

What RBC Pages Should Be Submitted?

For year-end 2021 life and fraternal risk-based capital (RBC), submit hard copies of pages LR001 through LR049 to any state that requests a hard copy in addition to the electronic filing. Starting with year-end 2007 RBC, a hard copy was not required to be submitted to the NAIC. However, a portable document format (PDF) file representing the hard copy filing is part of the electronic filing.

If any actuarial certifications are required per the RBC instructions, those should be included as part of the hard copy filing. Starting with year-end 2008 RBC, the actuarial certifications were also part of the electronic RBC filing as PDF files, similar to the financial annual statement actuarial opinion.

Other pages, such as the mortgage and real estate work-sheets, do not need to be submitted. However, they still need to be retained by the company as documentation.

Real Estate Factors

The Capital Adequacy (E) Task Force adopted proposal 2021-06-L during its June 30 meeting. This proposal was developed by the American Council of Life Insurers (ACLI) to update the RBC calculation for real estate to reflect the updated experience and analysis since RBC was first developed. A proposed adjustment based on fair value was not adopted and is set to zero for year-end 2021.

Bond Factors

The Capital Adequacy (E) Task Force adopted proposal 2021-11-L during its June 30 meeting. This proposal incorporates bond factors proposed by the ACLI, which are based on the work of Moody's Analytics for the expanded presentation of bond designation categories in the annual statement and RBC schedules. This includes factors on the Bonds page

(LR002), Asset Concentration page (LR010), Hedged Asset Bond Schedule (LR014), Off Balance Sheet Collateral page (LR017), and Calculation of Tax Effect (LR030). In addition to the base factors on LR002, the bond size adjustment factors were modified.

Longevity Risk Factors

As a result of the adoption of proposal 2021-13-L by the Capital Adequacy (E) Task Force during its June 30 meeting, factors for a longevity risk charge were incorporated into the life RBC formula.

Reinsurance

The Capital Adequacy (E) Task Force adopted proposal 2021-12-L during its June 30 meeting. This proposal changes the description on line 15 on LR016 to allow for the inclusion of amounts held for reciprocal jurisdiction reinsurance, and it is to avoid having both the total adjusted capital decreased by amounts reestablished as liabilities and the authorized control level (ACL) increased for the charge on reserve credit and recoverable amounts.

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ACA Sensitivity Test

The Capital Adequacy (E) Task Force adopted proposal 2020-02-CA during its Nov. 19, 2020, meeting to delete the ACA Fee Sensitivity Test from the RBC formulas .

RBC Forecasting and Instructions

The Life and Fraternal RBC forecasting spreadsheet calculates RBC using the same formula presented in the *2021 Life and Fraternal Risk-Based Capital Forecasting & Instructions for Companies*, and it is available to download from the [NAIC Account Manager](#). The *2021 Life and Fraternal Risk-Based Capital Forecasting & Instructions for Companies* publication is available for purchase in electronic format through the NAIC Publications Department. This publication is available on or about November 1 each year. The User Guide is no longer included in the Forecasting & Instructions.

WARNING: The RBC Forecasting Spreadsheet CANNOT be used to meet the year-end RBC electronic filing requirement. RBC filing software from an annual statement software vendor should be used to create the electronic filing. If the forecasting worksheet is sent instead of an electronic filing, it will not be accepted and the RBC will not have been filed.

Incentives–Managed Care Credit

As a result of the adoption of proposal 2021-02-CA by the Capital Adequacy (E) Task Force during its April 29 meeting, the term “incentives” was incorporated into the managed care instructions and blanks as “Bonuses/Incentives.”

Investment Income Adjustment to Underwriting Risk Factors

As a result of the adoption of proposal 2021-04-CA by the Capital Adequacy (E) Task Force during its June 30 meeting, a 0.5% investment income adjustment was incorporated into the Underwriting Risk factors for comprehensive medical, Medicare Supplement, and dental and vision.



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Life Risk-Based Capital Newsletter Volume 27. Published annually or whenever needed by the NAIC for insurance regulators, professionals and consumers.

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