

## Capital Adequacy (E) Task Force

### RBC Proposal Form

- |                                                           |                                                           |                                                        |
|-----------------------------------------------------------|-----------------------------------------------------------|--------------------------------------------------------|
| <input 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   |

<p style="text-align: right;"><b>DATE:</b> <u>5/2/2017</u></p> <p><b>CONTACT PERSON:</b> <u>Jane Barr</u></p> <p><b>TELEPHONE:</b> _____</p> <p><b>EMAIL ADDRESS:</b> _____</p> <p><b>ON BEHALF OF:</b> <u>Capital Adequacy Task Force</u></p> <p><b>NAME:</b> _____</p> <p><b>TITLE:</b> _____</p> <p><b>AFFILIATION:</b> _____</p> <p><b>ADDRESS:</b> _____</p>	<p style="text-align: center;"><b><u>FOR NAIC USE ONLY</u></b></p> <p>Agenda Item # <u>2017-07-CA</u></p> <p>Year <u>2018</u></p> <p style="text-align: center;"><b><u>DISPOSITION</u></b></p> <p><input checked="" type="checkbox"/> ADOPTED <u>3/25/18</u></p> <p><input type="checkbox"/> REJECTED _____</p> <p><input type="checkbox"/> DEFERRED TO _____</p> <p><input type="checkbox"/> REFERRED TO OTHER NAIC GROUP _____</p> <p><input type="checkbox"/> EXPOSED _____</p> <p><input type="checkbox"/> OTHER (SPECIFY) _____</p>
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#### 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 RBC Instructions              |
| <input type="checkbox"/> Fraternal RBC Blanks         | <input checked="" type="checkbox"/> Health RBC Instructions      | <input type="checkbox"/> Property/Casualty RBC Instructions |
| <input checked="" type="checkbox"/> Life RBC Blanks   | <input type="checkbox"/> Fraternal RBC Instructions              | <input type="checkbox"/> OTHER _____                        |

#### DESCRIPTION OF CHANGE(S)

Remove the non-Government Money Market Mutual Fund line reference for common stock on the Unaffiliated Common and Preferred Stock page for life, property/casualty and health RBC. Remove the non-government MMMF reference from the instructions for life and health.

#### REASON OR JUSTIFICATION FOR CHANGE \*\*

Money market mutual funds are reported as cash equivalents. To avoid a duplicate charge, MMMF will be removed from the unaffiliated common stock page.

#### Additional Staff Comments:

Reference to the following proposals:

2016-15-CA – MMMF Reclassification effective (2017)

2017-06-CA - Factor change to avoid double charge in cash equivalents and common stock page, noting that the lines will be removed from the Unaffiliated Common and Preferred Stock page for life, property/casualty and health RBC in 2018.

03/25/2018 The CADTF adopted this proposal at the spring national meeting. eky

## EQUITY ASSETS

XR009

### Unaffiliated Preferred Stocks

Experience data to develop preferred stock factors is not readily available; however, it is believed that preferred stocks are somewhat more likely to default than bonds. The loss on default would be somewhat higher than that experienced on bonds; however, formula factors are equal to bond factors.

The RBC requirements for unaffiliated preferred stocks and hybrids are based on the NAIC designation. Column (1) amounts are from Schedule D, Part 2, Section 1 not including affiliated preferred stock. The preferred stocks and hybrids must be broken out by asset designation (NAIC 01 through NAIC 06) and these individual groups are to be entered in the appropriate lines. The total amount of unaffiliated preferred stock and hybrids reported should equal annual statement Page 2, Column 3, Line 2.1, less any affiliated preferred stock in Schedule D Summary by Country, Column 1, Line 18. The total amount of hybrid securities reported should equal annual statement Schedule D, Part 1A, Section 1, Column 7, Line 7.7.

### Unaffiliated Common Stock

~~Non-government money market mutual funds are more like cash than common stock, therefore it is appropriate to use the same factor as for cash.~~ Federal Home Loan Bank Stock has characteristics more like a fixed income instrument rather than common stock. A 2.3 percent factor was chosen. The factor for other unaffiliated common stock is based on studies which indicate that a 10 percent to 12 percent factor is needed to provide capital to cover approximately 95 percent of the greatest losses in common stock over a one-year future period. The higher factor of 15 percent contained in the formula reflects the increased risk when testing a period in excess of one year. This factor assumes capital losses are unrealized and not subject to favorable tax treatment at the time of loss in market value.

