



January 12, 2023

Mr. Philip Barlow  
Chair, Life Risk-Based Capital (E) Working Group (LRBCWG)  
National Association of Insurance Commissioners (NAIC)  
Via email: Dave Fleming ([dfleming@naic.org](mailto:dfleming@naic.org))

Re: Proposal for Life C-2 Structural and Instruction Updates and a New Financial Statement Note

---

Dear Philip,

On behalf of the C-2 Mortality Work Group of the American Academy of Actuaries<sup>1</sup>, we are providing the following proposed Life C-2 updates for consideration for 2023 year-end financial statements.

1. Structural updates where it pertains to the treatment of group permanent life and miscellaneous other instruction updates. The proposal assigns the same factors to group permanent life as individual permanent life for categories stating with and without pricing flexibility.
2. A new financial statement note to provide the development of net amounts at risk for the Life C-2 categories to create a direct link to a financial statement source, and accompanying Life C-2 structural and instruction updates. The proposed second update includes the updates specified in the first update.

If you have any questions on the above topics, please contact Amanda Barry-Moilanen, life policy analyst, at [barrymoilanen@actuary.org](mailto:barrymoilanen@actuary.org).

Sincerely,

Chris Trost, MAAA, FSA  
Chairperson, C-2 Mortality Work Group

Ryan Fleming, MAAA, FSA  
Vice Chairperson, C-2 Mortality Work Group

American Academy of Actuaries

---

<sup>1</sup> The American Academy of Actuaries is a 19,500-member professional association whose mission is to serve the public and the U.S. actuarial profession. For more than 50 years, the Academy has assisted public policymakers on all levels by providing leadership, objective expertise, and actuarial advice on risk and financial security issues. The Academy also sets qualification, practice, and professionalism standards for actuaries in the United States.

## 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 checked="" 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"/> Longevity Risk (A/E) Subgroup         |
| <input type="checkbox"/> C3 Phase II/ AG43 (E/A) Subgroup | <input type="checkbox"/> P/C RBC (E) Working Group        |  |

<b>DATE:</b> <u>1/12/23</u>	<b><u>FOR NAIC USE ONLY</u></b>
<b>CONTACT PERSON:</b> <u>Ryan Fleming, MAAA, FSA</u>	Agenda Item # _____
<b>TELEPHONE:</b> <u>(414) 665-5020</u>	Year <u>2023</u>
<b>EMAIL ADDRESS:</b> <u>ryanfleming@northwesternmutual.com</u>	<b><u>DISPOSITION</u></b>
<b>ON BEHALF OF:</b> <u>AAA C-2 Mortality Work Group</u>	<input type="checkbox"/> ADOPTED _____
<b>NAME:</b> <u>Ryan Fleming, MAAA, FSA</u>	<input type="checkbox"/> REJECTED _____
<b>TITLE:</b> <u>Vice Chairperson</u>	<input type="checkbox"/> DEFERRED TO _____
<b>AFFILIATION:</b> <u>American Academy of Actuaries</u>	<input type="checkbox"/> REFERRED TO OTHER NAIC GROUP _____
<b>ADDRESS:</b> <u>1850 M Street NW, Suite 300</u>	<input type="checkbox"/> EXPOSED _____
<u>Washington, DC 20036</u>	<input type="checkbox"/> OTHER (SPECIFY) _____

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

- |  |   |   |
|--|---|---|
| <input type="checkbox"/> Health RBC Blanks                                     | <input type="checkbox"/> Property/Casualty RBC Blanks       | <input checked="" 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 checked="" type="checkbox"/> OTHER _Notes to Financial Statements _____ |   |   |

### DESCRIPTION OF CHANGE(S)

Update 1: proposed updated blank for C2 Life Mortality on LR025, LR026, LR030 and LR031 and instruction updates.

Update 2: proposed new financial statement note and accompanying LR025 structural and instruction updates. Update 2 includes the updates included in the first update.

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

Update 1: Structural changes and instruction updates to address the treatment of group permanent life policies. Other instruction updates are included to add clarity.

Update 2: The new financial statement note will develop the net amounts at risk in the categories needed for the Life C-2 schedule to create a direct link to a financial statement source.

### Additional Staff Comments:

\*\* This section must be completed on all forms.

