 30% pre-tax charge. Rated surplus and capital notes have the same factors applied as Schedule BA assets with the characteristics of preferred stock. Where it is not possible to determine the RBC classification of an asset, a 30% pre-tax factor is applied.

*Specific Instructions for Application of the Formula*

Line (44)
Schedule BA affiliated common stock – all others should include all subs with an affiliate code 9 in the current life-based framework and "holding company in excess of indirect subsidiaries" or subsidiaries with affiliate code 3.

Line (51)
Exclude: any collateral loan amounts which have been included elsewhere in the RBC formula, e.g., collateral loans backed by mortgage loans, ~~BA mortgages~~, collateral loans backed by Residual Tranches or Interest and collateral loans backed by Joint Ventures', Limited Partnerships' and Limited Liability Companies' Interests.

Line (58)
Total Schedule BA assets [LR008 Other Long-Term Assets Column (1) Line (58) plus LR007 Real Estate Column (1) Line (14) plus Lines (17) through Line (20) plus LR009 Schedule BA Mortgages Column (1) Line (21)] should equal the total Schedule BA assets reported in the Annual Statement Page 2, Column 3, Line 8.

# SCHEDULE BA MORTGAGES
LR009

*Basis of Factors*

For Affiliated Mortgages**,** Line 2499999, the factors used are the same as for commercial mortgages and are defined in Figure 9. Risk categories and factors are determined using a company generated worksheet (Figure 10).

For Unaffiliated Mortgages, Line 2399999, the factors used are the same as for commercial mortgages and are defined in Figure 9. Risk categories and factors are determined as follows:

1) For Investments that contain covenants whereby factors of maximum LTV and minimum DSC, or equivalent thresholds must be complied with and it can be determined that the Investments are in compliance, these investments would use the process for directly held mortgages using the maximum LTV and minimum DSC using the company generated worksheet and transferred to LR009 line (3) for mortgages with covenants that are in compliance.
2) Investments that are defeased with government securities will be assigned to CM1 and transferred to LR009, line (4).
3) Other investments comprised primarily of senior debt will be assigned to CM2 and transferred to LR009, line (5).
4) All other investments in this category will be assigned CM3 and transferred to LR009, line (6). This would include assets such as a mortgage fund that invests in mezzanine or sub debt, or investments that cannot be determined to be in compliance with the covenants.

*Specific Instructions for Application of the Formula*

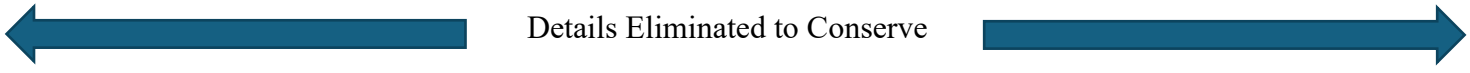
Column (1)
Except for Line (1), (2), (13), and (17), calculations are done on an individual mortgage basis and then the summary amounts are entered in this column for each class of mortgage investment. Refer to the Schedule BA mortgage calculation worksheet (Figure 10) for how the individual mortgage calculations are completed. Line (21) should equal Schedule BA Part 1, Column 12, Lines 2399999 and 2499999, and collateral loans backed by mortgages, as reported in Asset Valuation Reserve Equity and Other Invested Asset Component Column 1, line K1 and K2. ~~Notes to Financials 5S, Column 1 line 7a and 7b.~~

Column (2)
Companies are permitted to reduce the book/adjusted carrying value of mortgage loans reported in Schedule BA by any involuntary reserves. Involuntary reserves are equivalent to valuation allowances specified in the codification of statutory accounting principles. They are non-AVR reserves reported on Annual Statement Page 3, Line 25. These reserves are held as an offset for a particular troubled Schedule BA mortgage loan that would be required to be written down if the impairment was permanent.

Column (3)
Column (3) is calculated as the net of Column (1) less Column (2).

Column (4)
No longer used. Place "XXX" in any blanks for this column.

Column (5)
For Line (1), the pre-tax factor is 0.0014.
For Line (2), the pre-tax factor is 0.0068.
For Line (3), the average factor column is calculated as Column (6) divided by Column (3).
For Line (4), the pre-tax factor is 0.0090.
For Line (5), the pre-tax factor is 0.0175.
For Line (6), the pre-tax factor is 0.0300.



Details Eliminated to Conserve

## ASSET VALUATION RESERVE (Continued)
## BASIC CONTRIBUTION, RESERVE OBJECTIVE AND MAXIMUM RESERVE CALCULATIONS
## EQUITY AND OTHER INVESTED ASSET COMPONENT

| | | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| SECTION K | | COLLATERAL LOANS | | | | | | | | | | | |
| 1 | | Backed by mortgage loans – collateral loans – unaffiliated | | XXX | XXX | | 0.0000 | | 0.00000.0680 | | 0.00000.0680 | |
| 2 | | Backed by mortgage loans – collateral loans – affiliated | | XXX | XXX | | 0.0000 | | 0.00000.0680 | | 0.00000.0680 | |
| 3 | | Backed by joint ventures, partnerships, & limited liability companies – collateral loans – unaffiliated | | XXX | XXX | | 0.0000 | | 0.00000.0680 | | 0.00000.0680 | |
| 4 | | Backed by joint ventures, partnerships, & limited liability companies – collateral loans – affiliated | | XXX | XXX | | 0.0000 | | 0.00000.0680 | | 0.00000.0680 | |
| 5 | | Backed by residual tranches or interests – collateral loans – unaffiliated | | XXX | XXX | | 0.0000 | | 0.00000.0680 | | 0.00000.0680 | |
| 6 | | Backed by residual tranches or interests – collateral loans – affiliated | | XXX | XXX | | 0.0000 | | 0.00000.0680 | | 0.00000.0680 | |
| 7 | | Backed by debt securities – collateral loans – unaffiliated | | XXX | XXX | | 0.0000 | | 0.00000.0680 | | 0.00000.0680 | |
| 8 | | Backed by debt securities – collateral loans – affiliated | | XXX | XXX | | 0.0000 | | 0.00000.0680 | | 0.00000.0680 | |
| 9 | | Backed by real estate – collateral loans – unaffiliated | | XXX | XXX | | 0.0000 | | 0.00000.0680 | | 0.00000.0680 | |
| 10 | | Backed by real estate – collateral loans – affiliated | | XXX | XXX | | 0.0000 | | 0.00000.0680 | | 0.00000.0680 | |
| 11 | | Collateral loans – all other – unaffiliated | | XXX | XXX | | 0.0000 | | 0.00000.0680 | | 0.00000.0680 | |
| 12 | | Collateral loans – all other – affiliated | | XXX | XXX | | 0.0000 | | 0.00000.0680 | | 0.00000.0680 | |
| 13 | | Total collateral loans (Sum of Lines K1 through K12) | | XXX | XXX | | XXX | | XXX | | XXX | |
| SECTION L | | ALL OTHER INVESTMENTS | | | | | | | | | | | |
| 1100 | | NAIC 1 working capital finance investments | | XXX | | | 0.0000 | | 0.0042 | | 0.0042 | |
| 2101 | | NAIC 2 working capital finance investments | | XXX | | | 0.0000 | | 0.0137 | | 0.0137 | |
| 3102 | | Other invested assets - Schedule BA | | XXX | | | 0.0000 | | 0.1580 | | 0.1580 | |
| 4103 | | Other short-term invested assets - Schedule DA | | XXX | | | 0.0000 | | 0.1580 | | 0.1580 | |
| 5104 | | Total all other (Sum of Lines L100 through L4103) | | XXX | | | XXX | | XXX | | XXX | |
| 6105 | | Total other invested assets - Schedules BA & DA (Sum of Lines 29, 37, 64, 70, 74, 79, 92, 99 and 104C8, D8, E27, F6, G4, H5, I13, J7, and K13) | | | | | XXX | | XXX | | XXX | |

(a) Times the company's weighted average portfolio beta (Minimum .1215, Maximum .2431).
(b) Determined using same factors and breakdowns used for directly owned real estate.
(c) This will be the factor associated with the risk category determined in the company generated worksheet.

Details Eliminated to Conserve

March 6, 2026

**Mr. Ben Slutsker, Chair**
Life Risk-Based Capital (E) Working Group
National Association of Insurance Commissioners
1100 Walnut Street, Suite 1500
Kansas City, MO 64106-2197

Re: Proposal 2025-16-L MOD Collateral Loans

*Submitted Electronically*

Dear Chair Slutsker:

The American Council of Life Insurers (ACLI) welcomes the opportunity to comment on the modified proposal 2025-16-L addressing the risk-based capital (RBC) treatment of collateral loans reported on Schedule BA. ACLI supports the Working Group's objective of refining RBC charges to better reflect the risk characteristics of the underlying collateral while avoiding unnecessary complexity and opportunities for regulatory arbitrage. ACLI appreciates the NAIC's consideration of our previous comments in drafting the modified proposal.

In that spirit, ACLI offers the following recommendations for a simple and conservative RBC factor framework for collateral loans backed by joint ventures, limited partnerships, and limited liability companies ("JV/LP/LLC") investments and residual tranches.

Consistent with our previous comments, ACLI recommends an effective date of December 31, 2027, providing reporting entities and regulators sufficient time to operationalize the proposed framework, update systems and controls, and ensure consistent application across jurisdictions. Given the significance of the changes contemplated and their interaction with existing Schedule BA and C-1cs structures, ACLI believes a later effective date is appropriate to support a smooth and orderly transition, particularly when the absence of an industry-wide solvency concern counters the need for expedited rule changes. Moreover, the fact that individual states do not have authority to grant permitted practices surrounding RBC further supports the need for additional time to allow individual companies to make portfolio adjustments to mitigate adverse impacts that could arise from material increases to the RBC charges applicable to certain types of collateral loans.

**American Council of Life Insurers** | 300 New Jersey Avenue, NW, 10th Floor | Washington, DC 20001

To promote simplicity and conservatism, ACLI recommends that the base look-through RBC factor for collateral loans backed by JV/LP/LLC investments be set equal to the RBC factor applicable to Schedule BA unaffiliated common stock (i.e., 30%), consistent with the exposed modified proposal. ACLI believes this approach is appropriate because it:

- Is a conservative starting point upon which any discounting framework may be applied recognizing that some JV/LP/LLC investments would receive a more favorable RBC factor if held directly;
- Aligns the base look-through RBC factor with RBC factor for Schedule BA equity exposures; and
- Avoids the need to introduce new, bespoke base factors for each type of JV/LP/LLC investment that would increase operational complexity.

We have attached a redline version of the exposed Blanks included in the modified proposal. ACLI's suggested edits reflect our recommendation of a five-band overcollateralization (OC) framework, by applying an adjustment factor to the base look-through RBC factor, as follows:

## ACLI Recommended OC Bands and Adjustment Factor for Collateral Loans Backed by Investments in JV/LP/LLC and Residual Tranches

| | | | Collateral Loans Backed by Investments in JV/LP/LLC | | Collateral Loans Backed by Residual Tranches | |
|---|---|---|---|---|---|---|
| Overcollateralization Band | Loan-to-Value Band | Adjustment Factor Applied to Base Look-Through RBC Factor | Net RBC Factor | Equivalent NAIC LT Bond Rating | Net RBC Factor | Equivalent NAIC LT Bond Rating |
| Less than 125% | Greater than 80% | 90% | 27.0% | 5.B to 5.C | 40.5% | >6 |
| Less than 167% and greater than or equal to 125% | Greater than 60% and less than or equal to 80% | 70% | 21.0% | 5.A to 5.B | 31.5% | >6 |
| Less than 250% and greater than or equal to 167% | Greater than 40% and less than or equal to 60% | 50% | 15.0% | 4.C to 5.A | 22.5% | 5.A to 5.B |
| Less than 500% and greater than or equal to 250% | Greater than 20% and less than or equal to 40% | 30% | 9.0% | 4.A to 4.B | 13.5% | 4.C to 5.A |
| Greater than or equal to 500% | Less than or equal to 20% | 10% | 3.0% | 2.C to 3.A | 4.5% | 3.A to 3.B |

This structure recognizes credit enhancement resulting from higher overcollateralization levels, while retaining conservatism as leverage increases.

Beginning with the 2026 annual statements, regulators will have access to complete data on insurers' overcollateralization percentages for collateral loans, ACLI's proposed adjustment factor framework is supported by SSAP 21. Specifically, SSAP 21 requires insurers to obtain audited financial statements for LP/LLC/JV investments and to retain documentation sufficient to support the reasonableness of the fair value measurement of the underlying collateral. ACLI expects the new reporting and documentation requirements will provide greater transparency and confidence in overcollateralization percentages as a factor to adjust RBC charges.

ACLI reiterates its prior comments regarding collateral loans backed by mortgage loans. The previously proposed 3% factor was premised on an assumption that reporting entities generally lack access to loan-level information for unaffiliated borrowers. However, based on ACLI's outreach, insurers in nearly all cases have access to such information, consistent with the SAPWG interim provision, and permitting these loans to be reported using underlying mortgage loan characteristics. ACLI therefore recommends making this look-through treatment permanent, with the 3% factor retained solely as a fallback in the limited circumstances where loan-level data is not available. ACLI is not requesting any additional overcollateralization or structural adjustment for mortgage-backed collateral loans beyond look-through, as ACLI feels further reduction is unnecessary given that the look-through RBC factors are aligned with the underlying risk.

By contrast, the structural considerations proposed for collateral loans backed by JV/LP/LLC investments and residual tranches are intended to ensure that capital requirements remain conservative where leverage and structural complexity materially influence risk. ACLI also supports retaining the existing 6.8% factor for all remaining collateral loans. These exposures represent a limited portion of aggregate industry holdings, and available data does not indicate a clear need for recalibration at this time. Continued monitoring, as contemplated in the proposal, is therefore an appropriate and proportionate response. Taken together, these recommendations are intended to support a balanced framework that avoids overly punitive treatment at the higher-risk end while not extending unwarranted capital relief at the lower-risk end.

ACLI believes the recommendations outlined above provide a pragmatic and conservative path forward that aligns with existing RBC constructs, limits complexity, and reduces the risk of unintended consequences. ACLI appreciates the Working Group's consideration of these comments and looks forward to continued engagement as this proposal is further refined.

Sincerely,

Marc Altschull, CFA, FSA, MAAA
Senior Actuary
marcaltschull@acli.com
202-624-2089

Adam Knepp, CPA
Senior Director, Accounting Policy
adamknepp@acli.com
202-624-2025

Company Name | Cocode: 00000

OTHER LONG-TERM ASSETS

| | | Annual Statement Source | (1) Book / Adjusted Carrying Value | (2) Unrated Items ‡ | (3) RBC Subtotal † | | (4) Factor | | (5) RBC Requirement |
|---|---|---|---|---|---|---|---|---|---|
| | Schedule BA - Fixed Income - Bonds | | | | | | | | |
| (1) | Exempt Obligations | AVR Equity Component Column 1 Line **C1** | $0 | $0 | $0 | X | 0.0000 | = | $0 |
| (2) | Asset NAIC 1 | AVR Equity Component Column 1 Line **C2** | $0 | $0 | $0 | X | 0.0039 | = | $0 |
| (3) | Asset NAIC 2 | AVR Equity Component Column 1 Line **C3** | $0 | $0 | $0 | X | 0.0126 | = | $0 |
| (4) | Asset NAIC 3 | AVR Equity Component Column 1 Line **C4** | $0 | $0 | $0 | X | 0.0446 | = | $0 |
| (5) | Asset NAIC 4 | AVR Equity Component Column 1 Line **C5** | $0 | $0 | $0 | X | 0.0970 | = | $0 |
| (6) | Asset NAIC 5 | AVR Equity Component Column 1 Line **C6** | $0 | $0 | $0 | X | 0.2231 | = | $0 |
| (7) | Asset NAIC 6 | AVR Equity Component Column 1 Line **C7** | $0 | $0 | $0 | X | 0.3000 | = | $0 |
| (8) | Total Schedule BA Bonds (pre-MODCO/Funds Withheld) | Sum of Lines (1) through (7) | $0 | | $0 | | | | $0 |
| (9) | Reduction in RBC for MODCO/Funds Withheld Reinsurance Ceded Agreements | Company Records (enter a pre-tax amount) | | | | | | | $0 |
| (10) | Increase in RBC for MODCO/Funds Withheld Reinsurance Assumed Agreements | Company Records (enter a pre-tax amount) | | | | | | | $0 |
| (11) | Total Schedule BA Bonds (including MODCO/Funds Withheld.) | Lines (8) - (9) + (10) | $0 | | | | | | $0 |
| | Schedule BA - Fixed Income - Preferred Stock | | | | | | | | |
| (12) | Asset NAIC 1 | AVR Equity Component Column 1 Line **D1** | $0 | $0 | $0 | X | 0.0039 | = | $0 |
| (13) | Asset NAIC 2 | AVR Equity Component Column 1 Line **D2** | $0 | $0 | $0 | X | 0.0126 | = | $0 |
| (14) | Asset NAIC 3 | AVR Equity Component Column 1 Line **D3** | $0 | $0 | $0 | X | 0.0446 | = | $0 |
| (15) | Asset NAIC 4 | AVR Equity Component Column 1 Line **D4** | $0 | $0 | $0 | X | 0.0970 | = | $0 |
| (16) | Asset NAIC 5 | AVR Equity Component Column 1 Line **D5** | $0 | $0 | $0 | X | 0.2231 | = | $0 |
| (17) | Asset NAIC 6 | AVR Equity Component Column 1 Line **D6** | $0 | $0 | $0 | X | 0.3000 | = | $0 |
| (18) | Total Schedule BA Preferred Stock (pre-MODCO/Funds Withheld) | Sum of Lines (12) through (17) | $0 | | $0 | | | | $0 |
| (19) | Reduction in RBC for MODCO/Funds Withheld Reinsurance Ceded Agreements | Company Records (enter a pre-tax amount) | | | | | | | $0 |
| (20) | Increase in RBC for MODCO/Funds Withheld Reinsurance Assumed Agreements | Company Records (enter a pre-tax amount) | | | | | | | $0 |
| (21) | Total Schedule BA Preferred Stock (including MODCO/Funds Withheld.) | Lines (18) - (19) + (20) | $0 | | | | | | $0 |
| | Rated Surplus Notes Classified by Designation Equivalent | | | | | | | | |
| (22) | Rated NAIC 1 Surplus Notes | Schedule BA Part 1 Column 12 Line 2799999+2899999, in part | $0 | | $0 | X | 0.0039 | = | $0 |
| (23) | Rated NAIC 2 Surplus Notes | Schedule BA Part 1 Column 12 Line 2799999+2899999, in part | $0 | | $0 | X | 0.0126 | = | $0 |

Company Name Cocode: 00000

OTHER LONG-TERM ASSETS

| | | Annual Statement Source | (1) Book / Adjusted Carrying Value | (2) Unrated Items ‡ | (3) RBC Subtotal † | | (4) Factor | | (5) RBC Requirement |
|---|---|---|---|---|---|---|---|---|---|
| (24) | Rated NAIC 3 Surplus Notes | Schedule BA Part 1 Column 12 Line 2799999+2899999, in part | $0 | | $0 | X | 0.0446 | = | $0 |
| (25) | Rated NAIC 4 Surplus Notes | Schedule BA Part 1 Column 12 Line 2799999+2899999, in part | $0 | | $0 | X | 0.0970 | = | $0 |
| (26) | Rated NAIC 5 Surplus Notes | Schedule BA Part 1 Column 12 Line 2799999+2899999, in part | $0 | | $0 | X | 0.2231 | = | $0 |
| (27) | Rated NAIC 6 Surplus Notes | Schedule BA Part 1 Column 12 Line 2799999+2899999, in part | $0 | | $0 | X | 0.3000 | = | $0 |
| (28) | Total Rated Surplus Notes (pre-MODCO/Funds Withheld) | Sum of Lines (22) through (27) | $0 | | $0 | | | | $0 |
| (29) | Reduction in RBC for MODCO/Funds Withheld Reinsurance Ceded Agreements | Company Records (enter a pre-tax amount) | | | | | | | $0 |
| (30) | Increase in RBC for MODCO/Funds Withheld Reinsurance Assumed Agreements | Company Records (enter a pre-tax amount) | | | | | | | $0 |
| (31) | Total Rated Surplus Notes (including MODCO/Funds Withheld.) | Lines (28) - (29) + (30) | $0 | | | | | | $0 |
| | Rated Capital Notes Classified by Designation Equivalent | | | | | | | | |
| (32) | Rated NAIC 1 Capital Notes | Schedule BA Part 1 Column 12 Line 2999999+3099999, in part | $0 | | $0 | X | 0.0039 | = | $0 |
| (33) | Rated NAIC 2 Capital Notes | Schedule BA Part 1 Column 12 Line 2999999+3099999, in part | $0 | | $0 | X | 0.0126 | = | $0 |
| (34) | Rated NAIC 3 Capital Notes | Schedule BA Part 1 Column 12 Line 2999999+3099999, in part | $0 | | $0 | X | 0.0446 | = | $0 |
| (35) | Rated NAIC 4 Capital Notes | Schedule BA Part 1 Column 12 Line 2999999+3099999, in part | $0 | | $0 | X | 0.0970 | = | $0 |
| (36) | Rated NAIC 5 Capital Notes | Schedule BA Part 1 Column 12 Line 2999999+3099999, in part | $0 | | $0 | X | 0.2231 | = | $0 |
| (37) | Rated NAIC 6 Capital Notes | Schedule BA Part 1 Column 12 Line 2999999+3099999, in part | $0 | | $0 | X | 0.3000 | = | $0 |
| (38) | Total Rated Capital Notes (pre-MODCO/Funds Withheld) | Sum of Lines (32) through (37) | $0 | | $0 | | | | $0 |
| (39) | Reduction in RBC for MODCO/Funds Withheld Reinsurance Ceded Agreements | Company Records (enter a pre-tax amount) | | | | | | | $0 |
| (40) | Increase in RBC for MODCO/Funds Withheld Reinsurance Assumed Agreements | Company Records (enter a pre-tax amount) | | | | | | | $0 |
| (41) | Total Rated Capital Notes (including MODCO/Funds Withheld.) | Lines (38) - (39) + (40) | $0 | | | | | | $0 |
| | Schedule BA - Unaffiliated Common Stock/ Equity Interests and Affiliated Non-Insurance Stock (C1-cs) | | | | | | | | |
| (42) | Schedule BA Unaffiliated Common Stock-Public | AVR Equity Component Column 1 Line **F1** | $0 | | $0 | X | | § = | $0 |
| (43.1) | Schedule BA Unaffiliated Common Stock-Private | AVR Equity Component Column 1 Line **F2** | $0 | | $0 | X | 0.3000 | = | $0 |

Company Name | Cocode: 00000

OTHER LONG-TERM ASSETS

| | | Annual Statement Source | (1) Book / Adjusted Carrying Value | (2) Unrated Items ‡ | (3) RBC Subtotal † | | (4) Factor | | (5) RBC Requirement |
|---|---|---|---|---|---|---|---|---|---|
| | **Schedule BA Collateral Loans backed by Joint Ventures', Limited Partnerships' and Limited Liability Companies' Interests** | | | | | | | | |
| **(43.2)** | **OC Percentage < 125%** | | **$0** | | **$0** | **X** | **0.2700** | | **$0** |
| **(43.3)** | **OC Percentage ≥ 125% and < 167%** | | **$0** | | **$0** | **X** | **0.2100** | | **$0** |
| **(43.4)** | **OC Percentage ≥ 167% and < 250%** | | **$0** | | **$0** | **X** | **0.1500** | | **$0** |
| **(43.5)** | **OC Percentage ≥ 250% and < 500%** | | **$0** | | **$0** | **X** | **0.0900** | | **$0** |
| **(43.6)** | **OC Percentage ≥ 500%** | | **$0** | | **$0** | **X** | **0.0300** | | **$0** |
| **(43.5)** | **Total Collateral Loans backed by Joint Ventures', Limited Partnerships' and Limited Liability Companies' Interests** | **Lines (43.2) + (43.3) + (43.4)** | **#REF!** | | | | | | **#REF!** |
| (44) | Schedule BA Affiliated Common Stock - All Other | AVR Equity Component Column 1 Line **F5** | $0 | | $0 | X | 0.3000 | = | $0 |
| **(45.1)** | Total Residual Tranches or Interests | AVR Equity Component Column 1 Line **I13** | $0 | | $0 | X | 0.4500 | = | $0 |
| | **Schedule BA Collateral Loans backed by Residual Tranches or Interests** | | | | | | | | |
| **(45.2)** | **OC Percentage < 125%** | | **$0** | | **$0** | **X** | **0.4050** | | **$0** |
| **(45.3)** | **OC Percentage ≥ 125% and < 167%** | | **$0** | | **$0** | **X** | **0.3150** | | **$0** |
| **(45.4)** | **OC Percentage ≥ 167% and < 250%** | | **$0** | | **$0** | **X** | **0.2250** | | **$0** |
| **(45.5)** | **OC Percentage ≥ 250% and < 500%** | | **$0** | | **$0** | **X** | **0.1350** | | **$0** |
| **(45.6)** | **OC Percentage ≥ 500%** | | **$0** | | **$0** | **X** | **0.0450** | | **$0** |
| **(45.4)** | **Total Schedule BA Collateral Loans backed by Residual Tranches or Interests** | **AVR Equity Component Column 1 Line K5 + K6** | **$0** | | | | | | **$0** |
| (46) | Total Schedule BA Unaffiliated Common Stock/ Equity Interests and Affiliated Non-Insurance Stock (C1-cs) (pre-MODCO/Funds Withheld) | Line (42) + **(43.1)** + **(43.2)**+ (44) + **(45.1)** + **(45.2)** | #REF! | | $0 | | | | #REF! |
| (47) | Reduction in RBC for MODCO/Funds Withheld Reinsurance Ceded Agreements | Company Records (enter a pre-tax amount) | | | | | | | $0 |
| (48) | Increase in RBC for MODCO/Funds Withheld Reinsurance Assumed Agreements | Company Records (enter a pre-tax amount) | | | | | | | $0 |
| (49) | Total Schedule BA Unaffiliated Common Stock/ Equity Interests and Affiliated Non-Insurance Stock (C1-cs) (including MODCO/Funds Withheld.) | Lines (46) - (47) + (48) | #REF! | | | | | | #REF! |
| | Schedule BA - All Other (C-1o) | | | | | | | | |
| (50.1) | BA Affiliated Common Stock - Life with AVR | AVR Equity Component Column 1 Line **F3** | $0 | | | | | | |
| (50.2) | BA Affiliated Common Stock - Certain Other | AVR Equity Component Column 1 Line **F4** | $0 | | | | | | |
| (50.3) | Total Schedule BA Affiliated Common Stock - C-1o | Line (50.1) + (50.2) | $0 | | $0 | X | 0.3000 | = | $0 |
| (51) | **All Other Schedule BA Collateral Loans** | **AVR Equity Component Column 1 Line K7 + K8 + K9 + K10 + K11 + K12** | $0 | | $0 | X | 0.0680 | = | $0 |
| (52.1) | NAIC 01 Working Capital Finance Notes | AVR Equity Component Column 1 Line **L1** | $0 | | $0 | X | 0.0050 | = | $0 |
| (52.2) | NAIC 02 Working Capital Finance Notes | AVR Equity Component Column 1 Line **L2** | $0 | | $0 | X | 0.0163 | = | $0 |
| (52.3) | Total Admitted Working Capital Finance Notes | Line (52.1) + (52.2) | $0 | | $0 | | | | $0 |
| (53.1) | Other Schedule BA Assets, including Surplus Notes and Capital Notes | AVR Equity Component Column 1 Line **J7** + **L3** | $0 | | | | | | |
| (53.2) | Less NAIC 1 thru 6 Rated/Designated Surplus Notes and Capital Notes | Column (1) Lines (22) through (27) + Column (1) Lines (32) through (37) | $0 | | | | | | |
| (53.3) | Net Other Schedule BA Assets | Line (53.1) less (53.2) | $0 | $0 | $0 | X | 0.3000 | = | $0 |

Company Name | Cocode: 00000

OTHER LONG-TERM ASSETS

| | | Annual Statement Source | (1) Book / Adjusted Carrying Value | (2) Unrated Items ‡ | (3) RBC Subtotal † | (4) Factor | (5) RBC Requirement |
|---|---|---|---|---|---|---|---|
| (54) | Total Schedule BA Assets C-1o (pre-MODCO/Funds Withheld) | Lines (11) + (21) + (31) + (41) + (50.3) + (51) + (52.3) + (53.3) | $0 | | | | $0 |
| (55) | Reduction in RBC for MODCO/Funds Withheld Reinsurance Ceded Agreements | Company Records (enter a pre-tax amount) | | | | | $0 |
| (56) | Increase in RBC for MODCO/Funds Withheld Reinsurance Assumed Agreements | Company Records (enter a pre-tax amount) | | | | | $0 |
| (57) | Total Schedule BA Assets C-1o (including MODCO/Funds Withheld.) | Lines (54) - (55) + (56) | $0 | | | | $0 |
| (58) | Total Schedule BA Assets Excluding Mortgages and Real Estate | Line (49)+ (57) | #REF! | | | | #REF! |

† Fixed income instruments and surplus notes designated by the NAIC Capital Markets and Investment Analysis Office or considered exempt from filing as specified in the *Purposes and Procedures Manual of the NAIC Investment Analysis Office* should be reported in Column (3).