## UNAFFILIATED PREFERRED AND COMMON STOCK

LR005

### *Basis of Factors*

#### Unaffiliated Preferred Stock

Starting with year-end 2004 RBC, the preferred stock factors were changed to be the same as for bonds.

#### Unaffiliated Common Stock

Non-government money market mutual funds are more like cash than common stock; therefore, it is appropriate to use the same factor as for cash. Federal Home Loan Bank Stock has characteristics more like a fixed-income instrument rather than common stock. A 1.1 percent pre-tax factor was chosen. The factor for other unaffiliated common stock is based on studies conducted at two large life insurance companies. Both of these studies focused on well-diversified portfolios with characteristics similar to the Standard and Poor's 500 and indicate that a 30 percent pre-tax factor is needed to provide capital to cover approximately 95 percent of the greatest losses in common stock value over a two-year future period. This factor assumes capital losses are unrealized and not subject to favorable tax treatment at the time loss in fair value occurs.

Two adjustments are made to the 30 percent pre-tax factor to account for differences between the insurer's portfolio and the Standard and Poor's 500: first, the factor for publicly traded unaffiliated common stock is adjusted up or down by the weighted average beta of the insurer's portfolio subject to a maximum of 45 percent and a minimum of 22.5 percent; and second, a common stock concentration component is calculated, adding an additional requirement equal to 50 percent of the beta adjusted basic requirement for the five largest holdings of common stock in the insurer's portfolio.

### *Specific Instructions for Application of the Formula*

#### Lines (1) through (6)

Column (1) amounts are from the Asset Valuation Reserve Default Component, Page 30, Column 1, Lines 10 through 15 of the annual statement. Since affiliated amounts are included for affiliated companies without an AVR in the Asset Valuation Reserve Default Component, Lines 10 through 15, these affiliated amounts should be deducted in Column (2). Affiliated companies with an AVR are reported on the Asset Valuation Reserve Default Component, Line 16 and should not be included in Column (2).

#### Line (7)

Column (1) should equal Annual Statement Assets, Page 2, Column 3, Line 2.1 less Asset Valuation Reserve Default Component, Column 1, Line 16. Column (2) should equal Schedule D Summary by Country, Column 1, Line 18 less Asset Valuation Reserve Default Component, Column 1, Line 16.

#### Line (21)

Amount should reflect any non-admitted unaffiliated common stock that was included in the book/adjusted carrying value of Schedule D Summary by Country, Line 25, Column 1 (Line (19) of this page).

#### Line (22)

**Money market mutual funds are now reported as cash equivalents and will receive the same charge as cash equivalents.**

#### Line (2322)

Federal Home Loan Bank common stock reported on Schedule D, Part 2, Section 2 of the annual statement should be reflected on this line.

Line ~~(2524)~~

The pre-tax factor for other unaffiliated common stock should be equal to 30 percent adjusted in the case of publicly traded stock by the weighted average beta for the insurer's portfolio of common stock, subject to a minimum factor of 22.5 percent and a maximum factor of 45 percent. The calculation of the beta adjustment should follow the procedures laid out for the similar adjustment in the asset valuation reserve calculation. Insurers that choose not to calculate a beta for their portfolio should use the maximum factor of 45 percent.

Line ~~(2625)~~

Column (1) should equal Annual Statement Schedule D Summary by Country, Column 1, Line 25 less Schedule D Summary by Country, Column 1, Line 24 less line (21).

Lines ~~(2827)~~ and ~~(2928)~~

To the extent that a modco or funds withheld transaction is backed by common stock included in Line (26) of the ceding company's RBC calculation, the ceding company's credit and assuming reinsurer's charge should include a beta adjustment that is calculated in a manner consistent with the Line (26) calculation of the ceding insurer.