Revised 2-2019

	Annual Statement Source	(1) Statement Value	Factor	(2) RBC Requirement
<b>Individual &amp; Industrial Life Net Amount at Risk</b>				
(1) Ordinary Life In Force	Exhibit of Life Insurance Column 4 Line 23 x 1000			
(2) Plus Industrial Life In Force	Exhibit of Life Insurance Column 2 Line 23 x 1000			
(3) Total Individual & Industrial Life In Force	Lines (1) + (2)			
<b>Individual Life Reserves</b>				
(4) Ordinary Life Reserves	Exhibit 5 Column 4 Line 0199999			
(5) Plus Industrial Life Reserves	Exhibit 5 Column 3 Line 0199999			
(6) Plus Ordinary Life Separate Accounts	Separate Accounts Exhibit 3 Column 3 Line 0199999			
(7) Plus Ordinary & Industrial Life Modified Coinsurance Assumed Reserves	Schedule S Part 1 Section 1 Column 12, in part ‡			
(8) Less Ordinary & Industrial Life Modified Coinsurance Ceded Reserves	Schedule S Part 3 Section 1 Column 14, in part ‡			
(9) Total Individual & Industrial Life Reserves	Lines (4) + (5) + (6) + (7) - (8)			
(10) Total Individual & Industrial Life Net Amount at Risk	Lines (3) - (9)			
<b>Individual &amp; Industrial Life Policies with Pricing Flexibility In Force</b>				
(11) <b>Individual &amp; Industrial</b> Life Policies with Pricing Flexibility In Force	Company Records *			
(12) Less <b>Individual &amp; Industrial</b> Life Policies with Pricing Flexibility In Force Reserves	Company Records *			
(13) Total <b>Individual &amp; Industrial</b> Life Policies with Pricing Flexibility Net Amount at Risk	Lines (11) - (12)		X † =	
<b>Individual &amp; Industrial Term Life Policies without Pricing Flexibility In Force</b>				
(14) <b>Individual &amp; Industrial</b> Term Life Policies without Pricing Flexibility Reserves	Company Records *			
(15) Less <b>Individual &amp; Industrial</b> Term Life Policies without Pricing Flexibility Reserves	Company Records *			
(16) Total <b>Individual &amp; Industrial</b> Term Life Policies without Pricing Flexibility Net Amount at Risk	Lines (14) - (15)		X † =	
<b>Individual &amp; Industrial Permanent Life Policies without Pricing Flexibility In Force</b>				
(17) <b>Individual &amp; Industrial</b> Permanent Life Policies without Pricing Flexibility In Force	Lines (3) - (11) - (14)			
(18) Less <b>Individual &amp; Industrial</b> Permanent Life Policies without Pricing Flexibility Reserves	Lines (9) - (12) - (15)			
(19) Total <b>Individual &amp; Industrial</b> Permanent Life Policies without Pricing Flexibility Net Amount at Risk	Lines (17) - (18)		X † =	
(20) Total Individual & Industrial Life	Lines (13) + (16) + (19)			
<b>Group &amp; Credit Life Net Amount at Risk</b>				
(21) Group Life In Force	Exhibit of Life Insurance Column 9 Line 23 x 1000			
(22) Plus Credit Life In Force	Exhibit of Life Insurance Column 6 Line 23 x 1000			
(23) Less Group FEGLI In Force	Exhibit of Life Insurance Column 4 Line 43 x 1000			
(24) Less Group SGLI In Force	Exhibit of Life Insurance Column 4 Line 44 x 1000			
(25) Less Credit FEGLI In Force	Exhibit of Life Insurance Column 2 Line 43 x 1000			
(26) Less Credit SGLI In Force	Exhibit of Life Insurance Column 2 Line 44 x 1000			
(27) Total Group & Credit Life In Force Excluding FEGLI/SGLI	Lines (21) + (22) - (23) - (24) - (25) - (26)			
<b>Group &amp; Credit Life Reserves</b>				
(28) Group Life Reserves	Exhibit 5 Column 6 Line 0199999			
(29) Plus Credit Life Reserves	Exhibit 5 Column 5 Line 0199999			
(30) Plus Group Life Separate Accounts	Separate Accounts Exhibit 3 Column 4 Line 0199999			
(31) Plus Group & Credit Life Modified Coinsurance Assumed Reserves	Schedule S Part 1 Section 1 Column 12, in part ‡			
(32) Less Group & Credit Life Modified Coinsurance Ceded Reserves	Schedule S Part 3 Section 1 Column 14, in part ‡			
(33) Total Group & Credit Life Reserves	Lines (28) + (29) + (30) + (31) - (32)			
(34) Total Group & Credit Life Net Amount at Risk Excluding FEGLI/SGLI	Lines (27) - (33)			
<b>Group &amp; Credit Term Life In Force with Remaining Rate Terms 36 Months and Under</b>				
(35) Group & Credit <b>Term</b> Life In Force with Remaining Rate Terms 36 Months and Under	Company Records *			
(36) Less Group & Credit <b>Term</b> Life Reserves with Remaining Rate Terms 36 Months and Under	Company Records *			
(37) Group & Credit <b>Term</b> Life Net Amount at Risk with Remaining Rate Terms 36 Months and Under	Lines (35) - (36)		X † =	
<b>Group &amp; Credit Term Life In Force with Remaining Rate Terms Over 36 Months</b>				
(38) Group & Credit <b>Term</b> Life In Force with Remaining Rate Terms Over 36 Months	<del>Lines (27) - (35) - Company Records *</del>			
(39) Less Group & Credit <b>Term</b> Life Reserves with Remaining Rate Terms Over 36 Months	<del>Lines (33) - (36) - Company Records *</del>			
(40) Group & Credit Life <b>Term</b> Life Net Amount at Risk with Remaining Rate Terms Over 36 Months	Lines (38) - (39)		X † =	
<b>Group &amp; Credit Permanent Life Policies with Pricing Flexibility In Force</b>				
(41) <b>Group &amp; Credit</b> Permanent Life Policies with Pricing Flexibility In Force	Company Records *			
(42) Less <b>Group &amp; Credit</b> Permanent Life Policies with Pricing Flexibility Reserves	Company Records *			
(43) <b>Group &amp; Credit</b> Permanent Life Policies with Pricing Flexibility Net Amount at Risk	Lines (41) - (42)		X † =	
<b>Group &amp; Credit Permanent Life Policies without Pricing Flexibility In Force</b>				
(44) <b>Group &amp; Credit</b> Permanent Life Policies without Pricing Flexibility In Force	Lines (27) - (35) - (38) - (41)			
(45) Less <b>Group &amp; Credit</b> Permanent Life Policies without Pricing Flexibility Reserves	Lines (33) - (36) - (39) - (42)			
(46) <b>Group &amp; Credit</b> Permanent Life Policies without Pricing Flexibility Net Amount at Risk	Lines (44) - (45)		X † =	
<del>(44)-(47)</del> FEGLI/SGLI Life In Force	Exhibit of Life Insurance Sum of Column 2 and 4 Line 43 and 44 x 1000		X 0.0004 =	
<del>(42)-(48)</del> Total Group & Credit Life	Lines (37) + (40) <del>+(44) + (43) + (46) + (47)</del>			
<del>(43)-(49)</del> Total Life	Lines (20) <del>+(42) + (48)</del>			

\* The definitions are specified in the Life Insurance section of the risk-based capital instructions  
 † The tiered calculation is illustrated in the Life Insurance section of the risk-based capital instructions.  
 ‡ Include only the portion which relates to policy reserves that, if written on a direct basis, would be included on Exhibit 5.