‡ Column (2) is calculated as Column (1) less Column (3) for Lines (1) through (17). Column (2) equals Column (3) - Column (1) for Line (53.3).

§ The factor for Schedule BA publicly traded common stock should equal 30 percent adjusted up or down by the weighted average beta for the Schedule BA publicly traded common stock portfolio subject to a minimum of 22.5 percent and a maximum of 45 percent in the same manner that the similar 15.8 percent factor for Schedule BA publicly traded common stock in the Asset Valuation Reserve (AVR) calculation is adjusted up or down. The rules for calculating the beta adjustment are set forth in the AVR section of the annual statement instructions.

Company Name

Cocode: 00000

Attachment E

**ASSET CONCENTRATION FACTOR**

| Issuer | | Asset Type | (1) Book / Adjusted Carrying Value | | (2) Factor | | | (3) Additional RBC | (4) Adjustment/ Subsidiary RBC | (5) RBC Requirement |
|---|---|---|---|---|---|---|---|---|---|---|
| #01 | | Issuer Name: | | | | | | | | |
| #01 | (1.1) | Bond NAIC Designation Category 2.A | $0 | X | 0.01261 | | = | $0 | $0 | $0 |
| #01 | (1.2) | Bond NAIC Designation Category 2.B | $0 | X | 0.01523 | | = | $0 | $0 | $0 |
| #01 | (1.3) | Bond NAIC Designation Category 2.C | $0 | X | 0.02168 | | = | $0 | $0 | $0 |
| #01 | (2.1) | Bond NAIC Designation Category 3.A | $0 | X | 0.03151 | | = | $0 | $0 | $0 |
| #01 | (2.2) | Bond NAIC Designation Category 3.B | $0 | X | 0.04537 | | = | $0 | $0 | $0 |
| #01 | (2.3) | Bond NAIC Designation Category 3.C | $0 | X | 0.06017 | | = | $0 | $0 | $0 |
| #01 | (3.1) | Bond NAIC Designation Category 4.A | $0 | X | 0.07386 | | = | $0 | $0 | $0 |
| #01 | (3.2) | Bond NAIC Designation Category 4.B | $0 | X | 0.09535 | | = | $0 | $0 | $0 |
| #01 | (3.3) | Bond NAIC Designation Category 4.C | $0 | X | 0.12428 | | = | $0 | $0 | $0 |
| #01 | (4.1) | Bond NAIC Designation Category 5.A | $0 | X | 0.16942 | | = | $0 | $0 | $0 |
| #01 | (4.2) | Bond NAIC Designation Category 5.B | $0 | X | 0.21202 | | = | $0 | $0 | $0 |
| #01 | (4.3) | Bond NAIC Designation Category 5.C | $0 | X | 0.15000 | | = | $0 | $0 | $0 |
| #01 | (5) | Bond Asset NAIC 6 | $0 | X | 0.15000 | | = | $0 | $0 | $0 |
| #01 | (6.1) | Bond NAIC Designation Category 1.A † | $0 | X | 0.00158 | | = | $0 | $0 | $0 |
| #01 | (6.2) | Bond NAIC Designation Category 1.B † | $0 | X | 0.00271 | | = | $0 | $0 | $0 |
| #01 | (6.3) | Bond NAIC Designation Category 1.C † | $0 | X | 0.00419 | | = | $0 | $0 | $0 |
| #01 | (6.4) | Bond NAIC Designation Category 1.D † | $0 | X | 0.00523 | | = | $0 | $0 | $0 |
| #01 | (6.5) | Bond NAIC Designation Category 1.E † | $0 | X | 0.00657 | | = | $0 | $0 | $0 |
| #01 | (6.6) | Bond NAIC Designation Category 1.F † | $0 | X | 0.00816 | | = | $0 | $0 | $0 |
| #01 | (6.7) | Bond NAIC Designation Category 1.G † | $0 | X | 0.01016 | | = | $0 | $0 | $0 |
| #01 | (7) | Unaffiliated Preferred Stock NAIC 2 | $0 | X | 0.01260 | | = | $0 | $0 | $0 |
| #01 | (8) | Unaffiliated Preferred Stock NAIC 3 | $0 | X | 0.04460 | | = | $0 | $0 | $0 |
| #01 | (9) | Unaffiliated Preferred Stock NAIC 4 | $0 | X | 0.09700 | | = | $0 | $0 | $0 |
| #01 | (10) | Unaffiliated Preferred Stock NAIC 5 | $0 | X | 0.22310 | | = | $0 | $0 | $0 |
| #01 | (11) | Unaffiliated Preferred Stock NAIC 6 | $0 | X | 0.15000 | | = | $0 | $0 | $0 |
| #01 | (12) | Unaffiliated Preferred Stock NAIC 1 † | $0 | X | 0.00390 | | = | $0 | $0 | $0 |
| #01 | **(13.1)** | **Collateral Loans backed by Joint Ventures', Limited Partnerships' and Limited Liability Companies' Interests** | $0 | X | **0.21000** | | = | $0 | $0 | $0 |
| #01 | **(13.2)** | **Collateral Loans backed by Residual Tranches or Interests** | $0 | X | **0.09000** | | = | $0 | $0 | $0 |
| #01 | **(13.3)** | **All Other BA Collateral Loans** | $0 | X | 0.06800 | | = | $0 | $0 | $0 |
| #01 | (14) | Receivable for Securities | $0 | X | 0.01600 | | = | $0 | $0 | $0 |
| #01 | (15) | Write-ins for Invested Assets | $0 | X | 0.06800 | | = | $0 | $0 | $0 |
| #01 | (16) | Premium Notes | $0 | X | 0.06800 | | = | $0 | $0 | $0 |
| #01 | (17) | Real Estate - Foreclosed | $0 | | | | | | | |
| #01 | (18) | Real Estate - Foreclosed Encumbrances | $0 | X | 0.00000 | ‡ | = | $0 | $0 | $0 |
| #01 | (19) | Real Estate - Investments | $0 | | | | | | | |
| #01 | (20) | Real Estate - Investment Encumbrances | $0 | X | 0.00000 | ‡ | = | $0 | $0 | $0 |
| #01 | (21) | Real Estate - Schedule BA | $0 | | | | | | | |
| #01 | (22) | Real Estate - Schedule BA Encumbrances | $0 | X | 0.00000 | ‡ | = | $0 | $0 | $0 |
| #01 | (23) | Farm Mortgages - Category CM2 | $0 | X | 0.01750 | | = | $0 | $0 | $0 |
| #01 | (24) | Farm Mortgages - Category CM3 | $0 | X | 0.03000 | | = | $0 | $0 | $0 |
| #01 | (25) | Farm Mortgages - Category CM4 | $0 | X | 0.05000 | | = | $0 | $0 | $0 |
| #01 | (26) | Farm Mortgages - Category CM5 | $0 | X | 0.07500 | | = | $0 | $0 | $0 |
| #01 | (27) | Commercial Mortgages - Category CM2 | $0 | X | 0.01750 | | = | $0 | $0 | $0 |
| #01 | (28) | Commercial Mortgages - Category CM3 | $0 | X | 0.03000 | | = | $0 | $0 | $0 |
| #01 | (29) | Commercial Mortgages - Category CM4 | $0 | X | 0.05000 | | = | $0 | $0 | $0 |
| #01 | (30) | Commercial Mortgages - Category CM5 | $0 | X | 0.07500 | | = | $0 | $0 | $0 |
| #01 | (31) | Farm Mortgages - 90 Days Overdue | $0 | | | | | | | |
| #01 | (32) | Farm Mortgages - 90 Days Overdue - Cumulative Writedowns | $0 | X | 0.00000 | ‡ | = | $0 | $0 | $0 |
| #01 | (33) | Residential Mortgages - 90 Days Overdue | $0 | | | | | | | |
| #01 | (34) | Residential Mortgages - 90 Days Overdue - Cumulative Writedowns | $0 | X | 0.00000 | ‡ | = | $0 | $0 | $0 |
| #01 | (35) | Commercial Mortgages - 90 Days Overdue | $0 | | | | | | | |
| #01 | (36) | Commercial Mortgages - 90 Days Overdue - Cumulative Writedowns | $0 | X | 0.00000 | ‡ | = | $0 | $0 | $0 |
| #01 | (37) | Farm Mortgages in Foreclosure | $0 | | | | | | | |
| #01 | (38) | Farm Mortgages in Foreclosure - Cumulative Writedowns | $0 | X | 0.00000 | ‡ | = | $0 | $0 | $0 |
| #01 | (39) | Residential Mortgages in Foreclosure | $0 | | | | | | | |
| #01 | (40) | Residential Mortgages in Foreclosure - Cumulative Writedowns | $0 | X | 0.00000 | ‡ | = | $0 | $0 | $0 |
| #01 | (41) | Commercial Mortgages in Foreclosure | $0 | | | | | | | |
| #01 | (42) | Commercial Mortgages in Foreclosure - Cumulative Writedowns | $0 | X | 0.00000 | ‡ | = | $0 | $0 | $0 |
| #01 | (43) | Unaffiliated Mortgages with Covenants | $0 | X | 0.00000 | ‡ | = | $0 | $0 | $0 |
| #01 | (44) | Unaffiliated Mortgages - Defeased with Government Securities | $0 | X | 0.00900 | | = | $0 | $0 | $0 |
| #01 | (45) | Unaffiliated Mortgages - Primarily Senior | $0 | X | 0.01750 | | = | $0 | $0 | $0 |
| #01 | (46) | Unaffiliated Mortgages - All Other | $0 | X | 0.03000 | | = | $0 | $0 | $0 |
| #01 | (47) | Affiliated Mortgages - Category CM2 | $0 | X | 0.01750 | | = | $0 | $0 | $0 |
| #01 | (48) | Affiliated Mortgages - Category CM3 | $0 | X | 0.03000 | | = | $0 | $0 | $0 |
| #01 | (49) | Affiliated Mortgages - Category CM4 | $0 | X | 0.05000 | | = | $0 | $0 | $0 |
| #01 | (50) | Affiliated Mortgages - Category CM5 | $0 | X | 0.07500 | | = | $0 | $0 | $0 |
| #01 | (51) | Schedule BA Mortgages 90 Days Overdue | $0 | | | | | | | |

Company Name

Cocode: 00000

Attachment E

**ASSET CONCENTRATION FACTOR**

| Issuer | | Asset Type | (1) Book / Adjusted Carrying Value | | (2) Factor | | (3) Additional RBC | (4) Adjustment/ Subsidiary RBC | (5) RBC Requirement |
|---|---|---|---|---|---|---|---|---|---|
| #01 | (52) | Schedule BA Mortgages 90 Days Overdue - Cumulative Writedowns | $0 | X | 0.00000 | ‡ = | $0 | $0 | $0 |
| #01 | (53) | Schedule BA Mortgages in Process of Foreclosure | $0 | | | | | | |
| #01 | (54) | Schedule BA Mortgages Foreclosed - Cumulative Writedowns | $0 | X | 0.00000 | ‡ = | $0 | $0 | $0 |
| #01 | (55) | Yield Guaranteed State Tax Credit Investments | $0 | X | 0.00140 | = | $0 | $0 | $0 |
| #01 | (56) | Qualifying Federal Tax Credit Investments | $0 | X | 0.02600 | = | $0 | $0 | $0 |
| #01 | (57) | Qualifying State Tax Credit Investments | $0 | X | 0.02600 | = | $0 | $0 | $0 |
| #01 | (58) | Other Tax Credit Investments | $0 | X | 0.15000 | = | $0 | $0 | $0 |
| #01 | (59) | NAIC 02 Working Capital Finance Notes | $0 | X | 0.01630 | = | $0 | $0 | $0 |
| #01 | (60) | Other Schedule BA Assets | $0 | X | 0.15000 | = | $0 | $0 | $0 |
| #01 | | | | | | | | | |
| #01 | (61) | Total of Issuer = Sum of Lines (1) through (60) | $0 | | | | $0 | $0 | $0 |
| | | | | | | | | | |
| #02 | | Issuer Name #02: | | | | | | | |
| #02 | (1.1) | Bond NAIC Designation Category 2.A | $0 | X | 0.01261 | = | $0 | $0 | $0 |
| #02 | (1.2) | Bond NAIC Designation Category 2.B | $0 | X | 0.01523 | = | $0 | $0 | $0 |
| #02 | (1.3) | Bond NAIC Designation Category 2.C | $0 | X | 0.02168 | = | $0 | $0 | $0 |
| #02 | (2.1) | Bond NAIC Designation Category 3.A | $0 | X | 0.03151 | = | $0 | $0 | $0 |
| #02 | (2.2) | Bond NAIC Designation Category 3.B | $0 | X | 0.04537 | = | $0 | $0 | $0 |
| #02 | (2.3) | Bond NAIC Designation Category 3.C | $0 | X | 0.06017 | = | $0 | $0 | $0 |
| #02 | (3.1) | Bond NAIC Designation Category 4.A | $0 | X | 0.07386 | = | $0 | $0 | $0 |
| #02 | (3.2) | Bond NAIC Designation Category 4.B | $0 | X | 0.09535 | = | $0 | $0 | $0 |
| #02 | (3.3) | Bond NAIC Designation Category 4.C | $0 | X | 0.12428 | = | $0 | $0 | $0 |
| #02 | (4.1) | Bond NAIC Designation Category 5.A | $0 | X | 0.16942 | = | $0 | $0 | $0 |
| #02 | (4.2) | Bond NAIC Designation Category 5.B | $0 | X | 0.21202 | = | $0 | $0 | $0 |
| #02 | (4.3) | Bond NAIC Designation Category 5.C | $0 | X | 0.15000 | = | $0 | $0 | $0 |
| #02 | (5) | Bond Asset NAIC 6 | $0 | X | 0.15000 | = | $0 | $0 | $0 |
| #02 | (6.1) | Bond NAIC Designation Category 1.A † | $0 | X | 0.00158 | = | $0 | $0 | $0 |
| #02 | (6.2) | Bond NAIC Designation Category 1.B † | $0 | X | 0.00271 | = | $0 | $0 | $0 |
| #02 | (6.3) | Bond NAIC Designation Category 1.C † | $0 | X | 0.00419 | = | $0 | $0 | $0 |
| #02 | (6.4) | Bond NAIC Designation Category 1.D † | $0 | X | 0.00523 | = | $0 | $0 | $0 |
| #02 | (6.5) | Bond NAIC Designation Category 1.E † | $0 | X | 0.00657 | = | $0 | $0 | $0 |
| #02 | (6.6) | Bond NAIC Designation Category 1.F † | $0 | X | 0.00816 | = | $0 | $0 | $0 |
| #02 | (6.7) | Bond NAIC Designation Category 1.G † | $0 | X | 0.01016 | = | $0 | $0 | $0 |
| #02 | (7) | Unaffiliated Preferred Stock NAIC 2 | $0 | X | 0.01260 | = | $0 | $0 | $0 |
| #02 | (8) | Unaffiliated Preferred Stock NAIC 3 | $0 | X | 0.04460 | = | $0 | $0 | $0 |
| #02 | (9) | Unaffiliated Preferred Stock NAIC 4 | $0 | X | 0.09700 | = | $0 | $0 | $0 |
| #02 | (10) | Unaffiliated Preferred Stock NAIC 5 | $0 | X | 0.22310 | = | $0 | $0 | $0 |
| #02 | (11) | Unaffiliated Preferred Stock NAIC 6 | $0 | X | 0.15000 | = | $0 | $0 | $0 |
| #02 | (12) | Unaffiliated Preferred Stock NAIC 1 † | $0 | X | 0.00390 | = | $0 | $0 | $0 |
| #02 | (13) | **All Other Collateral Loans** | $0 | X | 0.06800 | = | $0 | $0 | $0 |
| #02 | (14) | Receivable for Securities | $0 | X | 0.01600 | = | $0 | $0 | $0 |
| #02 | (15) | Write-ins for Invested Assets | $0 | X | 0.06800 | = | $0 | $0 | $0 |
| #02 | (16) | Premium Notes | $0 | X | 0.06800 | = | $0 | $0 | $0 |
| #02 | (17) | Real Estate - Foreclosed | $0 | | | | | | |
| #02 | (18) | Real Estate - Foreclosed Encumbrances | $0 | X | 0.00000 | ‡ = | $0 | $0 | $0 |
| #02 | (19) | Real Estate - Investments | $0 | | | | | | |
| #02 | (20) | Real Estate - Investment Encumbrances | $0 | X | 0.00000 | ‡ = | $0 | $0 | $0 |
| #02 | (21) | Real Estate - Schedule BA | $0 | | | | | | |
| #02 | (22) | Real Estate - Schedule BA Encumbrances | $0 | X | 0.00000 | ‡ = | $0 | $0 | $0 |
| #02 | (23) | Farm Mortgages - Category CM2 | $0 | X | 0.01750 | = | $0 | $0 | $0 |
| #02 | (24) | Farm Mortgages - Category CM3 | $0 | X | 0.03000 | = | $0 | $0 | $0 |
| #02 | (25) | Farm Mortgages - Category CM4 | $0 | X | 0.05000 | = | $0 | $0 | $0 |
| #02 | (26) | Farm Mortgages - Category CM5 | $0 | X | 0.07500 | = | $0 | $0 | $0 |
| #02 | (27) | Commercial Mortgages - Category CM2 | $0 | X | 0.01750 | = | $0 | $0 | $0 |
| #02 | (28) | Commercial Mortgages - Category CM3 | $0 | X | 0.03000 | = | $0 | $0 | $0 |
| #02 | (29) | Commercial Mortgages - Category CM4 | $0 | X | 0.05000 | = | $0 | $0 | $0 |
| #02 | (30) | Commercial Mortgages - Category CM5 | $0 | X | 0.07500 | = | $0 | $0 | $0 |
| #02 | (31) | Farm Mortgages - 90 Days Overdue | $0 | | | | | | |
| #02 | (32) | Farm Mortgages - 90 Days Overdue - Cumulative Writedowns | $0 | X | 0.00000 | ‡ = | $0 | $0 | $0 |
| #02 | (33) | Residential Mortgages - 90 Days Overdue | $0 | | | | | | |
| #02 | (34) | Residential Mortgages - 90 Days Overdue - Cumulative Writedowns | $0 | X | 0.00000 | ‡ = | $0 | $0 | $0 |
| #02 | (35) | Commercial Mortgages - 90 Days Overdue | $0 | | | | | | |
| #02 | (36) | Commercial Mortgages - 90 Days Overdue - Cumulative Writedowns | $0 | X | 0.00000 | ‡ = | $0 | $0 | $0 |
| #02 | (37) | Farm Mortgages in Foreclosure | $0 | | | | | | |
| #02 | (38) | Farm Mortgages in Foreclosure - Cumulative Writedowns | $0 | X | 0.00000 | ‡ = | $0 | $0 | $0 |
| #02 | (39) | Residential Mortgages in Foreclosure | $0 | | | | | | |
| #02 | (40) | Residential Mortgages in Foreclosure - Cumulative Writedowns | $0 | X | 0.00000 | ‡ = | $0 | $0 | $0 |
| #02 | (41) | Commercial Mortgages in Foreclosure | $0 | | | | | | |
| #02 | (42) | Commercial Mortgages in Foreclosure - Cumulative Writedowns | $0 | X | 0.00000 | ‡ = | $0 | $0 | $0 |