**UNAFFILIATED PREFERRED AND COMMON STOCK PR007**

		(1)	(2)
Unaffiliated Preferred Stock	Annual Statement Source	Book/Adjusted Carrying Value	Factor RBC Requirement
(1) NAIC 01 Preferred Stock	Sch D Pt 2 Sn 1	0	0.003 0
(2) NAIC 02 Preferred Stock	Sch D Pt 2 Sn 1	0	0.010 0
(3) NAIC 03 Preferred Stock	Sch D Pt 2 Sn 1	0	0.020 0
(4) NAIC 04 Preferred Stock	Sch D Pt 2 Sn 1	0	0.045 0
(5) NAIC 05 Preferred Stock	Sch D Pt 2 Sn 1	0	0.100 0
(6) NAIC 06 Preferred Stock	Sch D Pt 2 Sn 1	0	0.300 0
(7) SUBTOTAL - UNAFFILIATED PREFERRED STOCK (should equal P2 L2.1 C3 less Sch D-Sum C1 L18)	Sum of Ls(1) through (6)	0	0
(8) NAIC 01 Hybrid Securities	Sch D Pt 1A Sn 1 C(7) L (7.1)	0	0.003 0
(9) NAIC 02 Hybrid Securities	Sch D Pt 1A Sn 1 C(7) L (7.2)	0	0.010 0
(10) NAIC 03 Hybrid Securities	Sch D Pt 1A Sn 1 C(7) L (7.3)	0	0.020 0
(11) NAIC 04 Hybrid Securities	Sch D Pt 1A Sn 1 C(7) L (7.4)	0	0.045 0
(12) NAIC 05 Hybrid Securities	Sch D Pt 1A Sn 1 C(7) L (7.5)	0	0.100 0
(13) NAIC 06 Hybrid Securities	Sch D Pt 1A Sn 1 C(7) L (7.6)	0	0.300 0
(14) SUBTOTAL - HYBRID SECURITIES	Sum of Ls(8) through (13)	0	0
(15) Total Unaffiliated Preferred Stock and Hybrid Securities	Line (7) + Line (14)	0	0
Unaffiliated Common Stock			
<del>(16) Non-Government Money Market Funds</del>	<del>Sch E Pt2 C7 L8699999</del>	<del>0</del>	<del>0.000 0</del>
(16) Total Common Stock	Sch D - Summary C1 L25	0	
(17) Affiliated Common Stock	Sch D - Summary C1 L24	0	
(18) Non-Admitted Unaffiliated Common Stock	<del>P2 C2 L2.2 in part</del> Sch D Pt6 Sn1 C9 L1899999	0	
(19) <del>Other</del> -Admitted Unaffiliated Common Stock	L(16) - L(17) - L(18)	0	0.150 0
(20) Fair Value Excess Affiliated Common Stock	PR003 C(17) L(9999999)		0
(21) Total <del>Admitted</del> -Unaffiliated Common Stock	L(16)+L(19) + L(20)	0	0


Calculation of Total Risk-Based Capital After Covariance PR031 R2-R3

(1)

R2 - Asset Risk - Equity		PRBC O&I Reference	RBC Amount
(33)	Common - Affiliate Investment Subsidiary	PR004 L(7)C(2)	0
(34)	Common - Affiliate Hold. Company. in excess of Ins. Subs.	PR004 L(10)C(2)	0
(35)	Common - Investment in Parent	PR004 L(11)C(2)	0
(36)	Common - Aff'd US P&C Not Subj to RBC	PR004 L(12)C(2)	0
(37)	Common - Affil US Life Not Subj to RBC	PR004 L(13)C(2)	0
(38)	Common - Affil US Health Insurer Not Subj to RBC	PR004L(14)C(2)	0
(39)	Common - Aff'd Non-insurer	PR004 L(15)C(2)	0
(40)	Preferred - Aff'd Invest Sub	PR004 L(7)C(3)	0
(41)	Preferred - Aff'd Hold. Co. in excess of Ins. Subs.	PR004 L(10)C(3)	0
(42)	Preferred - Investment in Parent	PR004 L(11)C(3)	0
(43)	Preferred - Affil US P&C Not Subj to RBC	PR004 L(12)C(3)	0
(44)	Preferred - Affil US Life Not Subj to RBC	PR004 L(13)C(3)	0
(45)	Preferred - Affil US Health Insurer Not Subj to RBC	PR004 L(14)C(3)	0
(46)	Preferred - Affil Non-insurer	PR004 L(15)C(3)	0
(47)	Unaffiliated Preferred Stock and Hybrid Securities	PR007 L(15)C(2)+PR015 L(16)C(4)	0
(48)	Unaffiliated Common Stock	PR007 L(21)C(2)+PR015 L(17)C(4)	0
(49)	Other Long -Term Assets - Real Estate	PR008 L(7)C(2)	0
(50)	Other Long -Term Assets - Schedule BA Assets	PR008 L(19)C(2)+PR015 L(18)+L(19)C(4)	0
(51)	Misc Assets - Receivable for Securities	PR009 L(1)C(2)	0
(52)	Misc Assets - Aggregate Write-ins for Invested Assets	PR009 L(2)C(2)	0
(53)	Misc Assets - Derivatives	PR009 L(14)C(2)	0
(54)	Replication - Synthetic Asset: One Half	PR010 L(9999999)C(7)	0
(55)	Asset Concentration RBC - Equity	PR011 L(29)C(3) Grand Total Page	0
(56)	<b>Total R2</b>	L(33)+L(34)+L(35)+L(36)+L(37)+L(38)+L(39) +L(40)+L(41)+L(42)+L(43)+L(44)+L(45)+L(46)+L(47) +L(48)+L(49)+L(50)+L(51)+L(52)+L(53)+L(54)+L(55)	0