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

**Proposed 2023 Update 1**  
**PREMIUM STABILIZATION RESERVES**

	<u>Annual Statement Source</u>	(1) <u>Statement Value</u>	<u>Factor</u>	(2) RBC <u>Requirement</u>
<u>Group and Credit Life and Health Reported Premium Stabilization Reserves</u>				
(1)	Stabilization Reserves and Experience Rating Refunds included in Line 3	Page 3 Column 1 Line 3 in part	_____ X	_____
(2)	Provision for Experience Rating Refunds	Page 3 Column 1 Line 9.2 in part	_____ X	_____
(3)	Reserve for Group Rate Credits	Company Records	_____ X	_____
(4)	Reserve for Credit Rate Credits	Company Records	_____ X	_____
(5)	Premium Stabilization Reserves	Page 3 Column 1 Line 25 in part	_____ X	_____
(6)	Total of Preliminary Premium Stabilization Reserve Credit	Sum of Lines (1) through (5)	=====	=====
<u>Group &amp; Credit Life and Health Risk-Based Capital</u>				
(7)	Life	LR025 Life Insurance Column (2) Line <del>(42)</del> (48)	_____	
(8)	Health	LR024 Health Claim Reserves Column (4) Line (16) + [LR024 Column (4) Line (15) x 0.65] + LR019 Health Premiums Column (2) Lines (12), (17), (18) and (19) + [[LR019 Column (2) Lines (23), (24), and (27)] x 0.65] + [LR020 Underwriting Risk - Experience Fluctuation Risk Column (5) Line (18) - Column (4) Line (18) x Line (1.2) / Line (1.3) ]	_____	
(9)	Maximum Risk-Based Capital	Lines (7) + (8)	=====	
(10)	Final Premium Stabilization Reserve	Column (2) Line (6), but not more than Column (1) Line (9)	_____ X	_____

Company Name

Confidential when Completed

NAIC Company Code

Proposed 2023 Update 1
CALCULATION OF TAX EFFECT FOR LIFE AND FRATERNAL RISK-BASED CAPITAL

Table with columns: Source, (1) RBC Amount, Tax Factor, (2) RBC Tax Effect. Rows include ASSET RISKS, Bonds (001-018), Mortgages (019-029), and In Good Standing (019-029).

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

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

Company Name

Confidential when Completed

NAIC Company Code

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

Source

		(1)	Tax Factor	(2)
		RBC Amount		RBC Tax Effect
(030) Residential Mortgages - Insured	LR004 Mortgages Column (6) Line (22)	X	0.1575	=
(031) Residential Mortgages - Other	LR004 Mortgages Column (6) Line (23)	X	0.1575	=
(032) Commercial Mortgages - Insured	LR004 Mortgages Column (6) Line (24)	X	0.1575	=
(033) Commercial Mortgages - Other	LR004 Mortgages Column (6) Line (25)	X	0.1575	=
(034) Due & Unpaid Taxes Mortgages	LR004 Mortgages Column (6) Line (26)	X	0.1575	=
(035) Due & Unpaid Taxes - Foreclosures	LR004 Mortgages Column (6) Line (27)	X	0.1575	=
(036) Mortgage Reduction - Reinsurance	LR004 Mortgages Column (6) Line (29)	X	0.2100	= †
(037) Mortgage Increase - Reinsurance Preferred Stock	LR004 Mortgages Column (6) Line (30)	X	0.2100	=
(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)	X	0.1575	=
(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)	X	0.1575	=
(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)	X	0.1575	=
(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)	X	0.1575	=
(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)	X	0.1575	=
(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)	X	0.2100	=
(044) Preferred Stock Reduction-Reinsurance	LR005 Unaffiliated Preferred and Common Stock Column (5) Line (8)	X	0.2100	= †
(045) Preferred Stock Increase-Reinsurance Separate Accounts	LR005 Unaffiliated Preferred and Common Stock Column (5) Line (9)	X	0.2100	=
(046) Guaranteed Index	LR006 Separate Accounts Column (3) Line (1)	X	0.1575	=
(047) Nonindex-Book Reserve	LR006 Separate Accounts Column (3) Line (2)	X	0.1575	=
(048) Separate Accounts Nonindex-Market Reserve	LR006 Separate Accounts Column (3) Line (3)	X	0.1575	=
(049) Separate Accounts Reduction-Reinsurance	LR006 Separate Accounts Column (3) Line (5)	X	0.2100	= †
(050) Separate Accounts Increase-Reinsurance	LR006 Separate Accounts Column (3) Line (6)	X	0.2100	=
(051) Synthetic GICs	LR006 Separate Accounts Column (3) Line (8)	X	0.1575	=
(052) Separate Account Surplus Real Estate	LR006 Separate Accounts Column (3) Line (13)	X	0.1575	=
(053) Company Occupied Real Estate	LR007 Real Estate Column (3) Line (3)	X	0.2100	=
(054) Foreclosed Real Estate	LR007 Real Estate Column (3) Line (6)	X	0.2100	=
(055) Investment Real Estate	LR007 Real Estate Column (3) Line (9)	X	0.2100	=
(056) Real Estate Reduction - Reinsurance	LR007 Real Estate Column (3) Line (11)	X	0.2100	= †
(057) Real Estate Increase - Reinsurance Schedule BA	LR007 Real Estate Column (3) Line (12)	X	0.2100	=
(058) Sch BA Real Estate Excluding Low Income Housing Tax Credits	LR007 Real Estate Column (3) Line (16)	X	0.2100	=
(059) Guaranteed Low Income Housing Tax Credits	LR007 Real Estate Column (3) Line (17) + Line (19)	X	0.0000	=
(060) Non-Guaranteed and All Other Low Income Housing Tax Credits	LR007 Real Estate Column (3) Line (18) + Line (20) + Line (21)	X	0.0000	=
(061) Sch BA Real Estate Reduction - Reinsurance	LR007 Real Estate Column (3) Line (23)	X	0.2100	= †
(062) Sch BA Real Estate Increase - Reinsurance	LR007 Real Estate Column (3) Line (24)	X	0.2100	=

