

Capital Adequacy (E) Task Force

RBC Proposal Form

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|---|---|--|
| <input checked="" type="checkbox"/> Capital Adequacy (E) Task Force | <input type="checkbox"/> Health RBC (E) Working Group | <input type="checkbox"/> Life RBC (E) Working Group |
| <input type="checkbox"/> Catastrophe Risk (E) Subgroup | <input type="checkbox"/> Investment RBC (E) Working Group | <input type="checkbox"/> Operational Risk (E) Subgroup |
| <input type="checkbox"/> C3 Phase II/ AG43 (E/A) Subgroup | <input type="checkbox"/> P/C RBC (E) Working Group | <input type="checkbox"/> Stress Testing (E) Subgroup |

DATE: <u>4/29/2021</u>	<u>FOR NAIC USE ONLY</u>
CONTACT PERSON: <u>Jane Barr</u> TELEPHONE: _____ EMAIL ADDRESS: _____ ON BEHALF OF: <u>Capital Adequacy Task Force</u> NAME: <u>Tom Botsko</u> TITLE: <u>Chair</u> AFFILIATION: <u>Ohio Department of Insurance</u> ADDRESS: <u>50 West Town Street, Suite 300</u> <u>Columbus, OH 43215</u>	Agenda Item # <u>2021-07-CA</u> Year <u>2021</u> <b style="text-align: center;"><u>DISPOSITION</u> <input checked="" type="checkbox"/> ADOPTED <u>6/30/21</u> <input type="checkbox"/> REJECTED _____ <input type="checkbox"/> DEFERRED TO _____ <input type="checkbox"/> REFERRED TO OTHER NAIC GROUP _____ <input type="checkbox"/> EXPOSED _____ <input type="checkbox"/> OTHER (SPECIFY) _____

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

- | | | |
|---|--|---|
| <input checked="" type="checkbox"/> Health RBC Blanks | <input checked="" type="checkbox"/> Property/Casualty RBC Blanks | <input type="checkbox"/> Life and Fraternal RBC Instructions |
| <input type="checkbox"/> Health RBC Instructions | <input type="checkbox"/> Property/Casualty RBC Instructions | <input checked="" type="checkbox"/> Life and Fraternal RBC Blanks |
| <input type="checkbox"/> OTHER _____ | | |

DESCRIPTION OF CHANGE(S)

Update the RBC factors for Receivables for Securities.

REASON OR JUSTIFICATION FOR CHANGE **

Based on a weighted average calculation of bonds, common, preferred and hybrid stock investments, the receivable for securities factors were adjusted for all RBC forecasting blanks.

Additional Staff Comments:

6/30/21 Factors were adopted by the Task Force.

** This section must be completed on all forms.

Revised 2-2019

	Proposed 2021	2018	2016	2014
Life	0.015	0.014	0.014	0.014
Health	0.024	0.025	0.024	0.024
P/C	0.020	0.025	0.023	0.024

Proposed 2021 Life RBC Factor for Receivables for Securities

	(1)	(2)	-3.0000	(4)	(5)	(6)
	Statement Value	Allocation % by Class Type	RBC Factors by Class Type	Weighted Avg RBC Factor by Class type (2)x(3)	Allocation % by Asset type (1)/Total (1)	Weighted Avg RBC by Asset type (4)x(5)
Bonds and Hybrids						
Exempt Obligations	203,681,899,268	5.93%	0.0000	0.000		
NAIC 1	1,755,070,452,018	51.06%	0.0039	0.002		
NAIC 2	1,266,205,845,000	36.84%	0.0126	0.005		
NAIC 3	138,002,043,541	4.02%	0.0446	0.002		
NAIC 4	54,220,375,402	1.58%	0.0970	0.002		
NAIC 5	17,360,937,037	0.51%	0.2231	0.001		
NAIC 6	2,419,944,866	0.07%	0.3000	0.000		
Subtotal	3,436,961,497,132	100.00%		0.011	98.32%	0.011
Preferred stock						
NAIC 1	3,236,974,611	21.34%	0.0040	0.001		
NAIC 2	8,058,180,267	53.14%	0.0130	0.007		
NAIC 3	1,626,957,797	10.73%	0.0460	0.005		
NAIC 4	954,076,003	6.29%	0.1000	0.006		
NAIC 5	825,983,462	5.45%	0.2300	0.013		
NAIC 6	462,924,058	3.05%	0.3000	0.009		
Subtotal	15,165,096,198	100.00%		0.041	0.43%	0.000
Common stock (subtotal)	43,472,175,917	100.00%	0.3000	0.300	1.24%	0.004
Total	3,495,598,769,247				100.00%	0.015