## EQUITY ASSETS

	<u>Annual Statement Source</u>	(1) <u>Bk/Adj Carrying Value</u>	<u>Factor</u>	(2) <u>RBC Requirement</u>
<b>PREFERRED STOCK - UNAFFILIATED</b>				
(1)	NAIC 01 Preferred Stock	Included in Sch D, Pt 2, Sn 1	0.003	
(2)	NAIC 02 Preferred Stock	Included in Sch D, Pt 2, Sn 1	0.010	
(3)	NAIC 03 Preferred Stock	Included in Sch D, Pt 2, Sn 1	0.020	
(4)	NAIC 04 Preferred Stock	Included in Sch D, Pt 2, Sn 1	0.045	
(5)	NAIC 05 Preferred Stock	Included in Sch D, Pt 2, Sn 1	0.100	
(6)	NAIC 06 Preferred Stock	Included in Sch D, Pt 2, Sn 1	0.300	
(7)	Subtotal - Unaffiliated Preferred Stock	Sum of Lines (1) through (6)		
(Should equal Page 2, Col 3, Line 2.1 less Sch D Sum, Col 1, L18)				
<b>HYBRID SECURITIES - UNAFFILIATED</b>				
(8)	NAIC 01 Hybrid Securities	Sch D, Pt 1A, Sn 1, Col 7, Line 7.1	0.003	
(9)	NAIC 02 Hybrid Securities	Sch D, Pt 1A, Sn 1, Col 7, Line 7.2	0.010	
(10)	NAIC 03 Hybrid Securities	Sch D, Pt 1A, Sn 1, Col 7, Line 7.3	0.020	
(11)	NAIC 04 Hybrid Securities	Sch D, Pt 1A, Sn 1, Col 7, Line 7.4	0.045	
(12)	NAIC 05 Hybrid Securities	Sch D, Pt 1A, Sn 1, Col 7, Line 7.5	0.100	
(13)	NAIC 06 Hybrid Securities	Sch D, Pt 1A, Sn 1, Col 7, Line 7.6	0.300	
(14)	Subtotal - Hybrid Securities	Sum of Lines (8) through (13)		
(15)	Total Unaffiliated Preferred Stock and Hybrids	Line (7) + Line (14)		
<b>COMMON STOCK - UNAFFILIATED</b>				
(16)	Federal Home Loan Bank Stock	Company Records	0.023	
(17)	<del>Non-Government Money Market Funds</del>	<del>Schedule E, Part 2, Column 7, Line 8699999</del>	<del>0.000</del>	
(17)	Total Common Stock	Sch D, Summary, Col 1, Line 25		
(18)	Affiliated Common Stock	Sch D, Summary, Col 1, Line 24		
(19)	Other Unaffiliated Common Stock	L(17)-L(16)-L(18)	\$0	0.150
(20)	Total Unaffiliated Common Stock	L(16)+L(19)	\$0	

 Denotes items that must be manually entered on filing software.