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

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

Company Name

Confidential when Completed

NAIC Company Code

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

			(1)		(2)
		Source	RBC Amount	Tax Factor	RBC Tax Effect
(063)	Sch BA Bond NAIC 1	LR008 Other Long-Term Assets Column (5) Line (2)	X	0.1575	=
(064)	Sch BA Bond NAIC 2	LR008 Other Long-Term Assets Column (5) Line (3)	X	0.1575	=
(065)	Sch BA Bond NAIC 3	LR008 Other Long-Term Assets Column (5) Line (4)	X	0.1575	=
(066)	Sch BA Bond NAIC 4	LR008 Other Long-Term Assets Column (5) Line (5)	X	0.1575	=
(067)	Sch BA Bond NAIC 5	LR008 Other Long-Term Assets Column (5) Line (6)	X	0.1575	=
(068)	Sch BA Bond NAIC 6	LR008 Other Long-Term Assets Column (5) Line (7)	X	0.2100	=
(069)	BA Bond Reduction - Reinsurance	LR008 Other Long-Term Assets Column (5) Line (9)	X	0.2100	= †
(070)	BA Bond Increase - Reinsurance	LR008 Other Long-Term Assets Column (5) Line (10)	X	0.2100	=
(071)	BA Preferred Stock NAIC 1	LR008 Other Long-Term Assets Column (5) Line (12.3)	X	0.1575	=
(072)	BA Preferred Stock NAIC 2	LR008 Other Long-Term Assets Column (5) Line (13)	X	0.1575	=
(073)	BA Preferred Stock NAIC 3	LR008 Other Long-Term Assets Column (5) Line (14)	X	0.1575	=
(074)	BA Preferred Stock NAIC 4	LR008 Other Long-Term Assets Column (5) Line (15)	X	0.1575	=
(075)	BA Preferred Stock NAIC 5	LR008 Other Long-Term Assets Column (5) Line (16)	X	0.1575	=
(076)	BA Preferred Stock NAIC 6	LR008 Other Long-Term Assets Column (5) Line (17)	X	0.2100	=
(077)	BA Preferred Stock Reduction-Reinsurance	LR008 Other Long-Term Assets Column (5) Line (19)	X	0.2100	= †
(078)	BA Preferred Stock Increase - Reinsurance	LR008 Other Long-Term Assets Column (5) Line (20)	X	0.2100	=
(079)	Rated Surplus Notes	LR008 Other Long-Term Assets Column (5) Line (31)	X	0.1575	=
(080)	Rated Capital Notes	LR008 Other Long-Term Assets Column (5) Line (41)	X	0.1575	=
(081)	BA Common Stock Affiliated	LR008 Other Long-Term Assets Column (5) Line (48.3)	X	0.2100	=
(082)	BA Collateral Loans	LR008 Other Long-Term Assets Column (5) Line (50)	X	0.1575	=
(083)	Other BA Assets	LR008 Other Long-Term Assets Column (5) Line (52.3) + LR018 Off-Balance Sheet Collateral Column (3) Line (17) + Line (18)	X	0.2100	=
(084)	Other BA Assets Reduction-Reinsurance	LR008 Other Long-Term Assets Column (5) Line (54)	X	0.2100	= †
(085)	Other BA Assets Increase - Reinsurance	LR008 Other Long-Term Assets Column (5) Line (55)	X	0.2100	=
(086)	BA Mortgages - In Good Standing	LR009 Schedule BA Mortgages Column (6) Line (11)	X	0.1575	=
(087)	BA Mortgages - 90 Days Overdue	LR009 Schedule BA Mortgages Column (6) Line (15)	X	0.1575	=
(088)	BA Mortgages - In Process of Foreclosure	LR009 Schedule BA Mortgages Column (6) Line (19)	X	0.1575	=
(089)	Reduction - Reinsurance	LR009 Schedule BA Mortgages Column (6) Line (21)	X	0.2100	= †
(090)	Increase - Reinsurance	LR009 Schedule BA Mortgages Column (6) Line (22)	X	0.2100	=
(091)	Miscellaneous				
(091)	Asset Concentration Factor	LR010 Asset Concentration Factor Column (6) Line (62) Grand Total Page	X	0.1575	=
(092)	Miscellaneous Assets	LR012 Miscellaneous Assets Column (2) Line (7)	X	0.1575	=
(093)	Derivatives - Collateral and Exchange Traded	LR012 Miscellaneous Assets Column (2) Lines (8) + (9) + (10)	X	0.1575	=
(094)	Derivatives NAIC 1	LR012 Miscellaneous Assets Column (2) Line (11)	X	0.1575	=
(095)	Derivatives NAIC 2	LR012 Miscellaneous Assets Column (2) Line (12)	X	0.1575	=
(096)	Derivatives NAIC 3	LR012 Miscellaneous Assets Column (2) Line (13)	X	0.1575	=
(097)	Derivatives NAIC 4	LR012 Miscellaneous Assets Column (2) Line (14)	X	0.1575	=
(098)	Derivatives NAIC 5	LR012 Miscellaneous Assets Column (2) Line (15)	X	0.1575	=
(099)	Derivatives NAIC 6	LR012 Miscellaneous Assets Column (2) Line (16)	X	0.2100	=
(100)	Miscellaneous Assets Reduction-Reinsurance	LR012 Miscellaneous Assets Column (2) Line (19)	X	0.2100	= †
(101)	Miscellaneous Assets Increase-Reinsurance	LR012 Miscellaneous Assets Column (2) Line (20)	X	0.2100	=