Company Name

Cocode: 00000

Attachment E

**ASSET CONCENTRATION FACTOR**

| Issuer | | Asset Type | (1) Book / Adjusted Carrying Value | | (2) Factor | | | (3) Additional RBC | (4) Adjustment/ Subsidiary RBC | (5) RBC Requirement |
|---|---|---|---|---|---|---|---|---|---|---|
| #02 | (43) | Unaffiliated Mortgages with Covenants | $0 | X | 0.00000 | ‡ | = | $0 | $0 | $0 |
| #02 | (44) | Unaffiliated Mortgages - Defeased with Government Securities | $0 | X | 0.00900 | | = | $0 | $0 | $0 |
| #02 | (45) | Unaffiliated Mortgages - Primarily Senior | $0 | X | 0.01750 | | = | $0 | $0 | $0 |
| #02 | (46) | Unaffiliated Mortgages - All Other | $0 | X | 0.03000 | | = | $0 | $0 | $0 |
| #02 | (47) | Affiliated Mortgages - Category CM2 | $0 | X | 0.01750 | | = | $0 | $0 | $0 |
| #02 | (48) | Affiliated Mortgages - Category CM3 | $0 | X | 0.03000 | | = | $0 | $0 | $0 |
| #02 | (49) | Affiliated Mortgages - Category CM4 | $0 | X | 0.05000 | | = | $0 | $0 | $0 |
| #02 | (50) | Affiliated Mortgages - Category CM5 | $0 | X | 0.07500 | | = | $0 | $0 | $0 |
| #02 | (51) | Schedule BA Mortgages 90 Days Overdue | $0 | | | | | | | |
| #02 | (52) | Schedule BA Mortgages 90 Days Overdue - Cumulative Writedowns | $0 | X | 0.00000 | ‡ | = | $0 | $0 | $0 |
| #02 | (53) | Schedule BA Mortgages in Process of Foreclosure | $0 | | | | | | | |
| #02 | (54) | Schedule BA Mortgages Foreclosed - Cumulative Writedowns | $0 | X | 0.00000 | ‡ | = | $0 | $0 | $0 |
| #02 | (55) | Yield Guaranteed State Tax Credit Investments | $0 | X | 0.00140 | | = | $0 | $0 | $0 |
| #02 | (56) | Qualifying Federal Tax Credit Investments | $0 | X | 0.02600 | | = | $0 | $0 | $0 |
| #02 | (57) | Qualifying State Tax Credit Investments | $0 | X | 0.02600 | | = | $0 | $0 | $0 |
| #02 | (58) | Other Tax Credit Investments | $0 | X | 0.15000 | | = | $0 | $0 | $0 |
| #02 | (59) | NAIC 02 Working Capital Finance Notes | $0 | X | 0.01630 | | = | $0 | $0 | $0 |
| #02 | (60) | Other Schedule BA Assets | $0 | X | 0.15000 | | = | $0 | $0 | $0 |
| #02 | | | | | | | | | | |
| #02 | (61) | Total of Issuer = Sum of Lines (1) through (60) | $0 | | | | | $0 | $0 | $0 |
| | | | | | | | | | | |
| #03 | | Issuer Name #03: | | | | | | | | |
| #03 | (1.1) | Bond NAIC Designation Category 2.A | $0 | X | 0.01261 | | = | $0 | $0 | $0 |
| #03 | (1.2) | Bond NAIC Designation Category 2.B | $0 | X | 0.01523 | | = | $0 | $0 | $0 |
| #03 | (1.3) | Bond NAIC Designation Category 2.C | $0 | X | 0.02168 | | = | $0 | $0 | $0 |
| #03 | (2.1) | Bond NAIC Designation Category 3.A | $0 | X | 0.03151 | | = | $0 | $0 | $0 |
| #03 | (2.2) | Bond NAIC Designation Category 3.B | $0 | X | 0.04537 | | = | $0 | $0 | $0 |
| #03 | (2.3) | Bond NAIC Designation Category 3.C | $0 | X | 0.06017 | | = | $0 | $0 | $0 |
| #03 | (3.1) | Bond NAIC Designation Category 4.A | $0 | X | 0.07386 | | = | $0 | $0 | $0 |
| #03 | (3.2) | Bond NAIC Designation Category 4.B | $0 | X | 0.09535 | | = | $0 | $0 | $0 |
| #03 | (3.3) | Bond NAIC Designation Category 4.C | $0 | X | 0.12428 | | = | $0 | $0 | $0 |
| #03 | (4.1) | Bond NAIC Designation Category 5.A | $0 | X | 0.16942 | | = | $0 | $0 | $0 |
| #03 | (4.2) | Bond NAIC Designation Category 5.B | $0 | X | 0.21202 | | = | $0 | $0 | $0 |
| #03 | (4.3) | Bond NAIC Designation Category 5.C | $0 | X | 0.15000 | | = | $0 | $0 | $0 |
| #03 | (5) | Bond Asset NAIC 6 | $0 | X | 0.15000 | | = | $0 | $0 | $0 |
| #03 | (6.1) | Bond NAIC Designation Category 1.A † | $0 | X | 0.00158 | | = | $0 | $0 | $0 |
| #03 | (6.2) | Bond NAIC Designation Category 1.B † | $0 | X | 0.00271 | | = | $0 | $0 | $0 |
| #03 | (6.3) | Bond NAIC Designation Category 1.C † | $0 | X | 0.00419 | | = | $0 | $0 | $0 |
| #03 | (6.4) | Bond NAIC Designation Category 1.D † | $0 | X | 0.00523 | | = | $0 | $0 | $0 |
| #03 | (6.5) | Bond NAIC Designation Category 1.E † | $0 | X | 0.00657 | | = | $0 | $0 | $0 |
| #03 | (6.6) | Bond NAIC Designation Category 1.F † | $0 | X | 0.00816 | | = | $0 | $0 | $0 |
| #03 | (6.7) | Bond NAIC Designation Category 1.G † | $0 | X | 0.01016 | | = | $0 | $0 | $0 |
| #03 | (7) | Unaffiliated Preferred Stock NAIC 2 | $0 | X | 0.01260 | | = | $0 | $0 | $0 |
| #03 | (8) | Unaffiliated Preferred Stock NAIC 3 | $0 | X | 0.04460 | | = | $0 | $0 | $0 |
| #03 | (9) | Unaffiliated Preferred Stock NAIC 4 | $0 | X | 0.09700 | | = | $0 | $0 | $0 |
| #03 | (10) | Unaffiliated Preferred Stock NAIC 5 | $0 | X | 0.22310 | | = | $0 | $0 | $0 |
| #03 | (11) | Unaffiliated Preferred Stock NAIC 6 | $0 | X | 0.15000 | | = | $0 | $0 | $0 |
| #03 | (12) | Unaffiliated Preferred Stock NAIC 1 † | $0 | X | 0.00390 | | = | $0 | $0 | $0 |
| #03 | (13) | **All Other Collateral Loans** | $0 | X | 0.06800 | | = | $0 | $0 | $0 |
| #03 | (14) | Receivable for Securities | $0 | X | 0.01600 | | = | $0 | $0 | $0 |
| #03 | (15) | Write-ins for Invested Assets | $0 | X | 0.06800 | | = | $0 | $0 | $0 |
| #03 | (16) | Premium Notes | $0 | X | 0.06800 | | = | $0 | $0 | $0 |
| #03 | (17) | Real Estate - Foreclosed | $0 | | | | | | | |
| #03 | (18) | Real Estate - Foreclosed Encumbrances | $0 | X | 0.00000 | ‡ | = | $0 | $0 | $0 |
| #03 | (19) | Real Estate - Investments | $0 | | | | | | | |
| #03 | (20) | Real Estate - Investment Encumbrances | $0 | X | 0.00000 | ‡ | = | $0 | $0 | $0 |
| #03 | (21) | Real Estate - Schedule BA | $0 | | | | | | | |
| #03 | (22) | Real Estate - Schedule BA Encumbrances | $0 | X | 0.00000 | ‡ | = | $0 | $0 | $0 |
| #03 | (23) | Farm Mortgages - Category CM2 | $0 | X | 0.01750 | | = | $0 | $0 | $0 |
| #03 | (24) | Farm Mortgages - Category CM3 | $0 | X | 0.03000 | | = | $0 | $0 | $0 |
| #03 | (25) | Farm Mortgages - Category CM4 | $0 | X | 0.05000 | | = | $0 | $0 | $0 |
| #03 | (26) | Farm Mortgages - Category CM5 | $0 | X | 0.07500 | | = | $0 | $0 | $0 |
| #03 | (27) | Commercial Mortgages - Category CM2 | $0 | X | 0.01750 | | = | $0 | $0 | $0 |
| #03 | (28) | Commercial Mortgages - Category CM3 | $0 | X | 0.03000 | | = | $0 | $0 | $0 |
| #03 | (29) | Commercial Mortgages - Category CM4 | $0 | X | 0.05000 | | = | $0 | $0 | $0 |
| #03 | (30) | Commercial Mortgages - Category CM5 | $0 | X | 0.07500 | | = | $0 | $0 | $0 |
| #03 | (31) | Farm Mortgages - 90 Days Overdue | $0 | | | | | | | |
| #03 | (32) | Farm Mortgages - 90 Days Overdue - Cumulative Writedowns | $0 | X | 0.00000 | ‡ | = | $0 | $0 | $0 |

Company Name | Cocode: 00000

Attachment E

**ASSET CONCENTRATION FACTOR**

| Issuer | | Asset Type | (1) Book / Adjusted Carrying Value | | (2) Factor | | | (3) Additional RBC | (4) Adjustment/ Subsidiary RBC | (5) RBC Requirement |
|---|---|---|---|---|---|---|---|---|---|---|
| #03 | (33) | Residential Mortgages - 90 Days Overdue | $0 | | | | | | | |
| #03 | (34) | Residential Mortgages - 90 Days Overdue - Cumulative Writedowns | $0 | X | 0.00000 | ‡ | = | $0 | $0 | $0 |
| #03 | (35) | Commercial Mortgages - 90 Days Overdue | $0 | | | | | | | |
| #03 | (36) | Commercial Mortgages - 90 Days Overdue - Cumulative Writedowns | $0 | X | 0.00000 | ‡ | = | $0 | $0 | $0 |
| #03 | (37) | Farm Mortgages in Foreclosure | $0 | | | | | | | |
| #03 | (38) | Farm Mortgages in Foreclosure - Cumulative Writedowns | $0 | X | 0.00000 | ‡ | = | $0 | $0 | $0 |
| #03 | (39) | Residential Mortgages in Foreclosure | $0 | | | | | | | |
| #03 | (40) | Residential Mortgages in Foreclosure - Cumulative Writedowns | $0 | X | 0.00000 | ‡ | = | $0 | $0 | $0 |
| #03 | (41) | Commercial Mortgages in Foreclosure | $0 | | | | | | | |
| #03 | (42) | Commercial Mortgages in Foreclosure - Cumulative Writedowns | $0 | X | 0.00000 | ‡ | = | $0 | $0 | $0 |
| #03 | (43) | Unaffiliated Mortgages with Covenants | $0 | X | 0.00000 | ‡ | = | $0 | $0 | $0 |
| #03 | (44) | Unaffiliated Mortgages - Defeased with Government Securities | $0 | X | 0.00900 | | = | $0 | $0 | $0 |
| #03 | (45) | Unaffiliated Mortgages - Primarily Senior | $0 | X | 0.01750 | | = | $0 | $0 | $0 |
| #03 | (46) | Unaffiliated Mortgages - All Other | $0 | X | 0.03000 | | = | $0 | $0 | $0 |
| #03 | (47) | Affiliated Mortgages - Category CM2 | $0 | X | 0.01750 | | = | $0 | $0 | $0 |
| #03 | (48) | Affiliated Mortgages - Category CM3 | $0 | X | 0.03000 | | = | $0 | $0 | $0 |
| #03 | (49) | Affiliated Mortgages - Category CM4 | $0 | X | 0.05000 | | = | $0 | $0 | $0 |
| #03 | (50) | Affiliated Mortgages - Category CM5 | $0 | X | 0.07500 | | = | $0 | $0 | $0 |
| #03 | (51) | Schedule BA Mortgages 90 Days Overdue | $0 | | | | | | | |
| #03 | (52) | Schedule BA Mortgages 90 Days Overdue - Cumulative Writedowns | $0 | X | 0.00000 | ‡ | = | $0 | $0 | $0 |
| #03 | (53) | Schedule BA Mortgages in Process of Foreclosure | $0 | | | | | | | |
| #03 | (54) | Schedule BA Mortgages Foreclosed - Cumulative Writedowns | $0 | X | 0.00000 | ‡ | = | $0 | $0 | $0 |
| #03 | (55) | Yield Guaranteed State Tax Credit Investments | $0 | X | 0.00140 | | = | $0 | $0 | $0 |
| #03 | (56) | Qualifying Federal Tax Credit Investments | $0 | X | 0.02600 | | = | $0 | $0 | $0 |
| #03 | (57) | Qualifying State Tax Credit Investments | $0 | X | 0.02600 | | = | $0 | $0 | $0 |
| #03 | (58) | Other Tax Credit Investments | $0 | X | 0.15000 | | = | $0 | $0 | $0 |
| #03 | (59) | NAIC 02 Working Capital Finance Notes | $0 | X | 0.01630 | | = | $0 | $0 | $0 |
| #03 | (60) | Other Schedule BA Assets | $0 | X | 0.15000 | | = | $0 | $0 | $0 |
| #03 | | | | | | | | | | |
| #03 | (61) | Total of Issuer = Sum of Lines (1) through (60) | $0 | | | | | $0 | $0 | $0 |

| #04 | | Issuer Name #04: | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| #04 | (1.1) | Bond NAIC Designation Category 2.A | $0 | X | 0.01261 | | = | $0 | $0 | $0 |
| #04 | (1.2) | Bond NAIC Designation Category 2.B | $0 | X | 0.01523 | | = | $0 | $0 | $0 |
| #04 | (1.3) | Bond NAIC Designation Category 2.C | $0 | X | 0.02168 | | = | $0 | $0 | $0 |
| #04 | (2.1) | Bond NAIC Designation Category 3.A | $0 | X | 0.03151 | | = | $0 | $0 | $0 |
| #04 | (2.2) | Bond NAIC Designation Category 3.B | $0 | X | 0.04537 | | = | $0 | $0 | $0 |
| #04 | (2.3) | Bond NAIC Designation Category 3.C | $0 | X | 0.06017 | | = | $0 | $0 | $0 |
| #04 | (3.1) | Bond NAIC Designation Category 4.A | $0 | X | 0.07386 | | = | $0 | $0 | $0 |
| #04 | (3.2) | Bond NAIC Designation Category 4.B | $0 | X | 0.09535 | | = | $0 | $0 | $0 |
| #04 | (3.3) | Bond NAIC Designation Category 4.C | $0 | X | 0.12428 | | = | $0 | $0 | $0 |
| #04 | (4.1) | Bond NAIC Designation Category 5.A | $0 | X | 0.16942 | | = | $0 | $0 | $0 |
| #04 | (4.2) | Bond NAIC Designation Category 5.B | $0 | X | 0.21202 | | = | $0 | $0 | $0 |
| #04 | (4.3) | Bond NAIC Designation Category 5.C | $0 | X | 0.15000 | | = | $0 | $0 | $0 |
| #04 | (5) | Bond Asset NAIC 6 | $0 | X | 0.15000 | | = | $0 | $0 | $0 |
| #04 | (6.1) | Bond NAIC Designation Category 1.A † | $0 | X | 0.00158 | | = | $0 | $0 | $0 |
| #04 | (6.2) | Bond NAIC Designation Category 1.B † | $0 | X | 0.00271 | | = | $0 | $0 | $0 |
| #04 | (6.3) | Bond NAIC Designation Category 1.C † | $0 | X | 0.00419 | | = | $0 | $0 | $0 |
| #04 | (6.4) | Bond NAIC Designation Category 1.D † | $0 | X | 0.00523 | | = | $0 | $0 | $0 |
| #04 | (6.5) | Bond NAIC Designation Category 1.E † | $0 | X | 0.00657 | | = | $0 | $0 | $0 |
| #04 | (6.6) | Bond NAIC Designation Category 1.F † | $0 | X | 0.00816 | | = | $0 | $0 | $0 |
| #04 | (6.7) | Bond NAIC Designation Category 1.G † | $0 | X | 0.01016 | | = | $0 | $0 | $0 |
| #04 | (7) | Unaffiliated Preferred Stock NAIC 2 | $0 | X | 0.01260 | | = | $0 | $0 | $0 |
| #04 | (8) | Unaffiliated Preferred Stock NAIC 3 | $0 | X | 0.04460 | | = | $0 | $0 | $0 |
| #04 | (9) | Unaffiliated Preferred Stock NAIC 4 | $0 | X | 0.09700 | | = | $0 | $0 | $0 |
| #04 | (10) | Unaffiliated Preferred Stock NAIC 5 | $0 | X | 0.22310 | | = | $0 | $0 | $0 |
| #04 | (11) | Unaffiliated Preferred Stock NAIC 6 | $0 | X | 0.15000 | | = | $0 | $0 | $0 |
| #04 | (12) | Unaffiliated Preferred Stock NAIC 1 † | $0 | X | 0.00390 | | = | $0 | $0 | $0 |
| #04 | (13) | **All Other Collateral Loans** | $0 | X | 0.06800 | | = | $0 | $0 | $0 |
| #04 | (14) | Receivable for Securities | $0 | X | 0.01600 | | = | $0 | $0 | $0 |
| #04 | (15) | Write-ins for Invested Assets | $0 | X | 0.06800 | | = | $0 | $0 | $0 |
| #04 | (16) | Premium Notes | $0 | X | 0.06800 | | = | $0 | $0 | $0 |
| #04 | (17) | Real Estate - Foreclosed | $0 | | | | | | | |
| #04 | (18) | Real Estate - Foreclosed Encumbrances | $0 | X | 0.00000 | ‡ | = | $0 | $0 | $0 |
| #04 | (19) | Real Estate - Investments | $0 | | | | | | | |
| #04 | (20) | Real Estate - Investment Encumbrances | $0 | X | 0.00000 | ‡ | = | $0 | $0 | $0 |
| #04 | (21) | Real Estate - Schedule BA | $0 | | | | | | | |
| #04 | (22) | Real Estate - Schedule BA Encumbrances | $0 | X | 0.00000 | ‡ | = | $0 | $0 | $0 |

Company Name | Cocode: 00000

Attachment E

**ASSET CONCENTRATION FACTOR**

| Issuer | | Asset Type | (1) Book / Adjusted Carrying Value | | (2) Factor | | (3) Additional RBC | (4) Adjustment/ Subsidiary RBC | (5) RBC Requirement |
|---|---|---|---|---|---|---|---|---|---|
| #04 | (23) | Farm Mortgages - Category CM2 | $0 | X | 0.01750 | = | $0 | $0 | $0 |
| #04 | (24) | Farm Mortgages - Category CM3 | $0 | X | 0.03000 | = | $0 | $0 | $0 |
| #04 | (25) | Farm Mortgages - Category CM4 | $0 | X | 0.05000 | = | $0 | $0 | $0 |
| #04 | (26) | Farm Mortgages - Category CM5 | $0 | X | 0.07500 | = | $0 | $0 | $0 |
| #04 | (27) | Commercial Mortgages - Category CM2 | $0 | X | 0.01750 | = | $0 | $0 | $0 |
| #04 | (28) | Commercial Mortgages - Category CM3 | $0 | X | 0.03000 | = | $0 | $0 | $0 |
| #04 | (29) | Commercial Mortgages - Category CM4 | $0 | X | 0.05000 | = | $0 | $0 | $0 |
| #04 | (30) | Commercial Mortgages - Category CM5 | $0 | X | 0.07500 | = | $0 | $0 | $0 |
| #04 | (31) | Farm Mortgages - 90 Days Overdue | $0 | | | | | | |
| #04 | (32) | Farm Mortgages - 90 Days Overdue - Cumulative Writedowns | $0 | X | 0.00000 | ‡ = | $0 | $0 | $0 |
| #04 | (33) | Residential Mortgages - 90 Days Overdue | $0 | | | | | | |
| #04 | (34) | Residential Mortgages - 90 Days Overdue - Cumulative Writedowns | $0 | X | 0.00000 | ‡ = | $0 | $0 | $0 |
| #04 | (35) | Commercial Mortgages - 90 Days Overdue | $0 | | | | | | |
| #04 | (36) | Commercial Mortgages - 90 Days Overdue - Cumulative Writedowns | $0 | X | 0.00000 | ‡ = | $0 | $0 | $0 |
| #04 | (37) | Farm Mortgages in Foreclosure | $0 | | | | | | |
| #04 | (38) | Farm Mortgages in Foreclosure - Cumulative Writedowns | $0 | X | 0.00000 | ‡ = | $0 | $0 | $0 |
| #04 | (39) | Residential Mortgages in Foreclosure | $0 | | | | | | |
| #04 | (40) | Residential Mortgages in Foreclosure - Cumulative Writedowns | $0 | X | 0.00000 | ‡ = | $0 | $0 | $0 |
| #04 | (41) | Commercial Mortgages in Foreclosure | $0 | | | | | | |
| #04 | (42) | Commercial Mortgages in Foreclosure - Cumulative Writedowns | $0 | X | 0.00000 | ‡ = | $0 | $0 | $0 |
| #04 | (43) | Unaffiliated Mortgages with Covenants | $0 | X | 0.00000 | ‡ = | $0 | $0 | $0 |
| #04 | (44) | Unaffiliated Mortgages - Defeased with Government Securities | $0 | X | 0.00900 | = | $0 | $0 | $0 |
| #04 | (45) | Unaffiliated Mortgages - Primarily Senior | $0 | X | 0.01750 | = | $0 | $0 | $0 |
| #04 | (46) | Unaffiliated Mortgages - All Other | $0 | X | 0.03000 | = | $0 | $0 | $0 |
| #04 | (47) | Affiliated Mortgages - Category CM2 | $0 | X | 0.01750 | = | $0 | $0 | $0 |
| #04 | (48) | Affiliated Mortgages - Category CM3 | $0 | X | 0.03000 | = | $0 | $0 | $0 |
| #04 | (49) | Affiliated Mortgages - Category CM4 | $0 | X | 0.05000 | = | $0 | $0 | $0 |
| #04 | (50) | Affiliated Mortgages - Category CM5 | $0 | X | 0.07500 | = | $0 | $0 | $0 |
| #04 | (51) | Schedule BA Mortgages 90 Days Overdue | $0 | | | | | | |
| #04 | (52) | Schedule BA Mortgages 90 Days Overdue - Cumulative Writedowns | $0 | X | 0.00000 | ‡ = | $0 | $0 | $0 |
| #04 | (53) | Schedule BA Mortgages in Process of Foreclosure | $0 | | | | | | |
| #04 | (54) | Schedule BA Mortgages Foreclosed - Cumulative Writedowns | $0 | X | 0.00000 | ‡ = | $0 | $0 | $0 |
| #04 | (55) | Yield Guaranteed State Tax Credit Investments | $0 | X | 0.00140 | = | $0 | $0 | $0 |
| #04 | (56) | Qualifying Federal Tax Credit Investments | $0 | X | 0.02600 | = | $0 | $0 | $0 |
| #04 | (57) | Qualifying State Tax Credit Investments | $0 | X | 0.02600 | = | $0 | $0 | $0 |
| #04 | (58) | Other Tax Credit Investments | $0 | X | 0.15000 | = | $0 | $0 | $0 |
| #04 | (59) | NAIC 02 Working Capital Finance Notes | $0 | X | 0.01630 | = | $0 | $0 | $0 |
| #04 | (60) | Other Schedule BA Assets | $0 | X | 0.15000 | = | $0 | $0 | $0 |
| #04 | | | | | | | | | |
| #04 | (61) | Total of Issuer = Sum of Lines (1) through (60) | $0 | | | | $0 | $0 | $0 |

| #05 | | Issuer Name #05: | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| #05 | (1.1) | Bond NAIC Designation Category 2.A | $0 | X | 0.01261 | = | $0 | $0 | $0 |
| #05 | (1.2) | Bond NAIC Designation Category 2.B | $0 | X | 0.01523 | = | $0 | $0 | $0 |
| #05 | (1.3) | Bond NAIC Designation Category 2.C | $0 | X | 0.02168 | = | $0 | $0 | $0 |
| #05 | (2.1) | Bond NAIC Designation Category 3.A | $0 | X | 0.03151 | = | $0 | $0 | $0 |
| #05 | (2.2) | Bond NAIC Designation Category 3.B | $0 | X | 0.04537 | = | $0 | $0 | $0 |
| #05 | (2.3) | Bond NAIC Designation Category 3.C | $0 | X | 0.06017 | = | $0 | $0 | $0 |
| #05 | (3.1) | Bond NAIC Designation Category 4.A | $0 | X | 0.07386 | = | $0 | $0 | $0 |
| #05 | (3.2) | Bond NAIC Designation Category 4.B | $0 | X | 0.09535 | = | $0 | $0 | $0 |
| #05 | (3.3) | Bond NAIC Designation Category 4.C | $0 | X | 0.12428 | = | $0 | $0 | $0 |
| #05 | (4.1) | Bond NAIC Designation Category 5.A | $0 | X | 0.16942 | = | $0 | $0 | $0 |
| #05 | (4.2) | Bond NAIC Designation Category 5.B | $0 | X | 0.21202 | = | $0 | $0 | $0 |
| #05 | (4.3) | Bond NAIC Designation Category 5.C | $0 | X | 0.15000 | = | $0 | $0 | $0 |
| #05 | (5) | Bond Asset NAIC 6 | $0 | X | 0.15000 | = | $0 | $0 | $0 |
| #05 | (6.1) | Bond NAIC Designation Category 1.A † | $0 | X | 0.00158 | = | $0 | $0 | $0 |
| #05 | (6.2) | Bond NAIC Designation Category 1.B † | $0 | X | 0.00271 | = | $0 | $0 | $0 |
| #05 | (6.3) | Bond NAIC Designation Category 1.C † | $0 | X | 0.00419 | = | $0 | $0 | $0 |
| #05 | (6.4) | Bond NAIC Designation Category 1.D † | $0 | X | 0.00523 | = | $0 | $0 | $0 |
| #05 | (6.5) | Bond NAIC Designation Category 1.E † | $0 | X | 0.00657 | = | $0 | $0 | $0 |
| #05 | (6.6) | Bond NAIC Designation Category 1.F † | $0 | X | 0.00816 | = | $0 | $0 | $0 |
| #05 | (6.7) | Bond NAIC Designation Category 1.G † | $0 | X | 0.01016 | = | $0 | $0 | $0 |
| #05 | (7) | Unaffiliated Preferred Stock NAIC 2 | $0 | X | 0.01260 | = | $0 | $0 | $0 |
| #05 | (8) | Unaffiliated Preferred Stock NAIC 3 | $0 | X | 0.04460 | = | $0 | $0 | $0 |
| #05 | (9) | Unaffiliated Preferred Stock NAIC 4 | $0 | X | 0.09700 | = | $0 | $0 | $0 |
| #05 | (10) | Unaffiliated Preferred Stock NAIC 5 | $0 | X | 0.22310 | = | $0 | $0 | $0 |
| #05 | (11) | Unaffiliated Preferred Stock NAIC 6 | $0 | X | 0.15000 | = | $0 | $0 | $0 |
| #05 | (12) | Unaffiliated Preferred Stock NAIC 1 † | $0 | X | 0.00390 | = | $0 | $0 | $0 |