## CALCULATION OF TOTAL RISK-BASED CAPITAL AFTER COVARIANCE

			(1)
			<u>RBC Amount</u>
<b>H0 - ASSET RISK - AFFILIATES W/RBC</b>			
(1)	Off-Balance Sheet Items	XR005, Off-Balance Sheet Page, L(21)	_____
(2)	Directly Owned Insurer Subject to RBC	XR003, Affiliates Page, L(1)	_____
(3)	Indirectly Owned Insurer Subject to RBC	XR003, Affiliates Page, L(2)	_____
(4)	Directly Owned Health Entity Subject to RBC	XR003, Affiliates Page, L(3)	_____
(5)	Indirectly Owned Health Entity Subject to RBC	XR003, Affiliates Page, L(4)	_____
(6)	Directly Owned Alien Insurer	XR003, Affiliates Page, L(7)	_____
(7)	Indirectly Owned Alien Insurers	XR003, Affiliates Page, L(8)	_____
(8)	Total H0	Sum L(1) through L(7)	=====
<b>H1 - ASSET RISK - OTHER</b>			
(9)	Investment Affiliates	XR003, Affiliates Page, L(5)	_____
(10)	Holding Company Excess of Subsidiaries	XR003, Affiliates Page, L(6)	_____
(11)	Investment in Parent	XR003, Affiliates Page, L(9)	_____
(12)	Other Affiliates	XR003, Affiliates Page, L(10)	_____
(13)	Fair Value Excess Affiliate Common Stock	XR003, Affiliates Page, L(11)	_____
(14)	Fixed Income Assets	XR006, Off-Balance Sheet Collateral, L(9) + L(19) + L(20) + L(21) + XR007, Fixed Income Assets Page, L(33)	_____
(15)	Replication & Mandatory Convertible Securities	XR008, Replication/MCS Page, L(9999999)	_____
(16)	Unaffiliated Preferred Stock and Hybrid Securities	XR006, Off-Balance Sheet Collateral, L(16) + XR009, Equity Assets Page, L(15)	_____
(17)	Unaffiliated Common Stock	XR006, Off-Balance Sheet Collateral, L(17) + XR009, Equity Assets Page, <b>L(20)</b>	_____
(18)	Property & Equipment	XR006, Off-Balance Sheet Collateral, L(18) + XR010, Prop/Equip Assets Page, L(9)	_____
(19)	Asset Concentration	XR011, Grand Total Asset Concentration Page, L(23)	_____
(20)	Total H1	Sum L(9) through L(19)	=====
<b>H2 - UNDERWRITING RISK</b>			
(21)	Net Underwriting Risk	XR012, Underwriting Risk Page, L(18)	_____
(22)	Other Underwriting Risk	XR014, Underwriting Risk Page, L(22.2)	_____
(23)	Disability Income	XR014, Underwriting Risk Page, L(23.3)+L(24.3)+L(25.3)+ (26.3)+(27.6)+(28.3)+(29.3)	_____
(24)	Long-Term Care	XR015, Underwriting Risk Page, L(38)	_____
(25)	Limited Benefit Plans	XR016, Underwriting Risk Page, L(39.2)+L(40.6)+L(41)	_____
(26)	Premium Stabilization Reserve	XR016, Underwriting Risk Page, L(42)	_____
(27)	Total H2	Sum L(21) through L(26)	=====

Denotes items that must be manually entered on filing software.