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

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

Company Name

Confidential when Completed

NAIC Company Code

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

	Source	(1)		(2)	
		RBC Amount	Tax Factor	RBC Tax Effect	
(102) Replications	LR013 Replication (Synthetic Asset) Transactions and Mandatory Convertible Securities Column (7) Line (9999999)	X	0.1575	=	
(103) Reinsurance	LR016 Reinsurance Column (4) Line (17)	X	0.2100	=	
(104) Investment Affiliates	LR042 Summary for Affiliated Investments Column (4) Line (6)	X	0.2100	=	
(105) Investment in Parent	LR042 Summary for Affiliated Investments Column (4) Line (10)	X	0.2100	=	
(106) Other Affiliate: Property and Casualty Insurers not Subject to Risk-Based Capital	LR042 Summary for Affiliated Investments Column (4) Line (11)	X	0.2100	=	
(107) Other Affiliate: Life Insurers not Subject to Risk-Based Capital	LR042 Summary for Affiliated Investments Column (4) Line (12)	X	0.2100	=	
(108) Publicly Traded Insurance Affiliates	LR042 Summary for Affiliated Investments Column (4) Line (14)	X	0.2100	=	
(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	0.1575	=	
(111) Off-Balance Sheet Items Reduction - Reinsurance	LR017 Off-Balance Sheet and Other Items Column (5) Line (28)	X	0.2100	=	†
(112) Off-Balance Sheet Items Increase - Reinsurance	LR017 Off-Balance Sheet and Other Items Column (5) Line (29)	X	0.2100	=	
(113) Affiliated US Property - Casualty Insurers Directly Owned	LR042 Summary for Affiliated Investments Column (4) Line (1)	X	0.2100	=	
(114) Affiliated US Life Insurers Directly Owned	LR042 Summary for Affiliated Investments Column (4) Line (2)	X	0.2100	=	
(115) Affiliated US Health Insurers Directly and Indirectly Owned	LR042 Summary for Affiliated Investments Column (4) Line (3)	X	0.2100	=	
(116) Affiliated US Property - Casualty Insurers Indirectly Owned	LR042 Summary for Affiliated Investments Column (4) Line (4)	X	0.2100	=	
(117) Affiliated US Life Insurers Indirectly Owned	LR042 Summary for Affiliated Investments Column (4) Line (5)	X	0.2100	=	
(118) Affiliated Alien Life Insurers - Canadian	LR042 Summary for Affiliated Investments Column (4) Line (8)	X	0.2100	=	
(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 (17) + LR018 Off-Balance Sheet Collateral Column (3) Line (16)	X	0.2100	=	
(122) Credit for Hedging - Common Stock	LR015 Hedged Asset Common Stock Schedule Column (10) Line (0299999)	X	0.2100	=	†
(123) Stock Reduction - Reinsurance	LR005 Unaffiliated Preferred and Common Stock Column (5) Line (19)	X	0.2100	=	†
(124) Stock Increase - Reinsurance	LR005 Unaffiliated Preferred and Common Stock Column (5) Line (20)	X	0.2100	=	
(125) BA Common Stock Unaffiliated	LR008 Other Long-Term Assets Column (5) Line (47)	X	0.2100	=	
(126) BA Common Stock Affiliated - C-1cs	LR008 Other Long-Term Assets Column (5) Line (49.2)	X	0.2100	=	
(127) Common Stock Concentration Factor	LR011 Common Stock Concentration Factor Column (6) Line (6)	X	0.2100	=	
(128) NAIC 01 Working Capital Finance Notes	LR008 Other Long-Term Assets Column (5) Line (51.1)	X	0.1575	=	
(129) NAIC 02 Working Capital Finance Notes	LR008 Other Long-Term Assets Column (5) Line (51.2)	X	0.1575	=	
(130) Affiliated Preferred Stock and Common Stock - Holding Company in Excess of Indirect Subs	LR042 Summary for Affiliated Investments Column (4) Line (7)	X	0.2100	=	
(131) Affiliated Preferred Stock and Common Stock - All Other	LR042 Summary for Affiliated Investments Column (4) Line (13)	X	0.2100	=	
(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 (21) through (27)	X	0.2100	=	