Company Name | Cocode: 00000

Attachment E

**ASSET CONCENTRATION FACTOR**

| Issuer | | (1) Asset Type | (2) Book / Adjusted Carrying Value | | (3) Factor | | | (4) Additional RBC | (5) Adjustment/ Subsidiary RBC | (6) RBC Requirement |
|---|---|---|---|---|---|---|---|---|---|---|
| #05 | (13) | Collateral Loans | $0 | X | 0.06800 | | = | $0 | $0 | $0 |
| #05 | (14) | Receivable for Securities | $0 | X | 0.01600 | | = | $0 | $0 | $0 |
| #05 | (15) | Write-ins for Invested Assets | $0 | X | 0.06800 | | = | $0 | $0 | $0 |
| #05 | (16) | Premium Notes | $0 | X | 0.06800 | | = | $0 | $0 | $0 |
| #05 | (17) | Real Estate - Foreclosed | $0 | | | | | | | |
| #05 | (18) | Real Estate - Foreclosed Encumbrances | $0 | X | 0.00000 | ‡ | = | $0 | $0 | $0 |
| #05 | (19) | Real Estate - Investments | $0 | | | | | | | |
| #05 | (20) | Real Estate - Investment Encumbrances | $0 | X | 0.00000 | ‡ | = | $0 | $0 | $0 |
| #05 | (21) | Real Estate - Schedule BA | $0 | | | | | | | |
| #05 | (22) | Real Estate - Schedule BA Encumbrances | $0 | X | 0.00000 | ‡ | = | $0 | $0 | $0 |
| #05 | (23) | Farm Mortgages - Category CM2 | $0 | X | 0.01750 | | = | $0 | $0 | $0 |
| #05 | (24) | Farm Mortgages - Category CM3 | $0 | X | 0.03000 | | = | $0 | $0 | $0 |
| #05 | (25) | Farm Mortgages - Category CM4 | $0 | X | 0.05000 | | = | $0 | $0 | $0 |
| #05 | (26) | Farm Mortgages - Category CM5 | $0 | X | 0.07500 | | = | $0 | $0 | $0 |
| #05 | (27) | Commercial Mortgages - Category CM2 | $0 | X | 0.01750 | | = | $0 | $0 | $0 |
| #05 | (28) | Commercial Mortgages - Category CM3 | $0 | X | 0.03000 | | = | $0 | $0 | $0 |
| #05 | (29) | Commercial Mortgages - Category CM4 | $0 | X | 0.05000 | | = | $0 | $0 | $0 |
| #05 | (30) | Commercial Mortgages - Category CM5 | $0 | X | 0.07500 | | = | $0 | $0 | $0 |
| #05 | (31) | Farm Mortgages - 90 Days Overdue | $0 | | | | | | | |
| #05 | (32) | Farm Mortgages - 90 Days Overdue - Cumulative Writedowns | $0 | X | 0.00000 | ‡ | = | $0 | $0 | $0 |
| #05 | (33) | Residential Mortgages - 90 Days Overdue | $0 | | | | | | | |
| #05 | (34) | Residential Mortgages - 90 Days Overdue - Cumulative Writedowns | $0 | X | 0.00000 | ‡ | = | $0 | $0 | $0 |
| #05 | (35) | Commercial Mortgages - 90 Days Overdue | $0 | | | | | | | |
| #05 | (36) | Commercial Mortgages - 90 Days Overdue - Cumulative Writedowns | $0 | X | 0.00000 | ‡ | = | $0 | $0 | $0 |
| #05 | (37) | Farm Mortgages in Foreclosure | $0 | | | | | | | |
| #05 | (38) | Farm Mortgages in Foreclosure - Cumulative Writedowns | $0 | X | 0.00000 | ‡ | = | $0 | $0 | $0 |
| #05 | (39) | Residential Mortgages in Foreclosure | $0 | | | | | | | |
| #05 | (40) | Residential Mortgages in Foreclosure - Cumulative Writedowns | $0 | X | 0.00000 | ‡ | = | $0 | $0 | $0 |
| #05 | (41) | Commercial Mortgages in Foreclosure | $0 | | | | | | | |
| #05 | (42) | Commercial Mortgages in Foreclosure - Cumulative Writedowns | $0 | X | 0.00000 | ‡ | = | $0 | $0 | $0 |
| #05 | (43) | Unaffiliated Mortgages with Covenants | $0 | X | 0.00000 | ‡ | = | $0 | $0 | $0 |
| #05 | (44) | Unaffiliated Mortgages - Defeased with Government Securities | $0 | X | 0.00900 | | = | $0 | $0 | $0 |
| #05 | (45) | Unaffiliated Mortgages - Primarily Senior | $0 | X | 0.01750 | | = | $0 | $0 | $0 |
| #05 | (46) | Unaffiliated Mortgages - All Other | $0 | X | 0.03000 | | = | $0 | $0 | $0 |
| #05 | (47) | Affiliated Mortgages - Category CM2 | $0 | X | 0.01750 | | = | $0 | $0 | $0 |
| #05 | (48) | Affiliated Mortgages - Category CM3 | $0 | X | 0.03000 | | = | $0 | $0 | $0 |
| #05 | (49) | Affiliated Mortgages - Category CM4 | $0 | X | 0.05000 | | = | $0 | $0 | $0 |
| #05 | (50) | Affiliated Mortgages - Category CM5 | $0 | X | 0.07500 | | = | $0 | $0 | $0 |
| #05 | (51) | Schedule BA Mortgages 90 Days Overdue | $0 | | | | | | | |
| #05 | (52) | Schedule BA Mortgages 90 Days Overdue - Cumulative Writedowns | $0 | X | 0.00000 | ‡ | = | $0 | $0 | $0 |
| #05 | (53) | Schedule BA Mortgages in Process of Foreclosure | $0 | | | | | | | |
| #05 | (54) | Schedule BA Mortgages Foreclosed - Cumulative Writedowns | $0 | X | 0.00000 | ‡ | = | $0 | $0 | $0 |
| #05 | (55) | **Yield Guaranteed State Tax Credit Investments** | $0 | X | 0.00140 | | = | $0 | $0 | $0 |
| #05 | (56) | **Qualifying Federal Tax Credit Investments** | $0 | X | 0.02600 | | = | $0 | $0 | $0 |
| #05 | (57) | **Qualifying State Tax Credit Investments** | $0 | X | **0.02600** | | = | $0 | $0 | $0 |
| #05 | (58) | **Other Tax Credit Investments** | $0 | X | **0.15000** | | = | $0 | $0 | $0 |
| #05 | **(59)** | NAIC 02 Working Capital Finance Notes | $0 | X | 0.01630 | | = | $0 | $0 | $0 |
| #05 | **(60)** | Other Schedule BA Assets | $0 | X | 0.15000 | | = | $0 | $0 | $0 |
| #05 | | | | | | | | | | |
| #05 | **(61)** | Total of Issuer = Sum of Lines (1) through **(60)** | $0 | | | | | $0 | $0 | $0 |

| #06 | | Issuer Name #06: | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| #06 | (1.1) | Bond NAIC Designation Category 2.A | $0 | X | 0.01261 | | = | $0 | $0 | $0 |
| #06 | (1.2) | Bond NAIC Designation Category 2.B | $0 | X | 0.01523 | | = | $0 | $0 | $0 |
| #06 | (1.3) | Bond NAIC Designation Category 2.C | $0 | X | 0.02168 | | = | $0 | $0 | $0 |
| #06 | (2.1) | Bond NAIC Designation Category 3.A | $0 | X | 0.03151 | | = | $0 | $0 | $0 |
| #06 | (2.2) | Bond NAIC Designation Category 3.B | $0 | X | 0.04537 | | = | $0 | $0 | $0 |
| #06 | (2.3) | Bond NAIC Designation Category 3.C | $0 | X | 0.06017 | | = | $0 | $0 | $0 |
| #06 | (3.1) | Bond NAIC Designation Category 4.A | $0 | X | 0.07386 | | = | $0 | $0 | $0 |
| #06 | (3.2) | Bond NAIC Designation Category 4.B | $0 | X | 0.09535 | | = | $0 | $0 | $0 |
| #06 | (3.3) | Bond NAIC Designation Category 4.C | $0 | X | 0.12428 | | = | $0 | $0 | $0 |
| #06 | (4.1) | Bond NAIC Designation Category 5.A | $0 | X | 0.16942 | | = | $0 | $0 | $0 |
| #06 | (4.2) | Bond NAIC Designation Category 5.B | $0 | X | 0.21202 | | = | $0 | $0 | $0 |
| #06 | (4.3) | Bond NAIC Designation Category 5.C | $0 | X | 0.15000 | | = | $0 | $0 | $0 |
| #06 | (5) | Bond Asset NAIC 6 | $0 | X | 0.15000 | | = | $0 | $0 | $0 |
| #06 | (6.1) | Bond NAIC Designation Category 1.A † | $0 | X | 0.00158 | | = | $0 | $0 | $0 |
| #06 | (6.2) | Bond NAIC Designation Category 1.B † | $0 | X | 0.00271 | | = | $0 | $0 | $0 |
| #06 | (6.3) | Bond NAIC Designation Category 1.C † | $0 | X | 0.00419 | | = | $0 | $0 | $0 |

Company Name | Cocode: 00000

Attachment E

**ASSET CONCENTRATION FACTOR**

| Issuer | | (1) Asset Type | (2) Book / Adjusted Carrying Value | | (3) Factor | | (4) Additional RBC | (5) Adjustment/ Subsidiary RBC | (6) RBC Requirement |
|---|---|---|---|---|---|---|---|---|---|
| #06 | (6.4) | Bond NAIC Designation Category 1.D † | $0 | X | 0.00523 | = | $0 | $0 | $0 |
| #06 | (6.5) | Bond NAIC Designation Category 1.E † | $0 | X | 0.00657 | = | $0 | $0 | $0 |
| #06 | (6.6) | Bond NAIC Designation Category 1.F † | $0 | X | 0.00816 | = | $0 | $0 | $0 |
| #06 | (6.7) | Bond NAIC Designation Category 1.G † | $0 | X | 0.01016 | = | $0 | $0 | $0 |
| #06 | (7) | Unaffiliated Preferred Stock NAIC 2 | $0 | X | 0.01260 | = | $0 | $0 | $0 |
| #06 | (8) | Unaffiliated Preferred Stock NAIC 3 | $0 | X | 0.04460 | = | $0 | $0 | $0 |
| #06 | (9) | Unaffiliated Preferred Stock NAIC 4 | $0 | X | 0.09700 | = | $0 | $0 | $0 |
| #06 | (10) | Unaffiliated Preferred Stock NAIC 5 | $0 | X | 0.22310 | = | $0 | $0 | $0 |
| #06 | (11) | Unaffiliated Preferred Stock NAIC 6 | $0 | X | 0.15000 | = | $0 | $0 | $0 |
| #06 | (12) | Unaffiliated Preferred Stock NAIC 1 † | $0 | X | 0.00390 | = | $0 | $0 | $0 |
| #06 | (13) | Collateral Loans | $0 | X | 0.06800 | = | $0 | $0 | $0 |
| #06 | (14) | Receivable for Securities | $0 | X | 0.01600 | = | $0 | $0 | $0 |
| #06 | (15) | Write-ins for Invested Assets | $0 | X | 0.06800 | = | $0 | $0 | $0 |
| #06 | (16) | Premium Notes | $0 | X | 0.06800 | = | $0 | $0 | $0 |
| #06 | (17) | Real Estate - Foreclosed | $0 | | | | | | |
| #06 | (18) | Real Estate - Foreclosed Encumbrances | $0 | X | 0.00000 | ‡ = | $0 | $0 | $0 |
| #06 | (19) | Real Estate - Investments | $0 | | | | | | |
| #06 | (20) | Real Estate - Investment Encumbrances | $0 | X | 0.00000 | ‡ = | $0 | $0 | $0 |
| #06 | (21) | Real Estate - Schedule BA | $0 | | | | | | |
| #06 | (22) | Real Estate - Schedule BA Encumbrances | $0 | X | 0.00000 | ‡ = | $0 | $0 | $0 |
| #06 | (23) | Farm Mortgages - Category CM2 | $0 | X | 0.01750 | = | $0 | $0 | $0 |
| #06 | (24) | Farm Mortgages - Category CM3 | $0 | X | 0.03000 | = | $0 | $0 | $0 |
| #06 | (25) | Farm Mortgages - Category CM4 | $0 | X | 0.05000 | = | $0 | $0 | $0 |
| #06 | (26) | Farm Mortgages - Category CM5 | $0 | X | 0.07500 | = | $0 | $0 | $0 |
| #06 | (27) | Commercial Mortgages - Category CM2 | $0 | X | 0.01750 | = | $0 | $0 | $0 |
| #06 | (28) | Commercial Mortgages - Category CM3 | $0 | X | 0.03000 | = | $0 | $0 | $0 |
| #06 | (29) | Commercial Mortgages - Category CM4 | $0 | X | 0.05000 | = | $0 | $0 | $0 |
| #06 | (30) | Commercial Mortgages - Category CM5 | $0 | X | 0.07500 | = | $0 | $0 | $0 |
| #06 | (31) | Farm Mortgages - 90 Days Overdue | $0 | | | | | | |
| #06 | (32) | Farm Mortgages - 90 Days Overdue - Cumulative Writedowns | $0 | X | 0.00000 | ‡ = | $0 | $0 | $0 |
| #06 | (33) | Residential Mortgages - 90 Days Overdue | $0 | | | | | | |
| #06 | (34) | Residential Mortgages - 90 Days Overdue - Cumulative Writedowns | $0 | X | 0.00000 | ‡ = | $0 | $0 | $0 |
| #06 | (35) | Commercial Mortgages - 90 Days Overdue | $0 | | | | | | |
| #06 | (36) | Commercial Mortgages - 90 Days Overdue - Cumulative Writedowns | $0 | X | 0.00000 | ‡ = | $0 | $0 | $0 |
| #06 | (37) | Farm Mortgages in Foreclosure | $0 | | | | | | |
| #06 | (38) | Farm Mortgages in Foreclosure - Cumulative Writedowns | $0 | X | 0.00000 | ‡ = | $0 | $0 | $0 |
| #06 | (39) | Residential Mortgages in Foreclosure | $0 | | | | | | |
| #06 | (40) | Residential Mortgages in Foreclosure - Cumulative Writedowns | $0 | X | 0.00000 | ‡ = | $0 | $0 | $0 |
| #06 | (41) | Commercial Mortgages in Foreclosure | $0 | | | | | | |
| #06 | (42) | Commercial Mortgages in Foreclosure - Cumulative Writedowns | $0 | X | 0.00000 | ‡ = | $0 | $0 | $0 |
| #06 | (43) | Unaffiliated Mortgages with Covenants | $0 | X | 0.00000 | ‡ = | $0 | $0 | $0 |
| #06 | (44) | Unaffiliated Mortgages - Defeased with Government Securities | $0 | X | 0.00900 | = | $0 | $0 | $0 |
| #06 | (45) | Unaffiliated Mortgages - Primarily Senior | $0 | X | 0.01750 | = | $0 | $0 | $0 |
| #06 | (46) | Unaffiliated Mortgages - All Other | $0 | X | 0.03000 | = | $0 | $0 | $0 |
| #06 | (47) | Affiliated Mortgages - Category CM2 | $0 | X | 0.01750 | = | $0 | $0 | $0 |
| #06 | (48) | Affiliated Mortgages - Category CM3 | $0 | X | 0.03000 | = | $0 | $0 | $0 |
| #06 | (49) | Affiliated Mortgages - Category CM4 | $0 | X | 0.05000 | = | $0 | $0 | $0 |
| #06 | (50) | Affiliated Mortgages - Category CM5 | $0 | X | 0.07500 | = | $0 | $0 | $0 |
| #06 | (51) | Schedule BA Mortgages 90 Days Overdue | $0 | | | | | | |
| #06 | (52) | Schedule BA Mortgages 90 Days Overdue - Cumulative Writedowns | $0 | X | 0.00000 | ‡ = | $0 | $0 | $0 |
| #06 | (53) | Schedule BA Mortgages in Process of Foreclosure | $0 | | | | | | |
| #06 | (54) | Schedule BA Mortgages Foreclosed - Cumulative Writedowns | $0 | X | 0.00000 | ‡ = | $0 | $0 | $0 |
| #06 | (55) | **Yield Guaranteed State Tax Credit Investments** | $0 | X | 0.00140 | = | $0 | $0 | $0 |
| #06 | (56) | **Qualifying Federal Tax Credit Investments** | $0 | X | 0.02600 | = | $0 | $0 | $0 |
| #06 | (57) | **Qualifying State Tax Credit Investments** | $0 | X | **0.02600** | = | $0 | $0 | $0 |
| #06 | (58) | **Other Tax Credit Investments** | $0 | X | **0.15000** | = | $0 | $0 | $0 |
| #06 | **(59)** | NAIC 02 Working Capital Finance Notes | $0 | X | 0.01630 | = | $0 | $0 | $0 |
| #06 | **(60)** | Other Schedule BA Assets | $0 | X | 0.15000 | = | $0 | $0 | $0 |
| #06 | | | | | | | | | |
| #06 | **(61)** | Total of Issuer = Sum of Lines (1) through **(60)** | $0 | | | | $0 | $0 | $0 |

| Issuer | | Issuer Name #07: | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| #07 | (1.1) | Bond NAIC Designation Category 2.A | $0 | X | 0.01261 | = | $0 | $0 | $0 |
| #07 | (1.2) | Bond NAIC Designation Category 2.B | $0 | X | 0.01523 | = | $0 | $0 | $0 |
| #07 | (1.3) | Bond NAIC Designation Category 2.C | $0 | X | 0.02168 | = | $0 | $0 | $0 |
| #07 | (2.1) | Bond NAIC Designation Category 3.A | $0 | X | 0.03151 | = | $0 | $0 | $0 |
| #07 | (2.2) | Bond NAIC Designation Category 3.B | $0 | X | 0.04537 | = | $0 | $0 | $0 |
| #07 | (2.3) | Bond NAIC Designation Category 3.C | $0 | X | 0.06017 | = | $0 | $0 | $0 |

Company Name | Cocode: 00000

Attachment E

**ASSET CONCENTRATION FACTOR**

| Issuer | | (1) Asset Type | (2) Book / Adjusted Carrying Value | | (3) Factor | | (4) Additional RBC | (5) Adjustment/ Subsidiary RBC | (6) RBC Requirement |
|---|---|---|---|---|---|---|---|---|---|
| #07 | (3.1) | Bond NAIC Designation Category 4.A | $0 | X | 0.07386 | = | $0 | $0 | $0 |
| #07 | (3.2) | Bond NAIC Designation Category 4.B | $0 | X | 0.09535 | = | $0 | $0 | $0 |
| #07 | (3.3) | Bond NAIC Designation Category 4.C | $0 | X | 0.12428 | = | $0 | $0 | $0 |
| #07 | (4.1) | Bond NAIC Designation Category 5.A | $0 | X | 0.16942 | = | $0 | $0 | $0 |
| #07 | (4.2) | Bond NAIC Designation Category 5.B | $0 | X | 0.21202 | = | $0 | $0 | $0 |
| #07 | (4.3) | Bond NAIC Designation Category 5.C | $0 | X | 0.15000 | = | $0 | $0 | $0 |
| #07 | (5) | Bond Asset NAIC 6 | $0 | X | 0.15000 | = | $0 | $0 | $0 |
| #07 | (6.1) | Bond NAIC Designation Category 1.A † | $0 | X | 0.00158 | = | $0 | $0 | $0 |
| #07 | (6.2) | Bond NAIC Designation Category 1.B † | $0 | X | 0.00271 | = | $0 | $0 | $0 |
| #07 | (6.3) | Bond NAIC Designation Category 1.C † | $0 | X | 0.00419 | = | $0 | $0 | $0 |
| #07 | (6.4) | Bond NAIC Designation Category 1.D † | $0 | X | 0.00523 | = | $0 | $0 | $0 |
| #07 | (6.5) | Bond NAIC Designation Category 1.E † | $0 | X | 0.00657 | = | $0 | $0 | $0 |
| #07 | (6.6) | Bond NAIC Designation Category 1.F † | $0 | X | 0.00816 | = | $0 | $0 | $0 |
| #07 | (6.7) | Bond NAIC Designation Category 1.G † | $0 | X | 0.01016 | = | $0 | $0 | $0 |
| #07 | (7) | Unaffiliated Preferred Stock NAIC 2 | $0 | X | 0.01260 | = | $0 | $0 | $0 |
| #07 | (8) | Unaffiliated Preferred Stock NAIC 3 | $0 | X | 0.04460 | = | $0 | $0 | $0 |
| #07 | (9) | Unaffiliated Preferred Stock NAIC 4 | $0 | X | 0.09700 | = | $0 | $0 | $0 |
| #07 | (10) | Unaffiliated Preferred Stock NAIC 5 | $0 | X | 0.22310 | = | $0 | $0 | $0 |
| #07 | (11) | Unaffiliated Preferred Stock NAIC 6 | $0 | X | 0.15000 | = | $0 | $0 | $0 |
| #07 | (12) | Unaffiliated Preferred Stock NAIC 1 † | $0 | X | 0.00390 | = | $0 | $0 | $0 |
| #07 | (13) | Collateral Loans | $0 | X | 0.06800 | = | $0 | $0 | $0 |
| #07 | (14) | Receivable for Securities | $0 | X | 0.01600 | = | $0 | $0 | $0 |
| #07 | (15) | Write-ins for Invested Assets | $0 | X | 0.06800 | = | $0 | $0 | $0 |
| #07 | (16) | Premium Notes | $0 | X | 0.06800 | = | $0 | $0 | $0 |
| #07 | (17) | Real Estate - Foreclosed | $0 | | | | | | |
| #07 | (18) | Real Estate - Foreclosed Encumbrances | $0 | X | 0.00000 | ‡ = | $0 | $0 | $0 |
| #07 | (19) | Real Estate - Investments | $0 | | | | | | |
| #07 | (20) | Real Estate - Investment Encumbrances | $0 | X | 0.00000 | ‡ = | $0 | $0 | $0 |
| #07 | (21) | Real Estate - Schedule BA | $0 | | | | | | |
| #07 | (22) | Real Estate - Schedule BA Encumbrances | $0 | X | 0.00000 | ‡ = | $0 | $0 | $0 |
| #07 | (23) | Farm Mortgages - Category CM2 | $0 | X | 0.01750 | = | $0 | $0 | $0 |
| #07 | (24) | Farm Mortgages - Category CM3 | $0 | X | 0.03000 | = | $0 | $0 | $0 |
| #07 | (25) | Farm Mortgages - Category CM4 | $0 | X | 0.05000 | = | $0 | $0 | $0 |
| #07 | (26) | Farm Mortgages - Category CM5 | $0 | X | 0.07500 | = | $0 | $0 | $0 |
| #07 | (27) | Commercial Mortgages - Category CM2 | $0 | X | 0.01750 | = | $0 | $0 | $0 |
| #07 | (28) | Commercial Mortgages - Category CM3 | $0 | X | 0.03000 | = | $0 | $0 | $0 |
| #07 | (29) | Commercial Mortgages - Category CM4 | $0 | X | 0.05000 | = | $0 | $0 | $0 |
| #07 | (30) | Commercial Mortgages - Category CM5 | $0 | X | 0.07500 | = | $0 | $0 | $0 |
| #07 | (31) | Farm Mortgages - 90 Days Overdue | $0 | | | | | | |
| #07 | (32) | Farm Mortgages - 90 Days Overdue - Cumulative Writedowns | $0 | X | 0.00000 | ‡ = | $0 | $0 | $0 |
| #07 | (33) | Residential Mortgages - 90 Days Overdue | $0 | | | | | | |
| #07 | (34) | Residential Mortgages - 90 Days Overdue - Cumulative Writedowns | $0 | X | 0.00000 | ‡ = | $0 | $0 | $0 |
| #07 | (35) | Commercial Mortgages - 90 Days Overdue | $0 | | | | | | |
| #07 | (36) | Commercial Mortgages - 90 Days Overdue - Cumulative Writedowns | $0 | X | 0.00000 | ‡ = | $0 | $0 | $0 |
| #07 | (37) | Farm Mortgages in Foreclosure | $0 | | | | | | |
| #07 | (38) | Farm Mortgages in Foreclosure - Cumulative Writedowns | $0 | X | 0.00000 | ‡ = | $0 | $0 | $0 |
| #07 | (39) | Residential Mortgages in Foreclosure | $0 | | | | | | |
| #07 | (40) | Residential Mortgages in Foreclosure - Cumulative Writedowns | $0 | X | 0.00000 | ‡ = | $0 | $0 | $0 |
| #07 | (41) | Commercial Mortgages in Foreclosure | $0 | | | | | | |
| #07 | (42) | Commercial Mortgages in Foreclosure - Cumulative Writedowns | $0 | X | 0.00000 | ‡ = | $0 | $0 | $0 |
| #07 | (43) | Unaffiliated Mortgages with Covenants | $0 | X | 0.00000 | ‡ = | $0 | $0 | $0 |
| #07 | (44) | Unaffiliated Mortgages - Defeased with Government Securities | $0 | X | 0.00900 | = | $0 | $0 | $0 |
| #07 | (45) | Unaffiliated Mortgages - Primarily Senior | $0 | X | 0.01750 | = | $0 | $0 | $0 |
| #07 | (46) | Unaffiliated Mortgages - All Other | $0 | X | 0.03000 | = | $0 | $0 | $0 |
| #07 | (47) | Affiliated Mortgages - Category CM2 | $0 | X | 0.01750 | = | $0 | $0 | $0 |
| #07 | (48) | Affiliated Mortgages - Category CM3 | $0 | X | 0.03000 | = | $0 | $0 | $0 |
| #07 | (49) | Affiliated Mortgages - Category CM4 | $0 | X | 0.05000 | = | $0 | $0 | $0 |
| #07 | (50) | Affiliated Mortgages - Category CM5 | $0 | X | 0.07500 | = | $0 | $0 | $0 |
| #07 | (51) | Schedule BA Mortgages 90 Days Overdue | $0 | | | | | | |
| #07 | (52) | Schedule BA Mortgages 90 Days Overdue - Cumulative Writedowns | $0 | X | 0.00000 | ‡ = | $0 | $0 | $0 |
| #07 | (53) | Schedule BA Mortgages in Process of Foreclosure | $0 | | | | | | |
| #07 | (54) | Schedule BA Mortgages Foreclosed - Cumulative Writedowns | $0 | X | 0.00000 | ‡ = | $0 | $0 | $0 |
| #07 | (55) | **Yield Guaranteed State Tax Credit Investments** | $0 | X | 0.00140 | = | $0 | $0 | $0 |
| #07 | (56) | **Qualifying Federal Tax Credit Investments** | $0 | X | 0.02600 | = | $0 | $0 | $0 |
| #07 | (57) | **Qualifying State Tax Credit Investments** | $0 | X | **0.02600** | = | $0 | $0 | $0 |
| #07 | (58) | **Other Tax Credit Investments** | $0 | X | **0.15000** | = | $0 | $0 | $0 |
| #07 | **(59)** | NAIC 02 Working Capital Finance Notes | $0 | X | 0.01630 | = | $0 | $0 | $0 |
| #07 | **(60)** | Other Schedule BA Assets | $0 | X | 0.15000 | = | $0 | $0 | $0 |
| #07 | | | | | | | | | |
| #07 | **(61)** | Total of Issuer = Sum of Lines (1) through **(60)** | $0 | | | | $0 | $0 | $0 |