**UNAFFILIATED PREFERRED AND COMMON STOCK**

		(1)	(2)	(3)	(4)	(5)
	Annual Statement Source	Book / Adjusted Carrying Value	Less Affiliated Preferred Stock Without AVR	RBC Subtotal	Factor	RBC Requirement
<u>Unaffiliated Preferred Stock</u>						
(1) Preferred Stock Asset NAIC 1	AVR Default Component Column 1 Line 10				X 0.004	=
(2) Preferred Stock Asset NAIC 2	AVR Default Component Column 1 Line 11				X 0.013	=
(3) Preferred Stock Asset NAIC 3	AVR Default Component Column 1 Line 12				X 0.046	=
(4) Preferred Stock Asset NAIC 4	AVR Default Component Column 1 Line 13				X 0.100	=
(5) Preferred Stock Asset NAIC 5	AVR Default Component Column 1 Line 14				X 0.230	=
(6) Preferred Stock Asset NAIC 6	AVR Default Component Column 1 Line 15				X 0.300	=
(7) Total Unaffiliated Preferred Stock (pre-MODCO/Funds Withheld)	Sum of Lines (1) through (6)					
(Column (1) should equal Page 2 Column 3 Line 2.1 less Asset Valuation Reserve Default Component Column 1 Line 16.)						
(Column (2) should equal Schedule D Summary Column 1 Line 18 less Asset Valuation Reserve Default Component Column 1 Line 16.)						
<u>Hybrid Securities</u>						
(8) Hybrid Securities Asset NAIC 1	Schedule D Part 1A Section 1 Column 7 Line 7.1				X 0.004	=
(9) Hybrid Securities Asset NAIC 2	Schedule D Part 1A Section 1 Column 7 Line 7.2				X 0.013	=
(10) Hybrid Securities Asset NAIC 3	Schedule D Part 1A Section 1 Column 7 Line 7.3				X 0.046	=
(11) Hybrid Securities Asset NAIC 4	Schedule D Part 1A Section 1 Column 7 Line 7.4				X 0.100	=
(12) Hybrid Securities Asset NAIC 5	Schedule D Part 1A Section 1 Column 7 Line 7.5				X 0.230	=
(13) Hybrid Securities Asset NAIC 6	Schedule D Part 1A Section 1 Column 7 Line 7.6				X 0.300	=
(14) Total Hybrid Securities (pre-MODCO/Funds Withheld)	Sum of Lines (8) through (13)					
(15) Total Unaffiliated Preferred Stock and Hybrid Securities (pre-MODCO/Funds Withheld)	Line (7) + Line (14)					
(16) Reduction in RBC for MODCO/Funds Withheld Reinsurance Ceded Agreements	Company Records (enter a pre-tax amount)					
(17) Increase in RBC for MODCO/Funds Withheld Reinsurance Assumed Agreements	Company Records (enter a pre-tax amount)					
(18) Total Unaffiliated Preferred Stock and Hybrid Securities (including MODCO/Funds Withheld.)	Lines (15) - (16) + (17)					
<u>Unaffiliated Common Stock</u>						
(19) Total Common Stock	Schedule D Summary Column 1 Line 25					
(20) Less Affiliated Common Stock	Schedule D Summary Column 1 Line 24					
(21) Less Non-Admitted Unaffiliated Common Stock included in Line (19)	Company Records					
<b>(22) Less Money-Market Mutual Funds</b>	<b>Schedule E Part 2 Column 7 Line 8699999</b>				X 0.000	=
(22) Less Federal Home Loan Bank Common Stock	AVR Equity Component Column 1 Line 3				X 0.011	=
(23) Less Unaffiliated Private Common Stock	AVR Equity Component Column 1 Line 2				X 0.300	=
(24) Net Other Unaffiliated Public Common Stock	Lines (19) - (20) - (21) - (22) - (23) <b>-(24)</b>				X †	=
(25) Total Admitted Unaffiliated Common Stock (pre-MODCO/Funds Withheld)	Lines (22) + (23) + (24) <b>+(25)</b>					
(Column 1 should equal Schedule D Summary by Country Column 1 Line 25 less Line 24 less Line (21))						
(26) Credit for Hedging	LR015 Hedged Asset Common Stock Schedule Column 10 Line 0299999					
(27) Reduction in RBC for MODCO/Funds Withheld Reinsurance Ceded Agreements	Company Records (enter a pre-tax amount)					
(28) Increase in RBC for MODCO/Funds Withheld Reinsurance Assumed Agreements	Company Records (enter a pre-tax amount)					
(29) Total Admitted Unaffiliated Common Stock (including MODCO/Funds Withheld and Credit for Hedging.)	Lines (25) - (26) - (27) + (28)					

† The factor for publicly traded common stock should equal 30 percent adjusted up or down by the weighted average beta for the 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 13 percent factor for 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.