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

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



Company Name

Confidential when Completed

NAIC Company Code

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

	Source	(1)		(2)	
		RBC Amount	Tax Factor	RBC Tax Effect	
(134) Long-Term Care	LR019 Health Premiums Column (2) Line (28) + LR023 Long-Term Care Column (4) Line (7)	_____	X 0.2100	=	_____
(135) Individual & Industrial Life Insurance C-2 Risk	LR025 Life Insurance Column (2) Line (20)	_____	X 0.2100	=	_____
(136) Group & Credit Life Insurance C-2 Risk	LR025 Life Insurance Column (2) Lines <del>(42)</del> (48)	_____	X 0.2100	=	_____
(136b) Longevity C-2 Risk	LR025-A Longevity Risk Column (2) Line (5)	_____	X 0.2100	=	_____
(137) Disability and Long-Term Care Health Claim Reserves	LR024 Health Claim Reserves Column (4) Line (9) + Line (15)	_____	X 0.2100	=	_____
(138) Premium Stabilization Credit	LR026 Premium Stabilization Reserves Column (2) Line (10)	_____	X 0.0000	=	_____
(139) Total C-2 Risk	L(133) + L(134) + L(137) + L(138) + Greatest of [Guardrail Factor * (L(135)+L(136)), Guardrail Factor * L(136b), Square Root of [ (L(135) + L(136)) <sup>2</sup> + L(136b) <sup>2</sup> + 2 * (Correlation Factor) * (L(135) + L(136)) * L(136b) ] ]	=====		=	=====
(140) Interest Rate Risk	LR027 Interest Rate Risk Column (3) Line (36)	_____	X 0.2100	=	_____
(141) Health Credit Risk	LR028 Health Credit Risk Column (2) Line (7)	_____	X 0.0000	=	_____
(142) Market Risk	LR027 Interest Rate Risk Column (3) Line (37)	_____	X 0.2100	=	_____
(143) Business Risk	LR029 Business Risk Column (2) Line (40)	_____	X 0.2100	=	_____
(144) Health Administrative Expenses	LR029 Business Risk Column (2) Line (57)	_____	X 0.0000	=	_____
(145) Total Tax Effect	Lines (109) + (120) + (132) + (139) + (140) + (141) + (142) + (143) + (144)	=====		=	=====

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

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

Company Name

Product Code

Confidential when Completed

(1)  
RBC

Requirement

Source

	Source	(1) RBC Requirement
<u>Insurance Affiliates and Misc. Other 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 and Fraternal 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 (21) + 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 and Fraternal 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	LR005 Unaffiliated Preferred and Common Stock Column (5) Line (10) + 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.

Company Name

Confidential when Completed

NAIC Company Code

	Source	(1) RBC Requirement
(30) Synthetic GIC's (C-1o)	LR006 Separate Accounts Column (3) Line (8)	_____
(31) Surplus in Non-Guaranteed Separate Accounts	LR006 Separate Accounts Column (3) Line (13)	_____
(32) Real Estate (gross of encumbrances)	LR007 Real Estate Column (3) Line (13)	_____
(33) Schedule BA Real Estate (gross of encumbrances)	LR007 Real Estate Column (3) Line (25)	_____
(34) Other Long-Term Assets	LR008 Other Long-Term Assets Column (5) Line (56) + LR018 Off-Balance Sheet Collateral Column (3) Line (17) + Line (18)	_____
(35) Schedule BA Mortgages	LR009 Schedule BA Mortgages Column (6) Line (23)	_____
(36) Concentration Factor	LR010 Asset Concentration Factor Column (6) Line (62) Grand Total Page	_____
(37) Miscellaneous	LR012 Miscellaneous Assets Column (2) Line (21)	_____
(38) Replication Transactions and Mandatory Convertible Securities	LR013 Replication (Synthetic Asset) Transactions and Mandatory Convertible Securities Column (7) Line (9999999)	_____
(39) Reinsurance	LR016 Reinsurance Column (4) Line (17)	_____
(40) Total (C-1o) - Pre-Tax	Sum of Lines (21) through (39)	_____
(41) (C-1o) Tax Effect	LR030 Calculation of Tax Effect for Life and Fraternal Risk-Based Capital Column (2) Line (109)	_____
(42) Net (C-1o) - Post-Tax	Line (40) - Line (41)	=====
<u>Insurance Risk (C-2)</u>		
(43) Individual & Industrial Life Insurance	LR025 Life Insurance Column (2) Line (20)	_____
(44) Group & Credit Life Insurance	LR025 Life Insurance Column (2) Lines <del>(42)</del> (48)	_____
(44b) Longevity Risk	LR025-A Longevity Risk Column (2) Line (5)	_____
(45) Total Health Insurance	LR024 Health Claim Reserves Column (4) Line (18)	_____
(46) Premium Stabilization Reserve Credit	LR026 Premium Stabilization Reserves Column (2) Line (10)	_____
(47) Total (C-2) - Pre-Tax	$L(45) + L(46) + \text{Greatest of } [ \text{Guardrail Factor} * (L(43)+L(44)), \text{Guardrail Factor} * L(44b), \text{Square Root of } [ (L(43) + L(44))^2 + L(44b)^2 + 2 * (\text{Correlation Factor}) * (L(43) + L(44)) * L(44b) ] ]$	_____
(48) (C-2) Tax Effect	LR030 Calculation of Tax Effect for Life and Fraternal Risk-Based Capital Column (2) Line (139)	_____
(49) Net (C-2) - Post-Tax	Line (47) - Line (48)	=====
<u>Interest Rate Risk (C-3a)</u>		
(50) Total Interest Rate Risk - Pre-Tax	LR027 Interest Rate Risk Column (3) Line (36)	_____
(51) (C-3a) Tax Effect	LR030 Calculation of Tax Effect for Life and Fraternal Risk-Based Capital Column (2) Line (140)	_____
(52) Net (C-3a) - Post-Tax	Line (50) - Line (51)	=====
<u>Health Credit Risk (C-3b)</u>		
(53) Total Health Credit Risk - Pre-Tax	LR028 Health Credit Risk Column (2) Line (7)	_____
(54) (C-3b) Tax Effect	LR030 Calculation of Tax Effect for Life and Fraternal Risk-Based Capital Column (2) Line (141)	_____
(55) Net (C-3b) - Post-Tax	Line (53) - Line (54)	=====
<u>Market Risk (C-3c)</u>		
(56) Total Market Risk - Pre-Tax	LR027 Interest Rate Risk Column (3) Line (37)	_____
(57) (C-3c) Tax Effect	LR030 Calculation of Tax Effect for Life and Fraternal Risk-Based Capital Column (2) Line (142)	_____
(58) Net (C-3c) - Post-Tax	Line (56) - Line (57)	=====