Company Name

Cocode: 00000

Attachment E

**ASSET CONCENTRATION FACTOR**

| Issuer | | Asset Type | (1) Book / Adjusted Carrying Value | | (2) Factor | | | (3) Additional RBC | (4) Adjustment/ Subsidiary RBC | (5) RBC Requirement |
|---|---|---|---|---|---|---|---|---|---|---|
| #08 | | Issuer Name #08: | | | | | | | | |
| #08 | (1.1) | Bond NAIC Designation Category 2.A | $0 | X | 0.01261 | | = | $0 | $0 | $0 |
| #08 | (1.2) | Bond NAIC Designation Category 2.B | $0 | X | 0.01523 | | = | $0 | $0 | $0 |
| #08 | (1.3) | Bond NAIC Designation Category 2.C | $0 | X | 0.02168 | | = | $0 | $0 | $0 |
| #08 | (2.1) | Bond NAIC Designation Category 3.A | $0 | X | 0.03151 | | = | $0 | $0 | $0 |
| #08 | (2.2) | Bond NAIC Designation Category 3.B | $0 | X | 0.04537 | | = | $0 | $0 | $0 |
| #08 | (2.3) | Bond NAIC Designation Category 3.C | $0 | X | 0.06017 | | = | $0 | $0 | $0 |
| #08 | (3.1) | Bond NAIC Designation Category 4.A | $0 | X | 0.07386 | | = | $0 | $0 | $0 |
| #08 | (3.2) | Bond NAIC Designation Category 4.B | $0 | X | 0.09535 | | = | $0 | $0 | $0 |
| #08 | (3.3) | Bond NAIC Designation Category 4.C | $0 | X | 0.12428 | | = | $0 | $0 | $0 |
| #08 | (4.1) | Bond NAIC Designation Category 5.A | $0 | X | 0.16942 | | = | $0 | $0 | $0 |
| #08 | (4.2) | Bond NAIC Designation Category 5.B | $0 | X | 0.21202 | | = | $0 | $0 | $0 |
| #08 | (4.3) | Bond NAIC Designation Category 5.C | $0 | X | 0.15000 | | = | $0 | $0 | $0 |
| #08 | (5) | Bond Asset NAIC 6 | $0 | X | 0.15000 | | = | $0 | $0 | $0 |
| #08 | (6.1) | Bond NAIC Designation Category 1.A † | $0 | X | 0.00158 | | = | $0 | $0 | $0 |
| #08 | (6.2) | Bond NAIC Designation Category 1.B † | $0 | X | 0.00271 | | = | $0 | $0 | $0 |
| #08 | (6.3) | Bond NAIC Designation Category 1.C † | $0 | X | 0.00419 | | = | $0 | $0 | $0 |
| #08 | (6.4) | Bond NAIC Designation Category 1.D † | $0 | X | 0.00523 | | = | $0 | $0 | $0 |
| #08 | (6.5) | Bond NAIC Designation Category 1.E † | $0 | X | 0.00657 | | = | $0 | $0 | $0 |
| #08 | (6.6) | Bond NAIC Designation Category 1.F † | $0 | X | 0.00816 | | = | $0 | $0 | $0 |
| #08 | (6.7) | Bond NAIC Designation Category 1.G † | $0 | X | 0.01016 | | = | $0 | $0 | $0 |
| #08 | (7) | Unaffiliated Preferred Stock NAIC 2 | $0 | X | 0.01260 | | = | $0 | $0 | $0 |
| #08 | (8) | Unaffiliated Preferred Stock NAIC 3 | $0 | X | 0.04460 | | = | $0 | $0 | $0 |
| #08 | (9) | Unaffiliated Preferred Stock NAIC 4 | $0 | X | 0.09700 | | = | $0 | $0 | $0 |
| #08 | (10) | Unaffiliated Preferred Stock NAIC 5 | $0 | X | 0.22310 | | = | $0 | $0 | $0 |
| #08 | (11) | Unaffiliated Preferred Stock NAIC 6 | $0 | X | 0.15000 | | = | $0 | $0 | $0 |
| #08 | (12) | Unaffiliated Preferred Stock NAIC 1 † | $0 | X | 0.00390 | | = | $0 | $0 | $0 |
| #08 | (13) | Collateral Loans | $0 | X | 0.06800 | | = | $0 | $0 | $0 |
| #08 | (14) | Receivable for Securities | $0 | X | 0.01600 | | = | $0 | $0 | $0 |
| #08 | (15) | Write-ins for Invested Assets | $0 | X | 0.06800 | | = | $0 | $0 | $0 |
| #08 | (16) | Premium Notes | $0 | X | 0.06800 | | = | $0 | $0 | $0 |
| #08 | (17) | Real Estate - Foreclosed | $0 | | | | | | | |
| #08 | (18) | Real Estate - Foreclosed Encumbrances | $0 | X | 0.00000 | ‡ | = | $0 | $0 | $0 |
| #08 | (19) | Real Estate - Investments | $0 | | | | | | | |
| #08 | (20) | Real Estate - Investment Encumbrances | $0 | X | 0.00000 | ‡ | = | $0 | $0 | $0 |
| #08 | (21) | Real Estate - Schedule BA | $0 | | | | | | | |
| #08 | (22) | Real Estate - Schedule BA Encumbrances | $0 | X | 0.00000 | ‡ | = | $0 | $0 | $0 |
| #08 | (23) | Farm Mortgages - Category CM2 | $0 | X | 0.01750 | | = | $0 | $0 | $0 |
| #08 | (24) | Farm Mortgages - Category CM3 | $0 | X | 0.03000 | | = | $0 | $0 | $0 |
| #08 | (25) | Farm Mortgages - Category CM4 | $0 | X | 0.05000 | | = | $0 | $0 | $0 |
| #08 | (26) | Farm Mortgages - Category CM5 | $0 | X | 0.07500 | | = | $0 | $0 | $0 |
| #08 | (27) | Commercial Mortgages - Category CM2 | $0 | X | 0.01750 | | = | $0 | $0 | $0 |
| #08 | (28) | Commercial Mortgages - Category CM3 | $0 | X | 0.03000 | | = | $0 | $0 | $0 |
| #08 | (29) | Commercial Mortgages - Category CM4 | $0 | X | 0.05000 | | = | $0 | $0 | $0 |
| #08 | (30) | Commercial Mortgages - Category CM5 | $0 | X | 0.07500 | | = | $0 | $0 | $0 |
| #08 | (31) | Farm Mortgages - 90 Days Overdue | $0 | | | | | | | |
| #08 | (32) | Farm Mortgages - 90 Days Overdue - Cumulative Writedowns | $0 | X | 0.00000 | ‡ | = | $0 | $0 | $0 |
| #08 | (33) | Residential Mortgages - 90 Days Overdue | $0 | | | | | | | |
| #08 | (34) | Residential Mortgages - 90 Days Overdue - Cumulative Writedowns | $0 | X | 0.00000 | ‡ | = | $0 | $0 | $0 |
| #08 | (35) | Commercial Mortgages - 90 Days Overdue | $0 | | | | | | | |
| #08 | (36) | Commercial Mortgages - 90 Days Overdue - Cumulative Writedowns | $0 | X | 0.00000 | ‡ | = | $0 | $0 | $0 |
| #08 | (37) | Farm Mortgages in Foreclosure | $0 | | | | | | | |
| #08 | (38) | Farm Mortgages in Foreclosure - Cumulative Writedowns | $0 | X | 0.00000 | ‡ | = | $0 | $0 | $0 |
| #08 | (39) | Residential Mortgages in Foreclosure | $0 | | | | | | | |
| #08 | (40) | Residential Mortgages in Foreclosure - Cumulative Writedowns | $0 | X | 0.00000 | ‡ | = | $0 | $0 | $0 |
| #08 | (41) | Commercial Mortgages in Foreclosure | $0 | | | | | | | |
| #08 | (42) | Commercial Mortgages in Foreclosure - Cumulative Writedowns | $0 | X | 0.00000 | ‡ | = | $0 | $0 | $0 |
| #08 | (43) | Unaffiliated Mortgages with Covenants | $0 | X | 0.00000 | ‡ | = | $0 | $0 | $0 |
| #08 | (44) | Unaffiliated Mortgages - Defeased with Government Securities | $0 | X | 0.00900 | | = | $0 | $0 | $0 |
| #08 | (45) | Unaffiliated Mortgages - Primarily Senior | $0 | X | 0.01750 | | = | $0 | $0 | $0 |
| #08 | (46) | Unaffiliated Mortgages - All Other | $0 | X | 0.03000 | | = | $0 | $0 | $0 |
| #08 | (47) | Affiliated Mortgages - Category CM2 | $0 | X | 0.01750 | | = | $0 | $0 | $0 |
| #08 | (48) | Affiliated Mortgages - Category CM3 | $0 | X | 0.03000 | | = | $0 | $0 | $0 |
| #08 | (49) | Affiliated Mortgages - Category CM4 | $0 | X | 0.05000 | | = | $0 | $0 | $0 |
| #08 | (50) | Affiliated Mortgages - Category CM5 | $0 | X | 0.07500 | | = | $0 | $0 | $0 |
| #08 | (51) | Schedule BA Mortgages 90 Days Overdue | $0 | | | | | | | |
| #08 | (52) | Schedule BA Mortgages 90 Days Overdue - Cumulative Writedowns | $0 | X | 0.00000 | ‡ | = | $0 | $0 | $0 |

Company Name

Cocode: 00000

Attachment E

**ASSET CONCENTRATION FACTOR**

| Issuer | | Asset Type | (1) Book / Adjusted Carrying Value | | (2) Factor | | | (3) Additional RBC | (4) Adjustment/ Subsidiary RBC | (5) RBC Requirement |
|---|---|---|---|---|---|---|---|---|---|---|
| #08 | (53) | Schedule BA Mortgages in Process of Foreclosure | $0 | | | | | | | |
| #08 | (54) | Schedule BA Mortgages Foreclosed - Cumulative Writedowns | $0 | X | 0.00000 | ‡ | = | $0 | $0 | $0 |
| #08 | (55) | **Yield Guaranteed State Tax Credit Investments** | $0 | X | 0.00140 | | = | $0 | $0 | $0 |
| #08 | (56) | **Qualifying Federal Tax Credit Investments** | $0 | X | 0.02600 | | = | $0 | $0 | $0 |
| #08 | (57) | **Qualifying State Tax Credit Investments** | $0 | X | **0.02600** | | = | $0 | $0 | $0 |
| #08 | (58) | **Other Tax Credit Investments** | $0 | X | **0.15000** | | = | $0 | $0 | $0 |
| #08 | **(59)** | NAIC 02 Working Capital Finance Notes | $0 | X | 0.01630 | | = | $0 | $0 | $0 |
| #08 | **(60)** | Other Schedule BA Assets | $0 | X | 0.15000 | | = | $0 | $0 | $0 |
| #08 | | | | | | | | | | |
| #08 | **(61)** | Total of Issuer = Sum of Lines (1) through **(60)** | $0 | | | | | $0 | $0 | $0 |
| | | | | | | | | | | |
| #09 | | Issuer Name #09: | | | | | | | | |
| #09 | (1.1) | Bond NAIC Designation Category 2.A | $0 | X | 0.01261 | | = | $0 | $0 | $0 |
| #09 | (1.2) | Bond NAIC Designation Category 2.B | $0 | X | 0.01523 | | = | $0 | $0 | $0 |
| #09 | (1.3) | Bond NAIC Designation Category 2.C | $0 | X | 0.02168 | | = | $0 | $0 | $0 |
| #09 | (2.1) | Bond NAIC Designation Category 3.A | $0 | X | 0.03151 | | = | $0 | $0 | $0 |
| #09 | (2.2) | Bond NAIC Designation Category 3.B | $0 | X | 0.04537 | | = | $0 | $0 | $0 |
| #09 | (2.3) | Bond NAIC Designation Category 3.C | $0 | X | 0.06017 | | = | $0 | $0 | $0 |
| #09 | (3.1) | Bond NAIC Designation Category 4.A | $0 | X | 0.07386 | | = | $0 | $0 | $0 |
| #09 | (3.2) | Bond NAIC Designation Category 4.B | $0 | X | 0.09535 | | = | $0 | $0 | $0 |
| #09 | (3.3) | Bond NAIC Designation Category 4.C | $0 | X | 0.12428 | | = | $0 | $0 | $0 |
| #09 | (4.1) | Bond NAIC Designation Category 5.A | $0 | X | 0.16942 | | = | $0 | $0 | $0 |
| #09 | (4.2) | Bond NAIC Designation Category 5.B | $0 | X | 0.21202 | | = | $0 | $0 | $0 |
| #09 | (4.3) | Bond NAIC Designation Category 5.C | $0 | X | 0.15000 | | = | $0 | $0 | $0 |
| #09 | (5) | Bond Asset NAIC 6 | $0 | X | 0.15000 | | = | $0 | $0 | $0 |
| #09 | (6.1) | Bond NAIC Designation Category 1.A † | $0 | X | 0.00158 | | = | $0 | $0 | $0 |
| #09 | (6.2) | Bond NAIC Designation Category 1.B † | $0 | X | 0.00271 | | = | $0 | $0 | $0 |
| #09 | (6.3) | Bond NAIC Designation Category 1.C † | $0 | X | 0.00419 | | = | $0 | $0 | $0 |
| #09 | (6.4) | Bond NAIC Designation Category 1.D † | $0 | X | 0.00523 | | = | $0 | $0 | $0 |
| #09 | (6.5) | Bond NAIC Designation Category 1.E † | $0 | X | 0.00657 | | = | $0 | $0 | $0 |
| #09 | (6.6) | Bond NAIC Designation Category 1.F † | $0 | X | 0.00816 | | = | $0 | $0 | $0 |
| #09 | (6.7) | Bond NAIC Designation Category 1.G † | $0 | X | 0.01016 | | = | $0 | $0 | $0 |
| #09 | (7) | Unaffiliated Preferred Stock NAIC 2 | $0 | X | 0.01260 | | = | $0 | $0 | $0 |
| #09 | (8) | Unaffiliated Preferred Stock NAIC 3 | $0 | X | 0.04460 | | = | $0 | $0 | $0 |
| #09 | (9) | Unaffiliated Preferred Stock NAIC 4 | $0 | X | 0.09700 | | = | $0 | $0 | $0 |
| #09 | (10) | Unaffiliated Preferred Stock NAIC 5 | $0 | X | 0.22310 | | = | $0 | $0 | $0 |
| #09 | (11) | Unaffiliated Preferred Stock NAIC 6 | $0 | X | 0.15000 | | = | $0 | $0 | $0 |
| #09 | (12) | Unaffiliated Preferred Stock NAIC 1 † | $0 | X | 0.00390 | | = | $0 | $0 | $0 |
| #09 | (13) | Collateral Loans | $0 | X | 0.06800 | | = | $0 | $0 | $0 |
| #09 | (14) | Receivable for Securities | $0 | X | 0.01600 | | = | $0 | $0 | $0 |
| #09 | (15) | Write-ins for Invested Assets | $0 | X | 0.06800 | | = | $0 | $0 | $0 |
| #09 | (16) | Premium Notes | $0 | X | 0.06800 | | = | $0 | $0 | $0 |
| #09 | (17) | Real Estate - Foreclosed | $0 | | | | | | | |
| #09 | (18) | Real Estate - Foreclosed Encumbrances | $0 | X | 0.00000 | ‡ | = | $0 | $0 | $0 |
| #09 | (19) | Real Estate - Investments | $0 | | | | | | | |
| #09 | (20) | Real Estate - Investment Encumbrances | $0 | X | 0.00000 | ‡ | = | $0 | $0 | $0 |
| #09 | (21) | Real Estate - Schedule BA | $0 | | | | | | | |
| #09 | (22) | Real Estate - Schedule BA Encumbrances | $0 | X | 0.00000 | ‡ | = | $0 | $0 | $0 |
| #09 | (23) | Farm Mortgages - Category CM2 | $0 | X | 0.01750 | | = | $0 | $0 | $0 |
| #09 | (24) | Farm Mortgages - Category CM3 | $0 | X | 0.03000 | | = | $0 | $0 | $0 |
| #09 | (25) | Farm Mortgages - Category CM4 | $0 | X | 0.05000 | | = | $0 | $0 | $0 |
| #09 | (26) | Farm Mortgages - Category CM5 | $0 | X | 0.07500 | | = | $0 | $0 | $0 |
| #09 | (27) | Commercial Mortgages - Category CM2 | $0 | X | 0.01750 | | = | $0 | $0 | $0 |
| #09 | (28) | Commercial Mortgages - Category CM3 | $0 | X | 0.03000 | | = | $0 | $0 | $0 |
| #09 | (29) | Commercial Mortgages - Category CM4 | $0 | X | 0.05000 | | = | $0 | $0 | $0 |
| #09 | (30) | Commercial Mortgages - Category CM5 | $0 | X | 0.07500 | | = | $0 | $0 | $0 |
| #09 | (31) | Farm Mortgages - 90 Days Overdue | $0 | | | | | | | |
| #09 | (32) | Farm Mortgages - 90 Days Overdue - Cumulative Writedowns | $0 | X | 0.00000 | ‡ | = | $0 | $0 | $0 |
| #09 | (33) | Residential Mortgages - 90 Days Overdue | $0 | | | | | | | |
| #09 | (34) | Residential Mortgages - 90 Days Overdue - Cumulative Writedowns | $0 | X | 0.00000 | ‡ | = | $0 | $0 | $0 |
| #09 | (35) | Commercial Mortgages - 90 Days Overdue | $0 | | | | | | | |
| #09 | (36) | Commercial Mortgages - 90 Days Overdue - Cumulative Writedowns | $0 | X | 0.00000 | ‡ | = | $0 | $0 | $0 |
| #09 | (37) | Farm Mortgages in Foreclosure | $0 | | | | | | | |
| #09 | (38) | Farm Mortgages in Foreclosure - Cumulative Writedowns | $0 | X | 0.00000 | ‡ | = | $0 | $0 | $0 |
| #09 | (39) | Residential Mortgages in Foreclosure | $0 | | | | | | | |
| #09 | (40) | Residential Mortgages in Foreclosure - Cumulative Writedowns | $0 | X | 0.00000 | ‡ | = | $0 | $0 | $0 |
| #09 | (41) | Commercial Mortgages in Foreclosure | $0 | | | | | | | |
| #09 | (42) | Commercial Mortgages in Foreclosure - Cumulative Writedowns | $0 | X | 0.00000 | ‡ | = | $0 | $0 | $0 |

Company Name | Cocode: 00000

Attachment E

**ASSET CONCENTRATION FACTOR**

| Issuer | | Asset Type | (1) Book / Adjusted Carrying Value | | (2) Factor | | | (3) Additional RBC | (4) Adjustment/ Subsidiary RBC | (5) RBC Requirement |
|---|---|---|---|---|---|---|---|---|---|---|
| #09 | (43) | Unaffiliated Mortgages with Covenants | $0 | X | 0.00000 | ‡ | = | $0 | $0 | $0 |
| #09 | (44) | Unaffiliated Mortgages - Defeased with Government Securities | $0 | X | 0.00900 | | = | $0 | $0 | $0 |
| #09 | (45) | Unaffiliated Mortgages - Primarily Senior | $0 | X | 0.01750 | | = | $0 | $0 | $0 |
| #09 | (46) | Unaffiliated Mortgages - All Other | $0 | X | 0.03000 | | = | $0 | $0 | $0 |
| #09 | (47) | Affiliated Mortgages - Category CM2 | $0 | X | 0.01750 | | = | $0 | $0 | $0 |
| #09 | (48) | Affiliated Mortgages - Category CM3 | $0 | X | 0.03000 | | = | $0 | $0 | $0 |
| #09 | (49) | Affiliated Mortgages - Category CM4 | $0 | X | 0.05000 | | = | $0 | $0 | $0 |
| #09 | (50) | Affiliated Mortgages - Category CM5 | $0 | X | 0.07500 | | = | $0 | $0 | $0 |
| #09 | (51) | Schedule BA Mortgages 90 Days Overdue | $0 | | | | | | | |
| #09 | (52) | Schedule BA Mortgages 90 Days Overdue - Cumulative Writedowns | $0 | X | 0.00000 | ‡ | = | $0 | $0 | $0 |
| #09 | (53) | Schedule BA Mortgages in Process of Foreclosure | $0 | | | | | | | |
| #09 | (54) | Schedule BA Mortgages Foreclosed - Cumulative Writedowns | $0 | X | 0.00000 | ‡ | = | $0 | $0 | $0 |
| #09 | (55) | **Yield Guaranteed State Tax Credit Investments** | $0 | X | 0.00140 | | = | $0 | $0 | $0 |
| #09 | (56) | **Qualifying Federal Tax Credit Investments** | $0 | X | 0.02600 | | = | $0 | $0 | $0 |
| #09 | (57) | **Qualifying State Tax Credit Investments** | $0 | X | **0.02600** | | = | $0 | $0 | $0 |
| #09 | (58) | **Other Tax Credit Investments** | $0 | X | **0.15000** | | = | $0 | $0 | $0 |
| #09 | **(59)** | NAIC 02 Working Capital Finance Notes | $0 | X | 0.01630 | | = | $0 | $0 | $0 |
| #09 | **(60)** | Other Schedule BA Assets | $0 | X | 0.15000 | | = | $0 | $0 | $0 |
| #09 | | | | | | | | | | |
| #09 | **(61)** | Total of Issuer = Sum of Lines (1) through **(60)** | $0 | | | | | $0 | $0 | $0 |
| | | | | | | | | | | |
| #10 | | Issuer Name #10: | | | | | | | | |
| #10 | (1.1) | Bond NAIC Designation Category 2.A | $0 | X | 0.01261 | | = | $0 | $0 | $0 |
| #10 | (1.2) | Bond NAIC Designation Category 2.B | $0 | X | 0.01523 | | = | $0 | $0 | $0 |
| #10 | (1.3) | Bond NAIC Designation Category 2.C | $0 | X | 0.02168 | | = | $0 | $0 | $0 |
| #10 | (2.1) | Bond NAIC Designation Category 3.A | $0 | X | 0.03151 | | = | $0 | $0 | $0 |
| #10 | (2.2) | Bond NAIC Designation Category 3.B | $0 | X | 0.04537 | | = | $0 | $0 | $0 |
| #10 | (2.3) | Bond NAIC Designation Category 3.C | $0 | X | 0.06017 | | = | $0 | $0 | $0 |
| #10 | (3.1) | Bond NAIC Designation Category 4.A | $0 | X | 0.07386 | | = | $0 | $0 | $0 |
| #10 | (3.2) | Bond NAIC Designation Category 4.B | $0 | X | 0.09535 | | = | $0 | $0 | $0 |
| #10 | (3.3) | Bond NAIC Designation Category 4.C | $0 | X | 0.12428 | | = | $0 | $0 | $0 |
| #10 | (4.1) | Bond NAIC Designation Category 5.A | $0 | X | 0.16942 | | = | $0 | $0 | $0 |
| #10 | (4.2) | Bond NAIC Designation Category 5.B | $0 | X | 0.21202 | | = | $0 | $0 | $0 |
| #10 | (4.3) | Bond NAIC Designation Category 5.C | $0 | X | 0.15000 | | = | $0 | $0 | $0 |
| #10 | (5) | Bond Asset NAIC 6 | $0 | X | 0.15000 | | = | $0 | $0 | $0 |
| #10 | (6.1) | Bond NAIC Designation Category 1.A † | $0 | X | 0.00158 | | = | $0 | $0 | $0 |
| #10 | (6.2) | Bond NAIC Designation Category 1.B † | $0 | X | 0.00271 | | = | $0 | $0 | $0 |
| #10 | (6.3) | Bond NAIC Designation Category 1.C † | $0 | X | 0.00419 | | = | $0 | $0 | $0 |
| #10 | (6.4) | Bond NAIC Designation Category 1.D † | $0 | X | 0.00523 | | = | $0 | $0 | $0 |
| #10 | (6.5) | Bond NAIC Designation Category 1.E † | $0 | X | 0.00657 | | = | $0 | $0 | $0 |
| #10 | (6.6) | Bond NAIC Designation Category 1.F † | $0 | X | 0.00816 | | = | $0 | $0 | $0 |
| #10 | (6.7) | Bond NAIC Designation Category 1.G † | $0 | X | 0.01016 | | = | $0 | $0 | $0 |
| #10 | (7) | Unaffiliated Preferred Stock NAIC 2 | $0 | X | 0.01260 | | = | $0 | $0 | $0 |
| #10 | (8) | Unaffiliated Preferred Stock NAIC 3 | $0 | X | 0.04460 | | = | $0 | $0 | $0 |
| #10 | (9) | Unaffiliated Preferred Stock NAIC 4 | $0 | X | 0.09700 | | = | $0 | $0 | $0 |
| #10 | (10) | Unaffiliated Preferred Stock NAIC 5 | $0 | X | 0.22310 | | = | $0 | $0 | $0 |
| #10 | (11) | Unaffiliated Preferred Stock NAIC 6 | $0 | X | 0.15000 | | = | $0 | $0 | $0 |
| #10 | (12) | Unaffiliated Preferred Stock NAIC 1 † | $0 | X | 0.00390 | | = | $0 | $0 | $0 |
| #10 | (13) | Collateral Loans | $0 | X | 0.06800 | | = | $0 | $0 | $0 |
| #10 | (14) | Receivable for Securities | $0 | X | 0.01600 | | = | $0 | $0 | $0 |
| #10 | (15) | Write-ins for Invested Assets | $0 | X | 0.06800 | | = | $0 | $0 | $0 |
| #10 | (16) | Premium Notes | $0 | X | 0.06800 | | = | $0 | $0 | $0 |
| #10 | (17) | Real Estate - Foreclosed | $0 | | | | | | | |
| #10 | (18) | Real Estate - Foreclosed Encumbrances | $0 | X | 0.00000 | ‡ | = | $0 | $0 | $0 |
| #10 | (19) | Real Estate - Investments | $0 | | | | | | | |
| #10 | (20) | Real Estate - Investment Encumbrances | $0 | X | 0.00000 | ‡ | = | $0 | $0 | $0 |
| #10 | (21) | Real Estate - Schedule BA | $0 | | | | | | | |
| #10 | (22) | Real Estate - Schedule BA Encumbrances | $0 | X | 0.00000 | ‡ | = | $0 | $0 | $0 |
| #10 | (23) | Farm Mortgages - Category CM2 | $0 | X | 0.01750 | | = | $0 | $0 | $0 |
| #10 | (24) | Farm Mortgages - Category CM3 | $0 | X | 0.03000 | | = | $0 | $0 | $0 |
| #10 | (25) | Farm Mortgages - Category CM4 | $0 | X | 0.05000 | | = | $0 | $0 | $0 |
| #10 | (26) | Farm Mortgages - Category CM5 | $0 | X | 0.07500 | | = | $0 | $0 | $0 |
| #10 | (27) | Commercial Mortgages - Category CM2 | $0 | X | 0.01750 | | = | $0 | $0 | $0 |
| #10 | (28) | Commercial Mortgages - Category CM3 | $0 | X | 0.03000 | | = | $0 | $0 | $0 |
| #10 | (29) | Commercial Mortgages - Category CM4 | $0 | X | 0.05000 | | = | $0 | $0 | $0 |
| #10 | (30) | Commercial Mortgages - Category CM5 | $0 | X | 0.07500 | | = | $0 | $0 | $0 |
| #10 | (31) | Farm Mortgages - 90 Days Overdue | $0 | | | | | | | |
| #10 | (32) | Farm Mortgages - 90 Days Overdue - Cumulative Writedowns | $0 | X | 0.00000 | ‡ | = | $0 | $0 | $0 |