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

**CALCULATION OF TAX EFFECT FOR LIFE RISK-BASED CAPITAL (CONTINUED)**

		(1)	(2)	
	Source	RBC Amount	Tax Factor	RBC Tax Effect
(102) Replications	LR013 Replication (Synthetic Asset) Transactions and Mandatory Convertible Securities Column (7) Line (9999999)	X	0.2625	=
(103) Reinsurance	LR016 Reinsurance Column (4) Line (17)	X	0.3500	=
(104) Investment Affiliates	LR042 Summary for Affiliated Investments Column (4) Line (6)	X	0.3500	=
(105) Investment in Parent	LR042 Summary for Affiliated Investments Column (4) Line (10)	X	0.3500	=
(106) Other Affiliate: Property and Casualty Insurers not Subject to Risk-Based Capital	LR042 Summary for Affiliated Investments Column (4) Line (11)	X	0.3500	=
(107) Other Affiliate: Life Insurers not Subject to Risk-Based Capital	LR042 Summary for Affiliated Investments Column (4) Line (12)	X	0.3500	=
(108) Publicly Traded Insurance Affiliates	LR042 Summary for Affiliated Investments Column (4) Line (14)	X	0.3500	=
(109) Subtotal for C-1o Assets	Sum of Lines (001) through (108), Recognizing the Deduction of Lines (013), (014), (015), (036), (044), (049), (056), (061), (069), (077), (084), (089) and (100)			=
<u>C-0 Affiliated Common Stock</u>				
(110) Off-Balance Sheet and Other Items	LR017 Off-Balance Sheet and Other Items Column (5) Line (27)	X	0.2625	=
(111) Off-Balance Sheet Items Reduction - Reinsurance	LR017 Off-Balance Sheet and Other Items Column (5) Line (28)	X	0.3500	= †
(112) Off-Balance Sheet Items Increase - Reinsurance	LR017 Off-Balance Sheet and Other Items Column (5) Line (29)	X	0.3500	=
(113) Affiliated US Property - Casualty Insurers Directly Owned	LR042 Summary for Affiliated Investments Column (4) Line (1)	X	0.3500	=
(114) Affiliated US Life Insurers Directly Owned	LR042 Summary for Affiliated Investments Column (4) Line (2)	X	0.3500	=
(115) Affiliated US Health Insurers Directly and Indirectly Owned	LR042 Summary for Affiliated Investments Column (4) Line (3)	X	0.3500	=
(116) Affiliated US Property - Casualty Insurers Indirectly Owned	LR042 Summary for Affiliated Investments Column (4) Line (4)	X	0.3500	=
(117) Affiliated US Life Insurers Indirectly Owned	LR042 Summary for Affiliated Investments Column (4) Line (5)	X	0.3500	=
(118) Affiliated Alien Life Insurers - Canadian	LR042 Summary for Affiliated Investments Column (4) Line (8)	X	0.3500	=
(119) Affiliated Alien Life Insurers - All Others	LR042 Summary for Affiliated Investments Column (4) Line (9)	X	0.0000	=
(120) Subtotal for C-0 Affiliated Common Stock	Lines (110)-(111)+(112)+(113)+(114)+(115)+(116)+(117)+(118)+(119)			=
<u>Common Stock</u>				
(121) Unaffiliated Common Stock	LR005 Unaffiliated Preferred and Common Stock Column (5) Line (25) + LR018 Off-Balance Sheet Collateral Column (3) Line (16)	X	0.3500	=
(122) Credit for Hedging - Common Stock	LR015 Hedged Asset Common Stock Schedule Column (10) Line (0299999)	X	0.3500	= †
(123) Stock Reduction - Reinsurance	LR005 Unaffiliated Preferred and Common Stock Column (5) Line (27)	X	0.3500	= †
(124) Stock Increase - Reinsurance	LR005 Unaffiliated Preferred and Common Stock Column (5) Line (28)	X	0.3500	=
(125) BA Common Stock Unaffiliated	LR008 Other Long-Term Assets Column (5) Line (47)	X	0.3500	=
(126) BA Common Stock Affiliated - C-1cs	LR008 Other Long-Term Assets Column (5) Line (49.2)	X	0.3500	=
(127) Common Stock Concentration Factor	LR011 Common Stock Concentration Factor Column (6) Line (6)	X	0.3500	=
(128) NAIC 01 Working Capital Finance Notes	LR008 Other Long-Term Assets Column (5) Line (51.1)	X	0.2625	=
(129) NAIC 02 Working Capital Finance Notes	LR008 Other Long-Term Assets Column (5) Line (51.2)	X	0.2625	=
(130) Affiliated Preferred Stock and Common Stock - Holding Company in Excess of Indirect Subs	LR042 Summary for Affiliated Investments Column (4) Line (7)	X	0.3500	=
(131) Affiliated Preferred Stock and Common Stock - All Other	LR042 Summary for Affiliated Investments Column (4) Line (13)	X	0.3500	=
(132) Total for C-1cs Assets	Lines (121)-(122)-(123)+(124)+(125)+(126)+(127)+(128)+(129)+(130)+(131)			=
<u>Insurance Risk</u>				
(133) Disability Income Premium	LR019 Health Premiums Column (2) Lines (19) through (25)	X	0.3500	=