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

CALCULATION OF AUTHORIZED CONTROL LEVEL RISK-BASED CAPITAL (CONTINUED)

Confidential when Completed

NAIC Company Code

Company Name	Source	RBC (1) Requirement
<u>Business Risk (C-4a)</u>		
(59) Premium Component	LR029 Business Risk Column (2) Lines (12) + (24) + (36)	_____
(60) Liability Component	LR029 Business Risk Column (2) Line (39)	_____
(61) Subtotal Business Risk (C-4a) - Pre-Tax	Lines (59) + (60)	_____
(62) (C-4a) Tax Effect	LR030 Calculation of Tax Effect for Life and Fraternal Risk-Based Capital Column (2) Line (143)	_____
(63) Net (C-4a) - Post-Tax	Line (61) - Line (62)	=====
<u>Business Risk (C-4b)</u>		
(64) Health Administrative Expense Component of Business Risk (C-4b) - Pre-Tax	LR029 Business Risk Column (2) Line (57)	_____
(65) (C-4b) Tax Effect	LR030 Calculation of Tax Effect for Life and Fraternal Risk-Based Capital Column (2) Line (144)	_____
(66) Net (C-4b) - Post-Tax	Line (64) - Line (65)	=====
<u>Total Risk-Based Capital After Covariance Before Basic Operational Risk</u>		
(67) $C-0 + C-4a + \text{Square Root of } [(C-1o + C-3a)^2 + (C-1cs + C-3c)^2 + (C-2)^2 + (C-3b)^2 + (C-4b)^2]$	REPORT AMOUNT ON PARENT COMPANY'S RBC IF APPLICABLE $L(11)+L(63) + \text{Square Root of } [(L(42) + L(52))^2 + (L(20) + L(58))^2 + L(49)^2 + L(55)^2 + L(66)^2]$	=====
(68) Gross Basic Operational Risk	$0.03 \times L(67)$	_____
(69) C-4a of U.S. Life Insurance Subsidiaries	Company Records	_____
(70) Net Basic Operational Risk	Line (68) - (Line (63) + Line (69)) (Not less than zero)	_____
(71) 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) Multiplied by 2	_____
(72) Total Risk-Based Capital After Covariance (Including Basic Operational Risk and Primary Security Shortfall multiplied by 2)	Line (67) + Line (70) + Line (71)	=====
<u>Authorized Control Level Risk-Based Capital (After Covariance Adjustment and Shortfall)</u>		
(73) Total Risk-Based Capital After Covariance Times Fifty Percent	Line (72) x 0.50	=====
<u>Tax Sensitivity Test</u>		
(74) Tax Sensitivity Test: Total Risk-Based Capital After Covariance	$L(9)+L(61) + \text{Square Root of } [(L(40) + L(50))^2 + (L(18) + L(56))^2 + L(47)^2 + L(53)^2 + L(64)^2]$	_____
(75) Tax Sensitivity Test: Authorized Control Level Risk-Based Capital	Line (74) x 0.50	_____

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

**PROPOSED 2023 UPDATE 1**  
**LIFE INSURANCE**  
 LR025

*Basis of Factors*

The factors developed represent surplus needed to provide for life insurance mortality risk, which is defined as adverse variance in life insurance deaths (i.e., insureds dying sooner than expected) over the remaining lifetime of a block of business while appropriately reflecting the pricing flexibility to adjust current mortality rates for emerging experience. The mortality risks included in the development of the factors were volatility, level, trend, and catastrophe. The factors were developed by stochastically simulating the run-off of in force life insurance blocks typical of U.S. life insurers.

The capital need, expressed as a dollar amount, is determined as the greatest present value of accumulated deficiencies at the 95<sup>th</sup> percentile of the stochastic distribution of scenarios over the remaining lifetime of a block of business while appropriately reflecting the pricing flexibility to adjust current mortality rates. Statutory losses are defined as the after-tax quantification of gross death benefits minus reserves released ~~in excess of the mortality cost expected under the moderately adverse scenario minus mortality margin present in reserves~~. The after-tax statutory losses are discounted to the present by using 20-year averages for U.S. swap rates. By selecting the largest present value accumulated loss across all projection years, the solved for capital ensures non-negative capital at all projection periods. Earlier period losses are not allowed to be offset by later period gains to reduce capital. The 95<sup>th</sup> percentile is the commonly accepted statistical safety level used for Life RBC C-2 mortality risk to identify weakly capitalized companies. The after-tax capital needs are translated to a factor expressed as a percentage of the net amount at risk (NAR). The pre-tax factor is determined by taking the after-tax factor divided by (1 minus the tax rate).