Proposed 2021 P&C RBC Factor for Receivables for Securities

	(1)	(2)	(3)	(4)	(5)	(6)
	Statement Value	Allocation % by Class Type	RBC Factors by Class Type	Weighted Avg RBC Factor by Class type (2)x(3)	Allocation % by Asset type (1)/Total (1)	Weighted Avg RBC by Asset type (4)x(5)
Bonds						
Exempt Obligations	198,077,770,204	14.73%	0.000	0.000		
NAIC 1	892,606,935,183	66.40%	0.003	0.002		
NAIC 2	196,155,056,615	14.59%	0.010	0.001		
NAIC 3	29,627,422,364	2.20%	0.020	0.000		
NAIC 4	22,407,220,194	1.67%	0.045	0.001		
NAIC 5	4,921,385,393	0.37%	0.100	0.000		
NAIC 6	575,257,936	0.04%	0.300	0.000		
Subtotal	1,344,371,047,889	100.00%		0.005	88.49%	0.005
Preferred stock						
NAIC 1	268,672,231	2.06%	0.003	0.000		
NAIC 2	5,385,911,971	41.35%	0.010	0.004		
NAIC 3	1,610,172,447	12.36%	0.020	0.002		
NAIC 4	5,454,937,067	41.88%	0.045	0.019		
NAIC 5	167,040,637	1.28%	0.100	0.001		
NAIC 6	137,185,850	1.05%	0.300	0.003		
Subtotal	13,023,920,203	100.00%		0.030	0.86%	0.000
Hybrid Securities						
NAIC 1	195,915,508	5.41%	0.003	0.000		
NAIC 2	2,602,668,840	71.83%	0.010	0.007		
NAIC 3	796,155,236	21.97%	0.020	0.004		
NAIC 4	28,186,843	0.78%	0.045	0.000		
NAIC 5	629,783	0.02%	0.100	0.000		
NAIC 6	16,321	0.00%	0.300	0.000		
Subtotal	3,623,572,531	100.00%		0.012	0.24%	0.000
Common stock (subtotal)	158,185,376,976	100.00%	0.150	0.150	10.41%	0.016
Total	1,519,203,917,599				100.00%	0.020

Proposed 2021 Health RBC Factor for Receivables for Securities

	(1)	(2)	(3)	(4)	(5)	(6)
	Statement Value	Allocation % by Class Type	RBC Factors by Class Type	Weighted Avg RBC Factor by Class type (2)x(3)	Allocation % by Asset type (1)/Total (1)	Weighted Avg RBC by Asset type (4)x(5)
Bonds						
Exempt Obligations	26,978,694,441	16.82%	0.000	0.000		
NAIC 1	92,173,162,315	57.45%	0.003	0.002		
NAIC 2	31,516,321,303	19.64%	0.010	0.002		
NAIC 3	5,719,206,660	3.56%	0.020	0.001		
NAIC 4	3,540,212,585	2.21%	0.045	0.001		
NAIC 5	369,787,474	0.23%	0.100	0.000		
NAIC 6	134,137,224	0.08%	0.300	0.000		
Subtotal	160,431,522,002	100.00%		0.006	86.84%	0.005
Preferred stock						
NAIC 1	16,895,298	2.64%	0.003	0.000		
NAIC 2	409,146,343	63.86%	0.010	0.006		
NAIC 3	185,064,846	28.88%	0.020	0.006		
NAIC 4	768,429	0.12%	0.045	0.000		
NAIC 5	23,426,601	3.66%	0.100	0.004		
NAIC 6	5,410,086	0.84%	0.300	0.003		
Subtotal	640,711,603	100.00%		0.018	0.35%	0.000
Hybrid Securities						
NAIC 1	32,723,508	6.51%	0.003	0.000		
NAIC 2	356,672,701	70.96%	0.010	0.007		
NAIC 3	108,648,195	21.62%	0.020	0.004		
NAIC 4	972,052	0.19%	0.045	0.000		
NAIC 5	1,008,743	0.20%	0.100	0.000		
NAIC 6	2,600,202	0.52%	0.300	0.002		
Subtotal	502,625,401	100.00%		0.013	0.27%	0.000
Common stock (subtotal)	23,167,522,031	100.00%	0.150	0.150	12.54%	0.019
Total	184,742,381,037				100.00%	0.024