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

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

**CALCULATION OF AUTHORIZED CONTROL LEVEL RISK-BASED CAPITAL**

	<u>Source</u>	(1) RBC <u>Requirement</u>
<u>Asset Risk - Affiliated Amounts (C-0)</u>		
(1) Affiliated US Property-Casualty Insurers Directly Owned	LR042 Summary for Affiliated Investments Column (4) Line (1)	_____
(2) Affiliated US Life Insurers Directly Owned	LR042 Summary for Affiliated Investments Column (4) Line (2)	_____
(3) Affiliated US Health Insurers Directly and Indirectly Owned	LR042 Summary for Affiliated Investments Column (4) Line (3)	_____
(4) Affiliated US Property-Casualty Insurers Indirectly Owned	LR042 Summary for Affiliated Investments Column (4) Line (4)	_____
(5) Affiliated US Life Insurers Indirectly Owned	LR042 Summary for Affiliated Investments Column (4) Line (5)	_____
(6) Affiliated Alien Life Insurers - Canadian	LR042 Summary for Affiliated Investments Column (4) Line (8)	_____
(7) Affiliated Alien Life Insurers - All Others	LR042 Summary for Affiliated Investments Column (4) Line (9)	_____
(8) Off-Balance Sheet and Other Items	LR017 Off-Balance Sheet and Other Items Column (5) Line (34)	_____
(9) Total (C-0) - Pre-Tax	Sum of Lines (1) through (8)	_____
(10) (C-0) Tax Effect	LR030 Calculation of Tax Effect for Life Risk-Based Capital Column (2) Line (120)	_____
(11) Net (C-0) - Post-Tax	Line (9) - Line (10)	=====
<u>Asset Risk - Unaffiliated Common Stock and Affiliated Non-Insurance Stock (C-1cs)</u>		
(12) Schedule D Unaffiliated Common Stock	LR005 Unaffiliated Common Stock Column (5) Line (29) + LR018 Off-Balance Sheet Collateral Column (3) Line (16)	_____
(13) Schedule BA Unaffiliated Common Stock	LR008 Other Long-Term Assets Column (5) line (47)	_____
(14) Schedule BA Affiliated Common Stock - C-1cs	LR008 Other Long-Term Assets Column (5) line (49.2)	_____
(15) Common Stock Concentration Factor	LR011 Common Stock Concentration Factor Column (6) Line (6)	_____
(16) Affiliated Preferred Stock and Common Stock - Holding Company in Excess of Indirect Subsidiaries	LR042 Summary for Affiliated Investments Column (4) Line (7)	_____
(17) Affiliated Preferred Stock and Common Stock - All Other	LR042 Summary for Affiliated Investments Column (4) Line (13)	_____
(18) Total (C-1cs) - Pre-Tax	Sum of Lines (12) through (17)	_____
(19) (C-1cs) Tax Effect	LR030 Calculation of Tax Effect for Life Risk-Based Capital Column (2) Line (132)	_____
(20) Net (C-1cs) - Post-Tax	Line (18) - Line (19)	=====
<u>Asset Risk - All Other (C-1o)</u>		
(21) Bonds after Size Factor	LR002 Bonds Column (2) Line (27) + LR018 Off-Balance Sheet Collateral Column (3) Line (8)	_____
(22) Mortgages (including past due and unpaid taxes)	LR004 Mortgages Column (6) Line (31)	_____
(23) Unaffiliated Preferred Stock Including Hybrids	LR005 Unaffiliated Preferred and Common Stock Column (5) Line (18) + LR018 Off-Balance Sheet Collateral Column (3) Line (15)	_____
(24) Affiliated Preferred Stock and Common Stock - Investment Subsidiaries	LR042 Summary for Affiliated Investments Column (4) Line (6)	_____
(25) Affiliated Preferred Stock and Common Stock - Parent	LR042 Summary for Affiliated Investments Column (4) Line (10)	_____
(26) Affiliated Preferred Stock and Common Stock - Property and Casualty Insurers not Subject to Risk-Based Capital	LR042 Summary for Affiliated Investments Column (4) Line (11)	_____
(27) Affiliated Preferred Stock and Common Stock - Life Insurers not Subject to Risk-Based Capital	LR042 Summary for Affiliated Investments Column (4) Line (12)	_____
(28) Affiliated Preferred Stock and Common Stock - Publicly Traded Insurers Held at Fair Value (excess of statement value over book value)	LR042 Summary for Affiliated Investments Column (4) Line (14)	_____
(29) Separate Accounts with Guarantees	LR006 Separate Accounts Column (3) Line (7)	_____

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