Company Name | Cocode: 00000

Attachment E

**ASSET CONCENTRATION FACTOR**

| Issuer | | Asset Type | (1) Book / Adjusted Carrying Value | | (3) Factor | | | (4) Additional RBC | (5) Adjustment/ Subsidiary RBC | (6) RBC Requirement |
|---|---|---|---|---|---|---|---|---|---|---|
| #10 | (33) | Residential Mortgages - 90 Days Overdue | $0 | | | | | | | |
| #10 | (34) | Residential Mortgages - 90 Days Overdue - Cumulative Writedowns | $0 | X | 0.00000 | ‡ | = | $0 | $0 | $0 |
| #10 | (35) | Commercial Mortgages - 90 Days Overdue | $0 | | | | | | | |
| #10 | (36) | Commercial Mortgages - 90 Days Overdue - Cumulative Writedowns | $0 | X | 0.00000 | ‡ | = | $0 | $0 | $0 |
| #10 | (37) | Farm Mortgages in Foreclosure | $0 | | | | | | | |
| #10 | (38) | Farm Mortgages in Foreclosure - Cumulative Writedowns | $0 | X | 0.00000 | ‡ | = | $0 | $0 | $0 |
| #10 | (39) | Residential Mortgages in Foreclosure | $0 | | | | | | | |
| #10 | (40) | Residential Mortgages in Foreclosure - Cumulative Writedowns | $0 | X | 0.00000 | ‡ | = | $0 | $0 | $0 |
| #10 | (41) | Commercial Mortgages in Foreclosure | $0 | | | | | | | |
| #10 | (42) | Commercial Mortgages in Foreclosure - Cumulative Writedowns | $0 | X | 0.00000 | ‡ | = | $0 | $0 | $0 |
| #10 | (43) | Unaffiliated Mortgages with Covenants | $0 | X | 0.00000 | ‡ | = | $0 | $0 | $0 |
| #10 | (44) | Unaffiliated Mortgages - Defeased with Government Securities | $0 | X | 0.00900 | | = | $0 | $0 | $0 |
| #10 | (45) | Unaffiliated Mortgages - Primarily Senior | $0 | X | 0.01750 | | = | $0 | $0 | $0 |
| #10 | (46) | Unaffiliated Mortgages - All Other | $0 | X | 0.03000 | | = | $0 | $0 | $0 |
| #10 | (47) | Affiliated Mortgages - Category CM2 | $0 | X | 0.01750 | | = | $0 | $0 | $0 |
| #10 | (48) | Affiliated Mortgages - Category CM3 | $0 | X | 0.03000 | | = | $0 | $0 | $0 |
| #10 | (49) | Affiliated Mortgages - Category CM4 | $0 | X | 0.05000 | | = | $0 | $0 | $0 |
| #10 | (50) | Affiliated Mortgages - Category CM5 | $0 | X | 0.07500 | | = | $0 | $0 | $0 |
| #10 | (51) | Schedule BA Mortgages 90 Days Overdue | $0 | | | | | | | |
| #10 | (52) | Schedule BA Mortgages 90 Days Overdue - Cumulative Writedowns | $0 | X | 0.00000 | ‡ | = | $0 | $0 | $0 |
| #10 | (53) | Schedule BA Mortgages in Process of Foreclosure | $0 | | | | | | | |
| #10 | (54) | Schedule BA Mortgages Foreclosed - Cumulative Writedowns | $0 | X | 0.00000 | ‡ | = | $0 | $0 | $0 |
| #10 | (55) | **Yield Guaranteed State Tax Credit Investments** | $0 | X | 0.00140 | | = | $0 | $0 | $0 |
| #10 | (56) | **Qualifying Federal Tax Credit Investments** | $0 | X | 0.02600 | | = | $0 | $0 | $0 |
| #10 | (57) | **Qualifying State Tax Credit Investments** | $0 | X | **0.02600** | | = | $0 | $0 | $0 |
| #10 | (58) | **Other Tax Credit Investments** | $0 | X | **0.15000** | | = | $0 | $0 | $0 |
| #10 | **(59)** | NAIC 02 Working Capital Finance Notes | $0 | X | 0.01630 | | = | $0 | $0 | $0 |
| #10 | **(60)** | Other Schedule BA Assets | $0 | X | 0.15000 | | = | $0 | $0 | $0 |
| #10 | | | | | | | | | | |
| #10 | **(61)** | Total of Issuer = Sum of Lines (1) through **(60)** | $0 | | | | | $0 | $0 | $0 |

| | | Issuer Name: Grand Total | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| GT | (1.1) | Bond NAIC Designation Category 2.A | $0 | | | | | $0 | $0 | $0 |
| GT | (1.2) | Bond NAIC Designation Category 2.B | $0 | | | | | $0 | $0 | $0 |
| GT | (1.3) | Bond NAIC Designation Category 2.C | $0 | | | | | $0 | $0 | $0 |
| GT | (2.1) | Bond NAIC Designation Category 3.A | $0 | | | | | $0 | $0 | $0 |
| GT | (2.2) | Bond NAIC Designation Category 3.B | $0 | | | | | $0 | $0 | $0 |
| GT | (2.3) | Bond NAIC Designation Category 3.C | $0 | | | | | $0 | $0 | $0 |
| GT | (3.1) | Bond NAIC Designation Category 4.A | $0 | | | | | $0 | $0 | $0 |
| GT | (3.2) | Bond NAIC Designation Category 4.B | $0 | | | | | $0 | $0 | $0 |
| GT | (3.3) | Bond NAIC Designation Category 4.C | $0 | | | | | $0 | $0 | $0 |
| GT | (4.1) | Bond NAIC Designation Category 5.A | $0 | | | | | $0 | $0 | $0 |
| GT | (4.2) | Bond NAIC Designation Category 5.B | $0 | | | | | $0 | $0 | $0 |
| GT | (4.3) | Bond NAIC Designation Category 5.C | $0 | | | | | $0 | $0 | $0 |
| GT | (5) | Bond Asset NAIC 6 | $0 | | | | | $0 | $0 | $0 |
| GT | (6.1) | Bond NAIC Designation Category 1.A † | $0 | | | | | $0 | $0 | $0 |
| GT | (6.2) | Bond NAIC Designation Category 1.B † | $0 | | | | | $0 | $0 | $0 |
| GT | (6.3) | Bond NAIC Designation Category 1.C † | $0 | | | | | $0 | $0 | $0 |
| GT | (6.4) | Bond NAIC Designation Category 1.D † | $0 | | | | | $0 | $0 | $0 |
| GT | (6.5) | Bond NAIC Designation Category 1.E † | $0 | | | | | $0 | $0 | $0 |
| GT | (6.6) | Bond NAIC Designation Category 1.F † | $0 | | | | | $0 | $0 | $0 |
| GT | (6.7) | Bond NAIC Designation Category 1.G † | $0 | | | | | $0 | $0 | $0 |
| GT | (7) | Unaffiliated Preferred Stock NAIC 2 | $0 | | | | | $0 | $0 | $0 |
| GT | (8) | Unaffiliated Preferred Stock NAIC 3 | $0 | | | | | $0 | $0 | $0 |
| GT | (9) | Unaffiliated Preferred Stock NAIC 4 | $0 | | | | | $0 | $0 | $0 |
| GT | (10) | Unaffiliated Preferred Stock NAIC 5 | $0 | | | | | $0 | $0 | $0 |
| GT | (11) | Unaffiliated Preferred Stock NAIC 6 | $0 | | | | | $0 | $0 | $0 |
| GT | (12) | Unaffiliated Preferred Stock NAIC 1 † | $0 | | | | | $0 | $0 | $0 |
| GT | (13) | Collateral Loans | $0 | | | | | $0 | $0 | $0 |
| GT | (14) | Receivable for Securities | $0 | | | | | $0 | $0 | $0 |
| GT | (15) | Write-ins for Invested Assets | $0 | | | | | $0 | $0 | $0 |
| GT | (16) | Premium Notes | $0 | | | | | $0 | $0 | $0 |
| GT | (17) | Real Estate - Foreclosed | $0 | | | | | | | |
| GT | (18) | Real Estate - Foreclosed Encumbrances | $0 | | | | | $0 | $0 | $0 |
| GT | (19) | Real Estate - Investments | $0 | | | | | | | |
| GT | (20) | Real Estate - Investment Encumbrances | $0 | | | | | $0 | $0 | $0 |
| GT | (21) | Real Estate - Schedule BA | $0 | | | | | | | |
| GT | (22) | Real Estate - Schedule BA Encumbrances | $0 | | | | | $0 | $0 | $0 |

Company Name | Cocode: 00000

Attachment E

**ASSET CONCENTRATION FACTOR**

| Issuer | | Asset Type | (1) Book / Adjusted Carrying Value | (2) Factor | (3) Additional RBC | (4) Adjustment/ Subsidiary RBC | (5) RBC Requirement |
|---|---|---|---|---|---|---|---|
| GT | (23) | Farm Mortgages - Category CM2 | $0 | | $0 | $0 | $0 |
| GT | (24) | Farm Mortgages - Category CM3 | $0 | | $0 | $0 | $0 |
| GT | (25) | Farm Mortgages - Category CM4 | $0 | | $0 | $0 | $0 |
| GT | (26) | Farm Mortgages - Category CM5 | $0 | | $0 | $0 | $0 |
| GT | (27) | Commercial Mortgages - Category CM2 | $0 | | $0 | $0 | $0 |
| GT | (28) | Commercial Mortgages - Category CM3 | $0 | | $0 | $0 | $0 |
| GT | (29) | Commercial Mortgages - Category CM4 | $0 | | $0 | $0 | $0 |
| GT | (30) | Commercial Mortgages - Category CM5 | $0 | | $0 | $0 | $0 |
| GT | (31) | Farm Mortgages - 90 Days Overdue | $0 | | | | |
| GT | (32) | Farm Mortgages - 90 Days Overdue - Cumulative Writedowns | $0 | | $0 | $0 | $0 |
| GT | (33) | Residential Mortgages - 90 Days Overdue | $0 | | | | |
| GT | (34) | Residential Mortgages - 90 Days Overdue - Cumulative Writedowns | $0 | | $0 | $0 | $0 |
| GT | (35) | Commercial Mortgages - 90 Days Overdue | $0 | | | | |
| GT | (36) | Commercial Mortgages - 90 Days Overdue - Cumulative Writedowns | $0 | | $0 | $0 | $0 |
| GT | (37) | Farm Mortgages in Foreclosure | $0 | | | | |
| GT | (38) | Farm Mortgages in Foreclosure - Cumulative Writedowns | $0 | | $0 | $0 | $0 |
| GT | (39) | Residential Mortgages in Foreclosure | $0 | | | | |
| GT | (40) | Residential Mortgages in Foreclosure - Cumulative Writedowns | $0 | | $0 | $0 | $0 |
| GT | (41) | Commercial Mortgages in Foreclosure | $0 | | | | |
| GT | (42) | Commercial Mortgages in Foreclosure - Cumulative Writedowns | $0 | | $0 | $0 | $0 |
| GT | (43) | Unaffiliated Mortgages with Covenants | $0 | | $0 | $0 | $0 |
| GT | (44) | Unaffiliated Mortgages - Defeased with Government Securities | $0 | | $0 | $0 | $0 |
| GT | (45) | Unaffiliated Mortgages - Primarily Senior | $0 | | $0 | $0 | $0 |
| GT | (46) | Unaffiliated Mortgages - All Other | $0 | | $0 | $0 | $0 |
| GT | (47) | Affiliated Mortgages - Category CM2 | $0 | | $0 | $0 | $0 |
| GT | (48) | Affiliated Mortgages - Category CM3 | $0 | | $0 | $0 | $0 |
| GT | (49) | Affiliated Mortgages - Category CM4 | $0 | | $0 | $0 | $0 |
| GT | (50) | Affiliated Mortgages - Category CM5 | $0 | | $0 | $0 | $0 |
| GT | (51) | Schedule BA Mortgages 90 Days Overdue | $0 | | | | |
| GT | (52) | Schedule BA Mortgages 90 Days Overdue - Cumulative Writedowns | $0 | | $0 | $0 | $0 |
| GT | (53) | Schedule BA Mortgages in Process of Foreclosure | $0 | | | | |
| GT | (54) | Schedule BA Mortgages Foreclosed - Cumulative Writedowns | $0 | | $0 | $0 | $0 |
| GT | (55) | **Yield Guaranteed State Tax Credit Investments** | **$0** | | $0 | $0 | $0 |
| GT | (56) | **Qualifying Federal Tax Credit Investments** | **$0** | | $0 | $0 | $0 |
| GT | (57) | **Qualifying State Tax Credit Investments** | **$0** | | $0 | $0 | $0 |
| GT | (58) | **Other Tax Credit Investments** | **$0** | | $0 | $0 | $0 |
| GT | **(59)** | NAIC 02 Working Capital Finance Notes | **$0** | | $0 | $0 | $0 |
| GT | **(60)** | Other Schedule BA Assets | **$0** | | $0 | $0 | $0 |
| GT | | | | | | | |
| GT | **(61)** | Total of Issuer = Sum of Lines (1) through **(60)** | $0 | | $0 | $0 | $0 |

† After the ten largest issuer exposures are chosen, any NAIC 1 bonds or preferred stocks from any of these issuers should be included.

‡ Refer to the instructions for the Asset Concentration Factor for details of this calculation.

Company Name | Cocode: 00000

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

| | | Source | (1) RBC Amount | | Tax Factor | | (2) RBC Tax Effect | |
|---|---|---|---|---|---|---|---|---|
| | ASSET RISKS | | | | | | | |
| | Bonds | | | | | | | |
| (001) | Long-term Bonds – NAIC 1 | LR002 Bonds Column (2) 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 (2) 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 (2) 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 (2) Line (5.4) + LR018 Off-Balance Sheet Collateral Column (3) Line (5.4) | $0 | X | 0.1680 | = | $0 | |
| (005) | Long-term Bonds – NAIC 5 | LR002 Bonds Column (2) Line (6.4) + LR018 Off-Balance Sheet Collateral Column (3) Line (6.4) | $0 | X | 0.1680 | = | $0 | |
| (006) | Long-term Bonds – NAIC 6 | LR002 Bonds Column (2) Line (7) + LR018 Off-Balance Sheet Collateral Column (3) Line (7) | $0 | X | 0.2100 | = | $0 | |
| (007) | Short-term Bonds – NAIC 1 | LR002 Bonds Column (2) Line (10.8) | $0 | X | 0.1680 | = | $0 | |
| (008) | Short-term Bonds – NAIC 2 | LR002 Bonds Column (2) Line (11.4) | $0 | X | 0.1680 | = | $0 | |
| (009) | Short-term Bonds – NAIC 3 | LR002 Bonds Column (2) Line (12.4) | $0 | X | 0.1680 | = | $0 | |
| (010) | Short-term Bonds – NAIC 4 | LR002 Bonds Column (2) Line (13.4) | $0 | X | 0.1680 | = | $0 | |
| (011) | Short-term Bonds – NAIC 5 | LR002 Bonds Column (2) Line (14.4) | $0 | X | 0.1680 | = | $0 | |
| (012) | Short-term Bonds – NAIC 6 | LR002 Bonds Column (2) 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 (2) Line (19) | $0 | X | 0.2100 | = | $0 | † |
| (016) | Bond Increase - Reinsurance | LR002 Bonds Column (2) Line (20) | $0 | X | 0.2100 | = | $0 | |
| (017) | Non-Exempt NAIC 1 U.S. Government Agency | LR002 Bonds Column (2) Line (22) | $0 | X | 0.1680 | = | $0 | |
| (018) | Bonds Size Factor | LR002 Bonds Column (2) Line (26) - LR002 Bonds Column (2) Line (21) | $0 | X | 0.1680 | = | $0 | |
| | Mortgages | | | | | | | |
| | In Good Standing | | | | | | | |
| (019) | Residential Mortgages - Insured | LR004 Mortgages Column (6) Line (1) | $0 | X | 0.1575 | = | $0 | |
| (020) | Residential Mortgages - Other | LR004 Mortgages Column (6) Line (2) | $0 | X | 0.1575 | = | $0 | |
| (021) | Commercial Mortgages - Insured | LR004 Mortgages Column (6) Line (3) | $0 | X | 0.1575 | = | $0 | |
| (022) | Total Commercial Mortgages - All Other | LR004 Mortgages Column (6) Line (9) | $0 | X | 0.1575 | = | $0 | |
| (023) | Total Farm Mortgages | LR004 Mortgages Column (6) Line (15) | $0 | X | 0.1575 | = | $0 | |
| | 90 Days Overdue | | | | | | | |
| (024) | Farm Mortgages | LR004 Mortgages Column (6) Line (16) | $0 | X | 0.1575 | = | $0 | |
| (025) | Residential Mortgages - Insured | LR004 Mortgages Column (6) Line (17) | $0 | X | 0.1575 | = | $0 | |
| (026) | Residential Mortgages - Other | LR004 Mortgages Column (6) Line (18) | $0 | X | 0.1575 | = | $0 | |
| (027) | Commercial Mortgages - Insured | LR004 Mortgages Column (6) Line (19) | $0 | X | 0.1575 | = | $0 | |
| (028) | Commercial Mortgages - Other | LR004 Mortgages Column (6) Line (20) | $0 | X | 0.1575 | = | $0 | |
| | In Process of Foreclosure | | | | | | | |
| (029) | Farm Mortgages | LR004 Mortgages Column (6) Line (21) | $0 | X | 0.1575 | = | $0 | |
| (030) | Residential Mortgages - Insured | LR004 Mortgages Column (6) Line (22) | $0 | X | 0.1575 | = | $0 | |
| (031) | Residential Mortgages - Other | LR004 Mortgages Column (6) Line (23) | $0 | X | 0.1575 | = | $0 | |
| (032) | Commercial Mortgages - Insured | LR004 Mortgages Column (6) Line (24) | $0 | X | 0.1575 | = | $0 | |
| (033) | Commercial Mortgages - Other | LR004 Mortgages Column (6) Line (25) | $0 | X | 0.1575 | = | $0 | |
| (034) | Due & Unpaid Taxes Mortgages | LR004 Mortgages Column (6) Line (26) | $0 | X | 0.1575 | = | $0 | |
| (035) | Due & Unpaid Taxes - Foreclosures | LR004 Mortgages Column (6) Line (27) | $0 | X | 0.1575 | = | $0 | |
| (036) | Mortgage Reduction - Reinsurance | LR004 Mortgages Column (6) Line (29) | $0 | X | 0.2100 | = | $0 | † |
| (037) | Mortgage Increase - Reinsurance | LR004 Mortgages Column (6) Line (30) | $0 | X | 0.2100 | = | $0 | |
| | Preferred Stock | | | | | | | |
| (038) | Unaffiliated Preferred Stock NAIC 1 | LR005 Unaffiliated Preferred and Common Stock Column (5) Line (1) + LR018 Off-Balance Sheet Collateral Column (3) Line (9) | $0 | X | 0.1575 | = | $0 | |
| (039) | Unaffiliated Preferred Stock NAIC 2 | LR005 Unaffiliated Preferred and Common Stock Column (5) Line (2) + LR018 Off-Balance Sheet Collateral Column (3) Line (10) | $0 | X | 0.1575 | = | $0 | |
| (040) | Unaffiliated Preferred Stock-NAIC 3 | LR005 Unaffiliated Preferred and Common Stock Column (5) Line (3) + LR018 Off-Balance Sheet Collateral Column (3) Line (11) | $0 | X | 0.1575 | = | $0 | |
| (041) | Unaffiliated Preferred Stock NAIC 4 | LR005 Unaffiliated Preferred and Common Stock Column (5) Line (4) + LR018 Off-Balance Sheet Collateral Column (3) Line (12) | $0 | X | 0.1575 | = | $0 | |
| (042) | Unaffiliated Preferred Stock NAIC 5 | LR005 Unaffiliated Preferred and Common Stock Column (5) Line (5) + LR018 Off-Balance Sheet Collateral Column (3) Line (13) | $0 | X | 0.1575 | = | $0 | |

Company Name Cocode: 00000

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

| | | Source | (1) RBC Amount | | Tax Factor | | (2) RBC Tax Effect | |
|---|---|---|---|---|---|---|---|---|
| (043) | Unaffiliated Preferred Stock NAIC 6 | LR005 Unaffiliated Preferred and Common Stock Column (5) Line (6) + LR018 Off-Balance Sheet Collateral Column (3) Line (14) | $0 | X | 0.2100 | = | $0 | |
| (044) | Preferred Stock Reduction-Reinsurance | LR005 Unaffiliated Preferred and Common Stock Column (5) Line (8) | $0 | X | 0.2100 | = | $0 | † |
| (045) | Preferred Stock Increase-Reinsurance | LR005 Unaffiliated Preferred and Common Stock Column (5) Line (9) | $0 | X | 0.2100 | = | $0 | |
| | Separate Accounts | | | | | | | |
| (046) | Guaranteed Index | LR006 Separate Accounts Column (3) Line (1) | $0 | X | 0.1575 | = | $0 | |
| (047) | Nonindex-Book Reserve | LR006 Separate Accounts Column (3) Line (2) | $0 | X | 0.1575 | = | $0 | |
| (048) | Separate Accounts Nonindex-Market Reserve | LR006 Separate Accounts Column (3) Line (3) | $0 | X | 0.1575 | = | $0 | |
| (049) | Separate Accounts Reduction-Reinsurance | LR006 Separate Accounts Column (3) Line (5) | $0 | X | 0.2100 | = | $0 | † |
| (050) | Separate Accounts Increase-Reinsurance | LR006 Separate Accounts Column (3) Line (6) | $0 | X | 0.2100 | = | $0 | |
| (051) | Synthetic GICs | LR006 Separate Accounts Column (3) Line (8) | $0 | X | 0.1575 | = | $0 | |
| (052) | Separate Account Surplus | LR006 Separate Accounts Column (3) Line (13) | $0 | X | 0.1575 | = | $0 | |
| | Real Estate | | | | | | | |
| (053) | Company Occupied Real Estate | LR007 Real Estate Column (3) Line (3) | $0 | X | 0.2100 | = | $0 | |
| (054) | Foreclosed Real Estate | LR007 Real Estate Column (3) Line (6) | $0 | X | 0.2100 | = | $0 | |
| (055) | Investment Real Estate | LR007 Real Estate Column (3) Line (9) | $0 | X | 0.2100 | = | $0 | |
| (056) | Real Estate Reduction - Reinsurance | LR007 Real Estate Column (3) Line (11) | $0 | X | 0.2100 | = | $0 | † |
| (057) | Real Estate Increase - Reinsurance | LR007 Real Estate Column (3) Line (12) | $0 | X | 0.2100 | = | $0 | |
| | Schedule BA | | | | | | | |
| (058) | Sch BA Real Estate Excluding Tax Credit Investments | LR007 Real Estate Column (3) Line (16) | $0 | X | 0.2100 | = | $0 | |
| (059) | Yield Guaranteed State Tax Credit Investments | LR007 Real Estate Column (3) Line (17) | $0 | X | 0.0000 | = | $0 | |
| (060) | Qualifying and Other Tax Credit Investments | LR007 Real Estate Column (3) Line (18) + Line (19) + Line (20) | $0 | X | 0.0000 | = | $0 | |
| (061) | Sch BA Real Estate Reduction - Reinsurance | LR007 Real Estate Column (3) Line (23) | $0 | X | 0.2100 | = | $0 | † |
| (062) | Sch BA Real Estate Increase - Reinsurance | LR007 Real Estate Column (3) Line (24) | $0 | X | 0.2100 | = | $0 | |
| (063) | Sch BA Bond NAIC 1 | LR008 Other Long-Term Assets Column (5) Line (2) | $0 | X | 0.1575 | = | $0 | |
| (064) | Sch BA Bond NAIC 2 | LR008 Other Long-Term Assets Column (5) Line (3) | $0 | X | 0.1575 | = | $0 | |
| (065) | Sch BA Bond NAIC 3 | LR008 Other Long-Term Assets Column (5) Line (4) | $0 | X | 0.1575 | = | $0 | |
| (066) | Sch BA Bond NAIC 4 | LR008 Other Long-Term Assets Column (5) Line (5) | $0 | X | 0.1575 | = | $0 | |
| (067) | Sch BA Bond NAIC 5 | LR008 Other Long-Term Assets Column (5) Line (6) | $0 | X | 0.1575 | = | $0 | |
| (068) | Sch BA Bond NAIC 6 | LR008 Other Long-Term Assets Column (5) Line (7) | $0 | X | 0.2100 | = | $0 | |
| (069) | BA Bond Reduction - Reinsurance | LR008 Other Long-Term Assets Column (5) Line (9) | $0 | X | 0.2100 | = | $0 | † |
| (070) | BA Bond Increase - Reinsurance | LR008 Other Long-Term Assets Column (5) Line (10) | $0 | X | 0.2100 | = | $0 | |
| (071) | BA Preferred Stock NAIC 1 | LR008 Other Long-Term Assets Column (5) Line (12) | $0 | X | 0.1575 | = | $0 | |
| (072) | BA Preferred Stock NAIC 2 | LR008 Other Long-Term Assets Column (5) Line (13) | $0 | X | 0.1575 | = | $0 | |
| (073) | BA Preferred Stock NAIC 3 | LR008 Other Long-Term Assets Column (5) Line (14) | $0 | X | 0.1575 | = | $0 | |
| (074) | BA Preferred Stock NAIC 4 | LR008 Other Long-Term Assets Column (5) Line (15) | $0 | X | 0.1575 | = | $0 | |
| (075) | BA Preferred Stock NAIC 5 | LR008 Other Long-Term Assets Column (5) Line (16) | $0 | X | 0.1575 | = | $0 | |
| (076) | BA Preferred Stock NAIC 6 | LR008 Other Long-Term Assets Column (5) Line (17) | $0 | X | 0.2100 | = | $0 | |
| (077) | BA Preferred Stock Reduction-Reinsurance | LR008 Other Long-Term Assets Column (5) Line (19) | $0 | X | 0.2100 | = | $0 | † |
| (078) | BA Preferred Stock Increase - Reinsurance | LR008 Other Long-Term Assets Column (5) Line (20) | $0 | X | 0.2100 | = | $0 | |
| (079) | Rated Surplus Notes | LR008 Other Long-Term Assets Column (5) Line (31) | $0 | X | 0.1575 | = | $0 | |
| (080) | Rated Capital Notes | LR008 Other Long-Term Assets Column (5) Line (41) | $0 | X | 0.1575 | = | $0 | |
| (081) | BA Common Stock Affiliated - C-1o | LR008 Other Long-Term Assets Column (5) Line (50.3) | $0 | X | 0.2100 | = | $0 | |
| (082) | **All Other Schedule BA Collateral Loans** - C-1o | LR008 Other Long-Term Assets Column (5) Line (51) | $0 | X | 0.1575 | = | $0 | |
| (083) | Other BA Assets | LR008 Other Long-Term Assets Column (5) Line (53.3) + LR018 Off-Balance Sheet Collateral Column (3) Line (17) + Line (18) | $0 | X | 0.2100 | = | $0 | |
| (084) | Other BA Assets Reduction-Reinsurance | LR008 Other Long-Term Assets Column (5) Line (55) | $0 | X | 0.2100 | = | $0 | † |
| (085) | Other BA Assets Increase - Reinsurance | LR008 Other Long-Term Assets Column (5) Line (56) | $0 | X | 0.2100 | = | $0 | |
| (086) | BA Mortgages - In Good Standing | LR009 Schedule BA Mortgages Column (6) Line (12) | $0 | X | 0.1575 | = | $0 | |
| (087) | BA Mortgages - 90 Days Overdue | LR009 Schedule BA Mortgages Column (6) Line (16) | $0 | X | 0.1575 | = | $0 | |
| (088) | BA Mortgages - In Process of Foreclosure | LR009 Schedule BA Mortgages Column (6) Line (20) | $0 | X | 0.1575 | = | $0 | |
| (089) | Reduction - Reinsurance | LR009 Schedule BA Mortgages Column (6) Line (22) | $0 | X | 0.2100 | = | $0 | † |
| (090) | Increase - Reinsurance | LR009 Schedule BA Mortgages Column (6) Line (23) | $0 | X | 0.2100 | = | $0 | |
| | Miscellaneous | | | | | | | |
| (091) | Asset Concentration Factor | LR010 Asset Concentration Factor Column (6) Line (61) Grand Total Page | $0 | X | 0.1575 | = | $0 | |
| (092) | Miscellaneous Assets | LR012 Miscellaneous Assets Column (2) Line (7) | $0 | X | 0.1575 | = | $0 | |
| (093) | Derivatives - Collateral and Exchange Traded | LR012 Miscellaneous Assets Column (2) Lines (8) + (9) + (10) | $0 | X | 0.1575 | = | $0 | |
| (094) | Derivatives NAIC 1 | LR012 Miscellaneous Assets Column (2) Line (11) | $0 | X | 0.1575 | = | $0 | |
| (095) | Derivatives NAIC 2 | LR012 Miscellaneous Assets Column (2) Line (12) | $0 | X | 0.1575 | = | $0 | |
| (096) | Derivatives NAIC 3 | LR012 Miscellaneous Assets Column (2) Line (13) | $0 | X | 0.1575 | = | $0 | |
| (097) | Derivatives NAIC 4 | LR012 Miscellaneous Assets Column (2) Line (14) | $0 | X | 0.1575 | = | $0 | |
| (098) | Derivatives NAIC 5 | LR012 Miscellaneous Assets Column (2) Line (15) | $0 | X | 0.1575 | = | $0 | |
| (099) | Derivatives NAIC 6 | LR012 Miscellaneous Assets Column (2) Line (16) | $0 | X | 0.2100 | = | $0 | |
| (100) | Miscellaneous Assets Reduction-Reinsurance | LR012 Miscellaneous Assets Column (2) Line (19) | $0 | X | 0.2100 | = | $0 | † |
| (101) | Miscellaneous Assets Increase-Reinsurance | LR012 Miscellaneous Assets Column (2) Line (20) | $0 | X | 0.2100 | = | $0 | |
| (102) | Replications | LR013 Replication (Synthetic Asset) Transactions and Mandatory Convertible Securities Column (7) Line (9999999) | $0 | X | 0.1575 | = | $0 | |
| (103) | Reinsurance | LR016 Reinsurance Column (4) Line (17) | $0 | X | 0.2100 | = | $0 | |
| (104) | Investment Affiliates | LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (8) | $0 | X | 0.2100 | = | $0 | |

Company Name | Cocode: 00000

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

| | | Source | (1) RBC Amount | | Tax Factor | | (2) RBC Tax Effect | |
|---|---|---|---|---|---|---|---|---|
| (105) | Investment in Upstream Affiliate (Parent) | LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (15) | $0 | X | 0.2100 | = | $0 | |
| (106) | Directly Owned Health Insurance Companies or Health Entities Not Subject to RBC | LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (16) | $0 | X | 0.2100 | = | $0 | |
| (107) | Directly Owned Property and Casualty Insurance Companies Not Subject to RBC | LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (17) | $0 | X | 0.2100 | = | $0 | |
| (108) | Directly Owned Life Insurance Companies Not Subject to RBC | LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (18) | $0 | X | 0.2100 | = | $0 | |
| (109) | Publicly Traded Insurance Affiliates | LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (22) | $0 | X | 0.2100 | = | $0 | |
| (110) | Subtotal for C-1o Assets | Sum of Lines (001) through (109), Recognizing the Deduction of Lines (013), (014), (015), (036), (044), (049), (056), (061), (069), (077), (084), (089) and (100) | $0 | | | | $0 | |
| | C-0 Affiliated Common Stock | | | | | | | |
| (111) | Off-Balance Sheet and Other Items | LR017 Off-Balance Sheet and Other Items Column (5) Line (27) | $0 | X | 0.1575 | = | $0 | |
| (112) | Off-Balance Sheet Items Reduction - Reinsurance | LR017 Off-Balance Sheet and Other Items Column (5) Line (28) | $0 | X | 0.2100 | = | $0 | † |
| (113) | Off-Balance Sheet Items Increase - Reinsurance | LR017 Off-Balance Sheet and Other Items Column (5) Line (29) | $0 | X | 0.2100 | = | $0 | |
| (114) | Directly Owned Health Insurance Companies or Health Entities | LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (1) | $0 | X | 0.2100 | = | $0 | |
| (115) | Directly Owned Property and Casualty Insurance Affiliates | LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (2) | $0 | X | 0.2100 | = | $0 | |
| (116) | Directly Owned Life Insurance Affiliates | LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (3) | $0 | X | 0.2100 | = | $0 | |
| (117) | Indirectly Owned Health Insurance Companies or Health Entities | LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (4) | $0 | X | 0.2100 | = | $0 | |
| (118) | Indirectly Owned Property and Casualty Insurance Affiliates | LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (5) | $0 | X | 0.2100 | = | $0 | |
| (119) | Indirectly Owned Life Insurance Affiliates | LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (6) | $0 | X | 0.2100 | = | $0 | |
| (120) | Affiliated Alien Insurers - Directly Owned | LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Lines (9) + (10) + (11) | $0 | X | 0.0000 | = | $0 | |
| (121) | Affiliated Alien Insurers - Indirectly Owned | LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Lines (12) + (13) + (14) | $0 | X | 0.0000 | = | $0 | |
| (122) | Subtotal for C-0 Affiliated Common Stock | Lines (111)-(112)+(113)+(114)+(115)+(116)+(117)+(118)+(119)+(120)+(121) | $0 | | | | $0 | |
| | Common Stock | | | | | | | |
| (123) | Unaffiliated Common Stock | LR005 Unaffiliated Preferred and Common Stock Column (5) Line (17) + LR018 Off-Balance Sheet Collateral Column (3) Line (16) | $0 | X | 0.2100 | = | $0 | |
| (124) | Credit for Hedging - Common Stock | LR015 Hedged Asset Common Stock Schedule Column (10) Line (0299999) | $0 | X | 0.2100 | = | $0 | † |
| (125) | Stock Reduction - Reinsurance | LR005 Unaffiliated Preferred and Common Stock Column (5) Line (19) | $0 | X | 0.2100 | = | $0 | † |
| (126) | Stock Increase - Reinsurance | LR005 Unaffiliated Preferred and Common Stock Column (5) Line (20) | $0 | X | 0.2100 | = | $0 | |
| (127) | Schedule BA Unaffiliated Common Stock/ Equity Interests and Affiliated Non-Insurance Stock (C1-cs), excluding Residual Tranches or Interests/ **Schedule BA Collateral Loans backed by Residual Tranches or Interests** | LR008 Other Long-Term Assets Column (5) **Line (49) - Line (45.1) - Line (45.2)** | $0 | X | 0.2100 | = | $0 | |
| (128) | Total Residual Tranches or Interests/ **Schedule BA Collateral Loans backed by Residual Tranches or Interests** | LR008 Other Long-Term Assets Column (5) Line **(45.1) + Line (45.2)** | $0 | X | 0.2100 | = | $0 | |
| (129) | Common Stock Concentration Factor | LR011 Common Stock Concentration Factor Column (6) Line (6) | $0 | X | 0.2100 | = | $0 | |
| (130) | NAIC 01 Working Capital Finance Notes | LR008 Other Long-Term Assets Column (5) Line (52.1) | $0 | X | 0.1575 | = | $0 | |
| (131) | NAIC 02 Working Capital Finance Notes | LR008 Other Long-Term Assets Column (5) Line (52.2) | $0 | X | 0.1575 | = | $0 | |
| (132) | Holding Company in Excess of Indirect Subs | LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (7) | $0 | X | 0.2100 | = | $0 | |
| (133) | Affiliated Non-Insurers | LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Lines (19) + (20) + (21) | $0 | X | 0.2100 | = | $0 | |
| (134) | Total for C-1cs Assets | Lines (123)-(124)-(125)+(126)+(127)+(128)+(129)+(130)+(131)+(132)+(133) | $0 | | | | $0 | |
| | Insurance Risk | | | | | | | |
| (135) | Disability Income Premium | LR019 Health Premiums Column (2) Lines (21) through (27) | $0 | X | 0.2100 | = | $0 | |
| (136) | Long-Term Care | LR019 Health Premiums Column (2) Line (28) + LR023 Long-Term Care Column (4) Line (7) | $0 | X | 0.2100 | = | $0 | |
| (137) | Individual & Industrial Life Insurance C-2 Risk | LR025 Life Insurance Column (2) Line (5) | $0 | X | 0.2100 | = | $0 | |
| (138) | Group & Credit Life Insurance C-2 Risk | LR025 Life Insurance Column (2) Line (12) | $0 | X | 0.2100 | = | $0 | |
| (138b) | Longevity C-2 Risk | LR025-A Longevity Risk Column (2) Line (5) | $0 | X | 0.2100 | = | $0 | |
| (139) | Disability and Long-Term Care Health Claim Reserves | LR024 Health Claim Reserves Column (4) Line (9) + Line (15) | $0 | X | 0.2100 | = | $0 | |
| (140) | Premium Stabilization Credit | LR026 Premium Stabilization Reserves Column (2) Line (10) | $0 | X | 0.0000 | = | $0 | |
| (141) | Total C-2 Risk | L(135) + L(136) + L(139) + L(140) + Greatest of [Guardrail Factor * (L(137)+L(138)), Guardrail Factor * L(138b), Square Root of [ (L(137) + L(138))2 + L(138b)2 + 2 * (Correlation Factor) * (L(137) + L(138)) * L(138b) ] ] | $0 | | | | $0 | |
| (142) | Interest Rate Risk | LR027 Interest Rate Risk Column (3) Line (36) | $0 | X | 0.2100 | = | $0 | |
| (143) | Health Credit Risk | LR028 Health Credit Risk Column (2) Line (7) | $0 | X | 0.0000 | = | $0 | |
| (144) | Market Risk | LR027 Interest Rate Risk Column (3) Line (37) | $0 | X | 0.2100 | = | $0 | |
| (145) | Business Risk | LR029 Business Risk Column (2) Line (40) | $0 | X | 0.2100 | = | $0 | |
| (146) | Health Administrative Expenses | LR029 Business Risk Column (2) Line (57) | $0 | X | 0.0000 | = | $0 | |
| (147) | Total Tax Effect | Lines (110) + (122) + (134) + (141) + (142) + (143) + (144) + (145) + (146) | $0 | | | | $0 | |

† Denotes lines that are deducted from the total rather than added.

Company Name

Cocode: 00000

CALCULATION OF AUTHORIZED CONTROL LEVEL RISK-BASED CAPITAL

| | | Source | (1) RBC Requirement |
|---|---|---|---|
| | Insurance Affiliates and Misc. Other Amounts (C-0) | | |
| (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 |
| | Asset Risk – Unaffiliated Common Stock and Affiliated Non-Insurance Stock (C-1cs) | | |
| (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/ **Schedule BA Collateral Loans backed by Residual Tranches or Interests** | LR008 Other Long-Term Assets Column (5) **Line (49) - Line (45.1) - Line (45.2)** | $0 |
| (15) | Total Residual Tranches or Interests **/ Schedule BA Collateral Loans backed by Residual Tranches or Interests** | LR008 Other Long-Term Assets Column (5) line **(45.1) + Line (45.2)** | $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 |
| | Asset Risk - All Other (C-1o) | | |
| (22) | Bonds after Size Factor | LR002 Bonds Column (2) 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 | LR006 Separate Accounts Column (3) Line (13) | $0 |
| (34) | Real Estate (gross of encumbrances) | LR007 Real Estate Column (3) Line (13) | $0 |
| (35) | Schedule BA Real Estate (gross of encumbrances) | LR007 Real Estate Column (3) Line (25) | $0 |
| (36) | Other Long-Term Assets | LR008 Other Long-Term Assets Column (5) Line (57) + LR018 Off-Balance Sheet Collateral Column (3) Line (17) + Line (18) | $0 |

Company Name

Cocode: 00000

CALCULATION OF AUTHORIZED CONTROL LEVEL RISK-BASED CAPITAL

| | | Source | (1) RBC Requirement |
|---|---|---|---|
| (37) | Schedule BA Mortgages | LR009 Schedule BA Mortgages Column (6) Line (24) | $0 |
| (38) | Concentration Factor | LR010 Asset Concentration Factor Column (6) Line (61) Grand Total Page | $0 |
| (39) | Miscellaneous | LR012 Miscellaneous Assets Column (2) Line (21) | $0 |
| (40) | Replication Transactions and Mandatory Convertible Securities | LR013 Replication (Synthetic Asset) Transactions and Mandatory Convertible Securities Column (7) Line (9999999) | $0 |
| (41) | Reinsurance | LR016 Reinsurance Column (4) Line (17) | $0 |
| (42) | Total (C-1o) - Pre-Tax | Sum of Lines (22) through (41) | $0 |
| (43) | (C-1o) Tax Effect | LR030 Calculation of Tax Effect for Life and Fraternal Risk-Based Capital Column (2) Line (110) | $0 |
| (44) | Net (C-1o) - Post-Tax | Line (42) - Line (43) | $0 |
| | Insurance Risk (C-2) | | |
| (45) | Individual and Industrial Life Insurance | LR025 Life Insurance Column (2) Line (5) | $0 |
| (46) | Group and Credit Life Insurance and FEGI/SGLI | LR025 Life Insurance Column (2) Line (12) | $0 |
| (46b) | Longevity Risk | LR025-A Longevity Risk Column (2) Line (5) | $0 |
| (47) | Total Health Insurance | LR024 Health Claim Reserves Column (4) Line (18) | $0 |
| (48) | Premium Stabilization Reserve Credit | LR026 Premium Stabilization Reserves Column (2) Line (10) | $0 |
| (49) | Total (C-2) - Pre-Tax | L(47) + L(48) + Greatest of [ Guardrail Factor * (L(45)+L(46)), Guardrail Factor * L(46b), Square Root of [ (L(45) + L(46))$^2$ + L(46b)$^2$ + 2 * (Correlation Factor) * (L(45) + L(46)) * L(46b) ] ] | $0 |
| (50) | (C-2) Tax Effect | LR030 Calculation of Tax Effect for Life and Fraternal Risk-Based Capital Column (2) Line (141) | $0 |
| (51) | Net (C-2) - Post-Tax | Line (49) - Line (50) | $0 |
| | Interest Rate Risk (C-3a) | | |
| (52) | Total Interest Rate Risk - Pre-Tax | LR027 Interest Rate Risk Column (3) Line (36) | $0 |
| (53) | (C-3a) Tax Effect | LR030 Calculation of Tax Effect for Life and Fraternal Risk-Based Capital Column (2) Line (142) | $0 |
| (54) | Net (C-3a) - Post-Tax | Line (52) - Line (53) | $0 |
| | Health Credit Risk (C-3b) | | |
| (55) | Total Health Credit Risk - Pre-Tax | LR028 Health Credit Risk Column (2) Line (7) | $0 |
| (56) | (C-3b) Tax Effect | LR030 Calculation of Tax Effect for Life and Fraternal Risk-Based Capital Column (2) Line (143) | $0 |
| (57) | Net (C-3b) - Post-Tax | Line (55) - Line (56) | $0 |
| | Market Risk (C-3c) | | |
| (58) | Total Market Risk - Pre-Tax | LR027 Interest Rate Risk Column (3) Line (37) | $0 |
| (59) | (C-3c) Tax Effect | LR030 Calculation of Tax Effect for Life and Fraternal Risk-Based Capital Column (2) Line (144) | $0 |
| (60) | Net (C-3c) - Post-Tax | Line (58) - Line (59) | $0 |
| | Business Risk (C-4a) | | |
| (61) | Premium Component | LR029 Business Risk Column (2) Lines (12) + (24) + (36) | $0 |
| (62) | Liability Component | LR029 Business Risk Column (2) Line (39) | $0 |
| (63) | Subtotal Business Risk (C-4a) - Pre-Tax | Lines (61) + (62) | $0 |
| (64) | (C-4a) Tax Effect | LR030 Calculation of Tax Effect for Life and Fraternal Risk-Based Capital Column (2) Line (145) | $0 |
| (65) | Net (C-4a) - Post-Tax | Line (63) - Line (64) | $0 |
| | Business Risk (C-4b) | | |
| (66) | Health Administrative Expense Component of Business Risk (C-4b) - Pre-Tax | LR029 Business Risk Column (2) Line (57) | $0 |
| (67) | (C-4b) Tax Effect | LR030 Calculation of Tax Effect for Life and Fraternal Risk-Based Capital Column (2) Line (146) | $0 |
| (68) | Net (C-4b) - Post-Tax | Line (66) - Line (67) | $0 |

Company Name

Cocode: 00000

CALCULATION OF AUTHORIZED CONTROL LEVEL RISK-BASED CAPITAL

| | | Source | (1) RBC Requirement |
|---|---|---|---|
| | Total Risk-Based Capital After Covariance Before Basic Operational Risk | | |
| (69) | C-0 + C-4a + Square Root of [(C-1o + C-3a)² + (C-1cs + C-3c)² + (C-2)² + (C-3b)² + (C-4b)²] | REPORT AMOUNT ON PARENT COMPANY'S RBC IF APPLICABLE<br>L(12)+L(65) + Square Root of [(L(44) + L(54))² + (L(21) + L(60))² + L(51)² + L(57)² + L(68)²] | $0 |
| (70) | Gross Basic Operational Risk | 0.03 x L(69) | $0 |
| (71) | C-4a of U.S. Life Insurance Subsidiaries | Company Records | |
| (72) | Net Basic Operational Risk | Line (70) - (Line (65) + Line (71)) (Not less than zero) | $0 |
| (73) | Primary Security Shortfall Calculated in Accordance With Actuarial Guideline XLVIII Multiplied by 2 | LR036 XXX/AXXX Reinsurance Primary Security Shortfall by Cession Column (7) Line (9999999)<br>Multiplied by 2 | $0 |
| (74) | Total Risk-Based Capital After Covariance (Including Basic Operational Risk and Primary Security Shortfall multiplied | Line (69) + Line (72) + Line (73) | $0 |
| | Authorized Control Level Risk-Based Capital (After Covariance Adjustment and Shortfall) | | |
| (75) | Total Risk-Based Capital After Covariance Times Fifty Percent | Line (74) x 0.50 | $0 |
| | Tax Sensitivity Test | | |
| (76) | Tax Sensitivity Test: Total Risk-Based Capital After Covariance | L(10)+L(63) + Square Root of [(L(42) + L(52))² + (L(19) + L(58))² + L(49)² + L(55)² + L(66)²] | $0 |
| (77) | Tax Sensitivity Test: Authorized Control Level Risk-Based Capital | Line (76) x 0.50 | $0 |

March 6, 2026

VIA ELECTRONIC SUBMISSION

National Association of Insurance Commissioners ("**NAIC**")
*Life Risk-Based Capital (E) Working Group*
1100 Walnut Street, Suite 1500
Kansas City, MO 64106-2197

**Re: RBC Proposal 2025-16-L MOD – Collateral Loans**

Dear Members of the Life Risk-Based Capital (E) Working Group ("**Working Group**"):

The American Investment Council ("**AIC**") appreciates the opportunity to comment on *RBC Proposal 2025-16-L MOD – Collateral Loans* ("**Proposal**"), which was discussed and exposed for public comment at the Working Group's February 10, 2026 meeting.[1] We support the NAIC's comprehensive, methodological, and holistic review of insurer investment regulation and endorse certain core components of that effort, including elements reflected in the NAIC *Investment Framework*[2] and the *Principles for RBC Requirements*[3] ("**RBC Principles**"), which together represent meaningful progress toward a more consistent and analytically sound risk-based capital ("**RBC**") regime, and provide an important foundation for the Working Group's consideration of collateral loans.

Consistent with these broader initiatives, we appreciate the Working Group's acknowledgement that simple "look-through" treatment for purposes of establishing new RBC factors for collateral loans backed by investments in joint ventures, partnerships, or limited liability companies, as well as those backed by residual tranches or interests, is inappropriate. As noted during the February 10 meeting, collateral loans are structurally distinct from the direct holdings of their underlying assets and incorporate certain protections (*e.g.*, borrower equity subordination and first-loss buffers) that materially alter exposure risk and warrant different regulatory treatment.

While we support the directional nature of the refinements that were incorporated into the latest version of the Proposal, we remain concerned that the proposed year-end

[1] The Proposal is *available at*: https://content.naic.org/sites/default/files/inline-files/Att%207%202025-16-L%20MOD%20Collateral%20Loans%20combined.pdf.
[2] The *Framework for Regulation of Insurer Investments – A Holistic Review* is *available at*: https://content.naic.org/sites/default/files/inline-files/Oct%202024%20Investment%20Framework.pdf.
[3] The RBC Principles, as adopted, are *available at*: https://content.naic.org/sites/default/files/inline-files/Dec%202025%20Adopted%20Principles.pdf.

2026 implementation date is premature and that the RBC charges set out in the Proposal do not accurately reflect collateral loan risk. In particular, the new RBC factors should be calibrated to account for the structural features of collateral loans and should seek to be proportional to the insurer's actual exposure. Companies also should be afforded adequate time to assess and adjust their portfolios to reflect a revised regulatory framework. **Accordingly, we respectfully recommend that the Working Group extend the implementation date to no earlier than year-end 2027 to allow for appropriate analysis and orderly implementation.**

In support of this recommendation, AIC offers the following considerations:

- **The RBC Principles concept of "Materiality" should be balanced by the concepts of "Process" and "Accuracy."** The materials underpinning the Proposal focus on growth in collateral loan usage and the need for enhanced transparency and reporting alignment, rather than on an emergent, industry-wide solvency concern. Nor do they reflect a regulatory arbitrage issue, as the Working Group has appropriately recognized that collateral loans are not economically equivalent to direct holdings of their underlying assets. Even if certain capital discrepancies were viewed as "Material", the RBC Principles make clear that materiality should not operate in isolation, but must be balanced by "Process" and "Accuracy" considerations that call for deliberate, transparent, and empirically supported calibration rather than expedited or form-based adjustments.

- **Additional information is required to establish proper RBC charges.** Consistent with the RBC Principles, changes to RBC charges should contemplate the structural features and risk characteristics of collateral loans and should be based on a methodology that incorporates empirical data and otherwise accounts for the specific features and attributes of collateral loans (e.g., anchoring collateral loan factors to existing charges based on a existing data and credit enhancement metrics).

- **Orderly portfolio transition requires a reasonable implementation runway.** A material increase in RBC charges applied to existing collateral loans operates as retroactive rulemaking. Providing at least one full calendar year following adoption is prudent and, in this case, reasonable, and would permit insurers to assess impacts and adjust portfolios in an orderly and non-disruptive manner.

We are hopeful that the collateral loan project will serve as a model for future RBC-related enhancements, demonstrating the value of deliberate policymaking grounded in the RBC Principles. Incorporating the adjustments outlined above would support the development of a more analytically sound framework, result in more precise and risk-sensitive RBC factors, and promote a more stable and orderly pathway for insurers to make any necessary portfolio adjustments as a result of the Proposal. We appreciate the

Working Group's engagement with interested parties and look forward to continuing to work collaboratively on this important initiative.

Sincerely,

/s/ Rebekah Goshorn Jurata
General Counsel
American Investment Council

**From:** Tomasz Serbinowski
**To:** Okosun, Kazeem
**Cc:** Slutsker, Ben; Barlow, Philip; Garn, Jacob W.
**Subject:** Comments on proposal 2025-16-L MOD Collateral Loans
**Date:** Friday, March 6, 2026 5:59:58 PM



Ben Slutsker, Chair
Philip Barlow, Vice Chair
Life Risk-Based Capital (E) Working Group

Re: Request for comments on proposal 2025-16-L MOD Collateral Loans

Dear Chairs, Slutsker and Barlow,

On behalf of the State of Utah, I'd like to offer the following comments on the look-through proposal for certain collateral loans reported on Schedule BA and backed by Joint Ventures', Limited Partnerships' and Limited Liability Companies' interests.

While we agree that the current framework does not appropriately recognize the risk associated with the collateral, we have concerns that the proposal is too punitive.

We believe that the RBC charge should reflect both the riskiness of the collateral and the amount of the collateral. All other things being equal, given the same LTV ratio, more risky collateral should result in a higher RBC charge. We support a higher, look-through charge for collateral loans backed by Joint Ventures', Limited Partnerships' and Limited Liability Companies' interests.

At the same time, given similar collateral, loans with a lower LTV ratio should receive a lower RBC charge.

Loans backed by collateral differ from structured securities. Unlike structured securities, where performance of the underlying directly affects cash flows from the security, loan repayments are not directly affected by changes in the value of the collateral.

We believe that a more principled approach would apply a sliding scale to the RBC charge. Loans with a high LTV ratio should receive a charge similar to the look-through charge applicable to the collateral, while loans with a low LTV ratio should receive a reduced charge.

Sincerely,

--



**Tomasz Serbinowski, Actuary**
**Office of the Commissioner**
Utah Insurance Department
4315 S. 2700 West, Ste. 2300 | Taylorsville, UT 84129
P: 801-957-9324 | tserbinowski@utah.gov

167 Fleet Street, London
EC4A 2EA, United Kingdom
info@aima.org

aima.org

March 6, 2026

Life Risk-Based Capital (E) Working Group
Capital Adequacy (E) Task Force
National Association of Insurance Commissioners
1100 Walnut Street, Suite 1500
Kansas City, MO 64106-2197

Via Email: kokosun@naic.org

Re: Comments on Proposal 2025-16-L – RBC Factors for Collateral Loans Based on Underlying Collateral Type

Dear Members of the Life Risk-Based Capital (E) Working Group,

The Alternative Credit Council,[1] the private credit affiliate of the Alternative Investment Management Association Ltd (AIMA), appreciates the opportunity to

[1] The Alternative Credit Council (ACC) is a global body that represents asset management firms in the private credit and direct lending space. It currently represents 250 members that manage over US$2 trillion of private credit assets. The ACC is an affiliate of AIMA and is governed by its own board, which ultimately reports to the AIMA Council. ACC members provide an important source of funding to the economy. They provide finance to mid-market corporates, SMEs, commercial and residential real estate developments, infrastructure, and the trade and receivables business. The ACC's core objectives are to provide guidance on policy and regulatory matters, support wider advocacy and educational efforts and generate industry research to strengthen the sector's sustainability and wider economic and financial benefits. Alternative credit, private debt or direct lending funds have grown substantially in recent years and are becoming a key segment of the asset management industry. The ACC seeks to explain the value of private credit by highlighting the sector's wider economic and financial stability benefits.

provide comments on Proposal 2025-16-L MOD regarding modifications to the risk-based capital (RBC) treatment for collateral loans. Representing over 250 private credit managers globally who manage more than $2 trillion in assets, the ACC supports initiatives that promote a robust, risk-sensitive regulatory framework for insurers while fostering innovation and efficiency in credit markets.

We commend the Working Group for moving forward with the recommendations in our January 27 letter, particularly those related to collateral loans backed by mortgages. In that letter, we recommend that the RBC treatment take into account the mortgage loan's risk characteristics. We also appreciate the revised proposals' intent to refine the RBC charges for collateral loans by taking into account the loan-to-value (LTV) of the underlying collateral. That said, we believe the modified proposal could benefit from a data-driven analysis to determine the appropriate charge range based on the LTV percentage. A data-driven analysis is essential to fully realize the goal of risk-sensitive calibration as identified in the new RBC principles.

We believe the revised proposal represents a positive step toward better calibrating capital requirements to reflect the actual economic risks involved, rather than relying on overly broad categorizations. The proposal's recognition of collateral type differences aligns with sound prudential principles and could help ensure that capital charges are more proportionate to the diverse risk profiles of these assets. Additionally, the incorporation of a generic haircut (e.g., the proposed 20% adjustment) and the continuation of certain treatments, such as those for mortgage-backed collateral loans under the previously adopted Proposal 2024-15-L, demonstrate a thoughtful attempt to balance regulatory updates with practical considerations.

Furthermore, we appreciate the modifications to the proposal to set AVR Basic Contribution, Reserve Objective and Maximum Reserve to zero until otherwise advised by the American Academy of Actuaries.

The ACC stands ready to collaborate with the Working Group, NAIC staff, and other stakeholders to provide data, expertise, or additional analysis on collateral loans. We believe these enhancements will strengthen the RBC framework's effectiveness while supporting insurers' ability to deploy capital efficiently in private credit markets.

Thank you for considering our comments. We look forward to continued engagement on this important topic.

Please contact me at Jkrol@aima.org or Joe Engelhard, Head of Private Credit & Asset Management Policy, Americas, at jengelhard@aima.org if you have any questions or would like to discuss these topics in more detail.

Sincerely,

Jiří Król
Global Head of Alternative Credit Council

Joe Engelhard
Head of Private Credit & Asset Management Policy, Americas

# Capital Adequacy (E) Task Force
## RBC Proposal Form

☐ Capital Adequacy (E) Task Force
☐ Catastrophe Risk (E) Subgroup
☒ Variable Annuities Capital. & Reserve (E/A) Subgroup
☐ Health RBC (E) Working Group
☐ P/C RBC (E) Working Group
☐ Economic Scenarios (E/A) Subgroup
☒ Life RBC (E) Working Group
☐ Longevity Risk (A/E) Subgroup
☐ RBC Investment Risk & Evaluation (E) Working Group

| | |
|---|---|
| **DATE:** | 9/24/2025 |
| **CONTACT PERSON:** | Jane Ren |
| **TELEPHONE:** | 212-386-1942 |
| **EMAIL ADDRESS:** | jren@naic.org |
| **ON BEHALF OF:** | Variable Annuities Capital and Reserve Subgroup |
| **NAME:** | Matt Cheung, Vice Chair |
| **TITLE:** | Chief Life Actuary |
| **AFFILIATION:** | Illinois |
| **ADDRESS:** | 115 S. Lasalle St, 13th Floor |
| | Chicago IL, 60603 |

**FOR NAIC USE ONLY**

Agenda Item # 2025-17-L
Year 2026

**DISPOSITION**

**ADOPTED:**
☐ TASK FORCE (TF) _____
☐ WORKING GROUP (WG) _____
☐ SUBGROUP (SG) _____

**EXPOSED:**
☐ TASK FORCE (TF) _____
☒ WORKING GROUP (WG) **07-21-2025**
☐ SUBGROUP (SG) _____

**REJECTED:**
☐ TF ☐ WG ☐ SG _____

**OTHER:**
☐ DEFERRED TO _____
☐ REFERRED TO OTHER NAIC GROUP
☐ (SPECIFY) _____

**IDENTIFICATION OF SOURCE AND FORM(S)/INSTRUCTIONS TO BE CHANGED**

☐ Health RBC Blanks
☐ Health RBC Instructions
☐ Health RBC Formula
☐ Property/Casualty RBC Blanks
☐ Property/Casualty RBC Instructions
☐ Property/Casualty RBC Formula
☐ Life and Fraternal RBC Blanks
☒ Life and Fraternal RBC Instructions
☐ Life and Fraternal RBC Formula
☐ OTHER _____

**DESCRIPTION/REASON OR JUSTIFICATION OF CHANGE(S)**

This proposal clarifies that for LR027 in the Life and Fraternal RBC blanks, companies that reserve for payout annuities resulting from variable annuities under VM-21 (which requires domiciliary commissioner approval) should exclude such reserves from the Interest Rate Risk and Market Risk calculation.

**APPENDIX 1 – CASH FLOW MODELING FOR C-3 RBC**

The total C-3 component is the sum of (a), (b), (c) and (d), but not less than half the C-3 component based on current factors and instructions.

- For this C-3 calculation, "Certain Annuities" means products with the characteristics of deferred and immediate annuities, structured settlements, guaranteed separate accounts (excluding guaranteed indexed separate accounts following a Class II investment strategy) and GICs (including synthetic GICs and funding agreements). Debt incurred for funding an investment account is included if cash flow testing of the arrangement is required by the insurer's state of domicile for asset adequacy analysis. Variable annuity products are not to be included, including guaranteed fixed options within such products **and payout annuities resulting from variable annuities reserved for under VM-21**, as they are separately tested under the requirements for Variable Annuities and Similar Products. See Appendix 1b for further discussion.

The RBC instructions already extend C3P2 to all policies and contracts valued with AG-43/VM-21, so no further change is needed there.

**Additional Staff Comments:**

- 07-21-2025: Proposal was exposed with comments due 08-20-2025 - No comment letter received (KO)

** **This section must be completed on all forms.** **Revised 2-2023**

# APPENDIX 1 – CASH FLOW MODELING FOR C-3 RBC

This appendix is applicable for all companies who do Cash Flow Testing for C-3 RBC for Certain Annuities and Single Premium Life products.

The method of developing the C-3 component for these products is building on the work of the asset adequacy modeling but using interest scenarios designed to help approximate the 95th percentile C-3 risk.

The C-3 component is to be calculated as the sum of four amounts, but subject to a minimum. The calculation is:

(a) For Certain Annuities or Single Premium Life Insurance products other than equity-indexed products, whether written directly or assumed through reinsurance, that the company tests for asset adequacy analysis using cash flow testing, an actuary should calculate the C-3 requirement based on the same cash flow models and assumptions used and same "as-of" date as for asset adequacy, but with a different set of interest scenarios and a different measurement of results. A weighted average of a subset of the scenario-specific results is used to determine the C-3 requirement. The result is to be divided by (1-enacted maximum federal corporate income tax rate) to put it on a pre-tax basis for LR027 Interest Rate Risk and Market Risk Column (2) Line (33).

If the "as-of" date of this testing is not Dec. 31, the ratio of the C-3 requirement to reserves on the "as-of" date is applied to the year-end reserves, similarly grouped, to determine the year-end C-3 requirement for this category.

(b) Equity-indexed products are to use the existing C-3 RBC factors, not the results of cash flow testing.

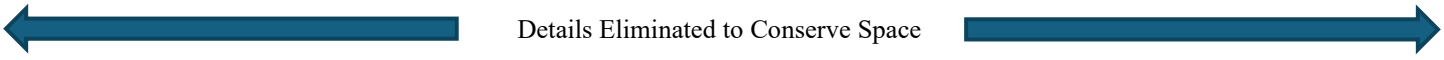
(c) For all other products (either non-cash-flow-tested or those outside the product scope defined above) the C-3 requirements are calculated using current existing C-3 RBC factors and instructions.

(d) For callable/pre-payable assets (including IOs and similar investments other than those used for testing in component a) above, the after-tax C-3 requirement is 50.0% of the excess, if any, of book/adjusted carrying value above current call price. The calculation is to be done on an asset-by-asset basis. For callable/pre-payable assets used for testing in component a) above as well as those used in C-3P2 testing, the C-3 factor requirement is zero.

The total C-3 component is the sum of (a), (b), (c) and (d), but not less than half the C-3 component based on current factors and instructions.

- For this C-3 calculation, "Certain Annuities" means products with the characteristics of deferred and immediate annuities, structured settlements, guaranteed separate accounts (excluding guaranteed indexed separate accounts following a Class II investment strategy) and GICs (including synthetic GICs and funding agreements). Debt incurred for funding an investment account is included if cash flow testing of the arrangement is required by the insurer's state of domicile for asset adequacy analysis. Variable annuity products are not to be included, including guaranteed fixed options within such products and payout annuities resulting from variable annuities reserved for under VM-21, as they are separately tested under the requirements for Variable Annuities and Similar Products. See Appendix 1b for further discussion.

- The company may use either a standard 50 scenario set of interest rates or an alternative, but more conservative, 12 scenario set (for part a, above). It may use the smaller set for some products and the larger one for others. Details of the cash flow testing for C-3 RBC methodology are contained in Appendix 1a.



Attachment G

# RBC Ratios and Impairment Risk: Are they related and, if so, when?

Life Risk-Based Capital (E) Working Group

March 22, 2026



American Academy of Actuaries

# About the Academy



**Mission:**
To serve the public and the U.S. actuarial profession

**Community:**
Serving over 20K MAAAs & public stakeholders for 60 years

**Standards:**
Setting qualification, practice, and professionalism standards

**Impact:**
Delivering over 300 insight-driven publications & resources annually

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American Academy of Actuaries

# BACKGROUND

# Key Highlights From Previous Research



| AUTHOR | YEAR | Title | Main Drivers of Impairment |
|---|---|---|---|
| Academy | 2010 | Property/Casualty Insurance Company Insolvencies | Inadequate loss reserves; inadequate pricing; rapid growth; mismanagement |
| CAS | 2012 | A Review of Historical Insurance Company Impairments | Middle-sized companies show highest impairment rates |
| SOA/CAS/ CIA | 2018 | Actuarial Review of Insurer Insolvencies and Future Preventions | Premium growth; profitability; liquidity; investment mix; leverage; RBC ratio |

# Observations about previous studies



1. Academy and CAS studies included only P&C firms
2. SOA/CAS/CIA study included 76 firms across Life, Health and P&C
3. None of the studies provided quantitative impacts for RBC ratios on the probability of impairment or insolvency
4. None of the studies examined all of the drivers in a multivariate analysis

# Other Relevant Research



Canadian Property and Casualty Insurance Compensation Corporation (PACICC):

- Global Failed Insurer Catalog (including Life, P&C, Composite, and Reinsurance)
- Research on Why P&C Insurers Fail

Board of Governors of the Federal Reserve System. Comparing Capital Requirements in Different Regulatory Frameworks (2019). Including a careful analysis of the relationship between RBC ratios and defaults for U.S. Life and P&C insurers.

# Definition of Impairment, from AM Best



"[S]ituations in which a company has been placed, via court order, into conservation, rehabilitation, or insolvent liquidation. Supervisory actions undertaken by state insurance department regulators without court order are not considered impairments, unless there are clear indications that policyholder payments may be delayed or otherwise limited in some manner through the regulatory oversight process."

- AM Best, 2023 US Property/Casualty Impairments Update, Jan. 31, 2025, p1.

# Data



| Results of matching impairment data with RBC ratio data | | | | |
|---|---|---|---|---|
| | **Companies with RBC data (S&P)** | **Companies with impairment data (AM Best)** | **% Matched** | **% Impaired (total)** |
| P&C | 4218 | 433 | 87% | 10% |
| Health | 2147 | 105 | 82% | 5% |
| Life | 1805 | 88 | 82% | 5% |
| **Total** | **8170** | **626** | **86%** | **8%** |

1. Downloaded ACL RBC ratios from 1996 to 2023 from S&P Capital IQ Pro for all life, health, and P&C insurance companies that had data for those years
2. Downloaded impairment data from AM Best Impairment Reports for all life, health, and P&C insurance companies that experienced an impairment between 2000 to 2023
3. Matched impairment and ACL RBC ratios using state of domicile and the name of the company because AM Best does not use NAIC codes
4. Results are only for 2011-2023.

# Methods



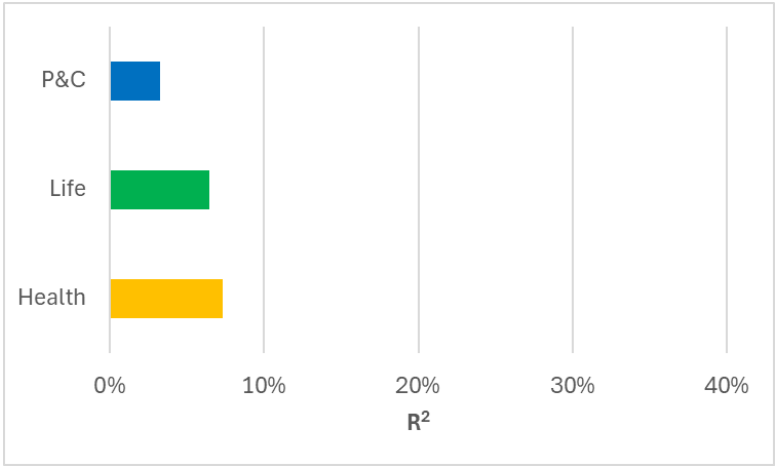
- We assessed whether a meaningful relationship exists by looking at how closely differences in RBC ratios align with differences in the likelihood of impairment. This was done by analyzing max rescaled R-squared (RSQ) values from logistic regressions as an indicator of goodness of fit.
- We selected the “best” sample for each line of insurance by optimizing RSQ and the number of impaired companies in the filtered sample.
- We calculated the estimated probability of impairment by applying the parameters estimated in the logistic regression on the “best” sample to various levels of RBC ratios.

# RESULTS

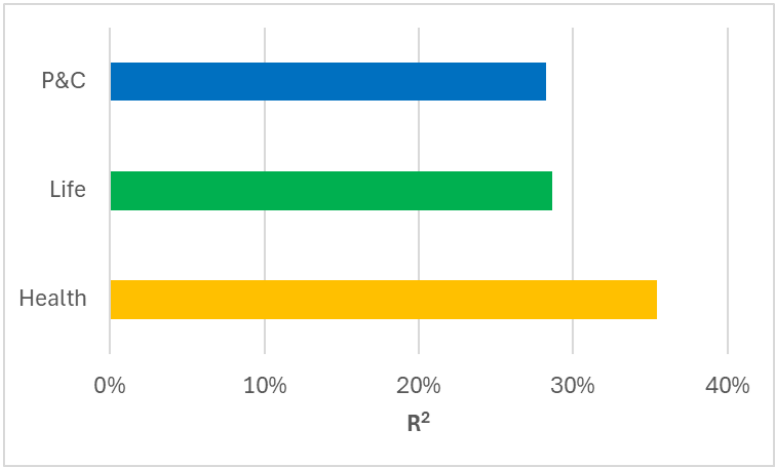
# Extent of Variation in Impairments Accounted For by ACL RBC Ratios ($R^2$), by Line of Business (2011-2023)



**All Insurers Included:**
**Little correlation**




**Large RBC ratios ( > 1000%-1500%) and**
**Small size (smallest 10%)**
**Insurers Excluded: More correlation**



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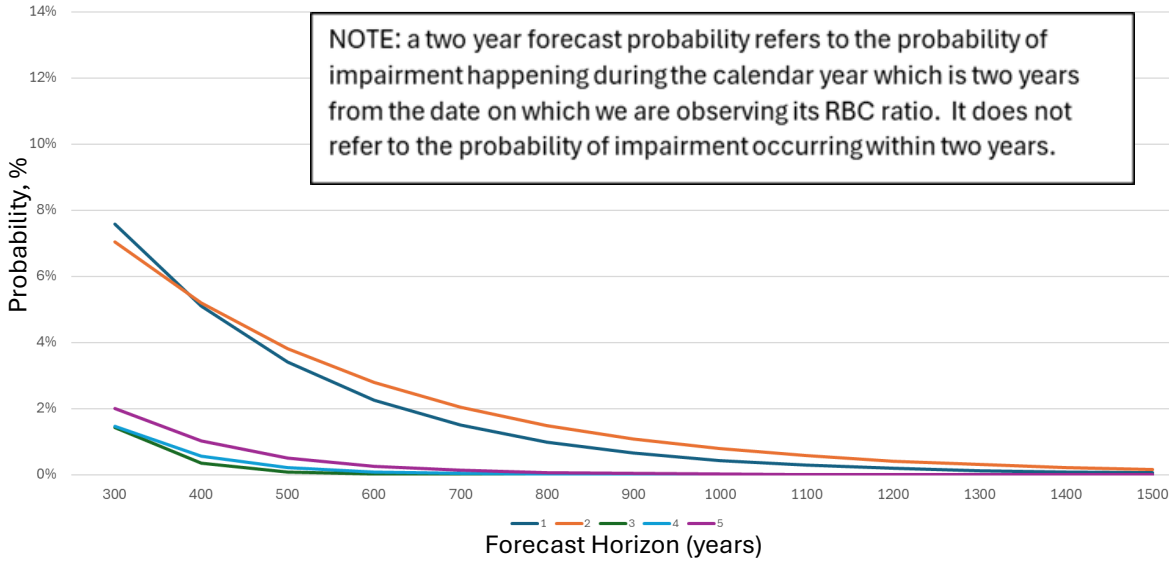
# Life, 2011-2023, Probability of Impairment






## Takeaways

- Probabilities of impairment forecast are much higher in years 1-2 than 3-5
- For RBC ratios of 700+, the probability of impairment is approximately 2% or less for all forecast periods
- With RBC ratios of 1100, all forecast probabilities approach 0



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# Probability of Impairment by RBC level and Forecast Horizon (years)



| ACL RBC | Life | | | | |
|---|---|---|---|---|---|
| 1500 | 0% | 0% | 0% | 0% | 0% |
| 1400 | 0% | 0% | 0% | 0% | 0% |
| 1300 | 0% | 0% | 0% | 0% | 0% |
| 1200 | 0% | 0% | 0% | 0% | 0% |
| 1100 | 0% | 1% | 0% | 0% | 0% |
| 1000 | 0% | 1% | 0% | 0% | 0% |
| 900 | 1% | 1% | 0% | 0% | 0% |
| 800 | 1% | 1% | 0% | 0% | 0% |
| 700 | 1% | 2% | 0% | 0% | 0% |
| 600 | 2% | 3% | 0% | 0% | 0% |
| 500 | 3% | 4% | 0% | 0% | 1% |
| 400 | 5% | 5% | 0% | 1% | 1% |
| 300 | 8% | 7% | 1% | 1% | 2% |
| | 1 | 2 | 3 | 4 | 5 |

Forecast Horizon (years)



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# Key Takeaways



- RBC ratios, on their own and across all lines of insurance (P&C, Life and Health) show little meaningful relationship with impairment experience.
- Once we remove very small insurers and companies with extremely high capital levels, a much clearer and more stable predictive pattern emerges.
- In these filtered samples, RBC levels become materially less informative of impairment risk when ACL RBC ratios exceed 1000% - 1500%.

**Next steps**: In addition to sensitivity testing of the results presented here, the relationship between the RBC ratios and impairment risk when accounting for other factors, which are very likely also related, will be examined.

# Other Academy Resources



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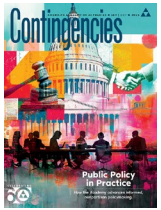
## Access the Following Resources:




*Contingencies* Magazine


Policy Forum


Actuarially Sound Blog


Actuary Voices Podcast


Academy Insights



American Academy of Actuaries

Attachment G

# American Academy of Actuaries



American Academy of Actuaries

# Questions?



**For more information, please contact**

**Steve Jackson**

**Director of Research (Public Policy)**

**sjackson@actuary.org**



American Academy of Actuaries