The factors are differentiated between individual & industrial life and group & credit life, and by in force block size. Within individual & industrial life, the factors are differentiated into categories by contract type depending on the degree of pricing flexibility. Within group & credit life, the factors are differentiated into categories by the remaining length of the premium rate term by group contract. There are distinct factors for contracts that have remaining premium rate terms 36 months and under and for contracts that have remaining premium rate terms over 36 months. The Federal Employees' Group Life Insurance (FEGLI) and Servicemembers' Group Life Insurance (SGLI) receive a separate factor applied to the amounts in force.

*Specific Instructions for Application of the Formula*

Lines 2, 5 and 21-~~41-47~~ are not applicable to Fraternal Benefit Societies.

The NAR is derived for each of the factor categories using annual statement sources and company records. In Force and Reserves amounts are net of reinsurance throughout. The In Force amounts throughout derived from company records need to be consistent with the Exhibit of Life Insurance. The Reserves amounts throughout derived from company records need to be consistent with Exhibit 5, Separate Accounts Exhibit, and Schedule S.

The NAR size bands apply to the total amounts for individual & industrial life and group term & credit life. The size bands are allocated proportionately to the NAR for each of the factor categories.- Size band 1 is for NAR amounts up to \$500 million. Size band 2 is for NAR amounts greater than \$500 million and up to \$25 billion. Size band 3 is for NAR amounts greater than \$25 billion.

Pricing Flexibility for Individual & Industrial Life Insurance and Group & Credit Life Permanent Life Insurance is defined as the ability to materially adjust rates on in force contracts through changing premiums and/or non-guaranteed elements as of the valuation date and within the next 5 policy years and reflecting typical business practices. For the purposes of assessing whether business is categorized as having "Pricing Flexibility", grouping of gross amounts may be done at either the contract level or at a cohort level consistent with grouping for pricing purposes. The categorization for ceded amounts for direct insurers should be based on the terms of each reinsurance treaty. Non-affiliated reinsurers are to assess the flexibility to adjust rates on in force contracts based on the terms of each reinsurance treaty and constraints based on typical business practices. For example, if a non-affiliated

reinsurer has historical precedent for changing in force rates, then that may provide support for assigning policies to the category with pricing flexibility. Affiliated reinsurers are to assign the factor category based on the direct policies. In force contracts may move between categories throughout their remaining lifetime if the degree of pricing flexibility changes as of each valuation date. A material rate adjustment is defined as the ability to recover, on a present value basis, the difference in mortality risks provided for in the factors below for contracts with and without pricing flexibility. ~~These differences in factors are shown in the Line (13) table below in the Permanent Life Flexibility Factor and Term Life Flexibility Factor columns.~~ The flexibility factor for each category multiplied by the NAR results in the minimum dollar margin needed for a material rate adjustment, which can then be compared against margins available to adjust rates. In force contracts that have margin available that is greater than or equal to the minimum dollar margin needed may be assigned to the category for policies with pricing flexibility. Insurers may choose to assign contracts to the categories without pricing flexibility if the evaluation of margins is not completed or if the degree of pricing flexibility is uncertain.

Lines (11) and (12) Individual & Industrial Life Policies with Pricing Flexibility In Force and Reserves are derived from company records. Examples of products intended for this category include, but aren't limited to, participating whole life insurance, universal life insurance without secondary guarantees, and yearly renewable term insurance where scheduled premiums may be changed on an annual basis from the date of issue. The table below illustrates the RBC requirement calculation embedded in Line (13) for Individual & Industrial Life Policies with Pricing Flexibility.

Line (13) <u>Individual &amp; Industrial</u> Life Policies with Pricing Flexibility	(1)	Factor	(2)	<u>Permanent Life Flexibility Factor</u>	<u>Term Life Flexibility Factor</u>
	Statement Value		RBC Requirement		
Allocation of First \$500 Million	_____	X 0.-00220 =	_____	<u>0.00230</u>	<u>0.00110</u>
Allocation of Next \$24,500 Million	_____	X 0.-00105 =	_____	<u>0.00120</u>	<u>0.00065</u>
Allocation of Over \$25,000 Million	_____	X 0.-00080 =	_____	<u>0.00085</u>	<u>0.00055</u>
Total <u>Individual &amp; Industrial</u> Life Policies with Pricing Flexibility Net Amount at Risk	=====		=====		

Lines (14) and (15) Individual & Industrial Term Life Policies without Pricing Flexibility In Force and Reserves are derived from company records. Examples of products intended for this category include, but aren't limited to, level term insurance with guaranteed level premiums and yearly renewable term insurance where scheduled premiums may not be changed. The table below illustrates the RBC requirement calculation embedded in Line (16) for Individual & Industrial Term Life Policies without Pricing Flexibility.

Line (16) <u>Individual &amp; Industrial</u> Term Life Policies without Pricing Flexibility	(1)	Factor	(2)
	Statement Value		RBC Requirement
Allocation of First \$500 Million	_____	X 0.00280 =	_____
Allocation of Next \$24,500 Million	_____	X 0.00120 =	_____
Allocation of Over \$25,000 Million	_____	X 0.00085 =	_____
Total <u>Individual &amp; Industrial</u> Term Life Policies without Pricing Flexibility Net Amount at Risk	=====		=====

Lines (17) and (18) Individual & Industrial Permanent Life Policies without Pricing Flexibility In Force and Reserves are derived from the aggregate amounts derived in lines (1) to (10) minus the amounts recorded in the other individual life categories. Examples of products intended for this category include, but aren't limited to, universal life with secondary guarantees and non-participating whole life insurance. Policies that aren't recorded in the other individual life categories default to this category which has the highest factors. The table below illustrates the RBC requirement calculation embedded in Line (19) for Individual & Industrial Permanent Life Policies without Pricing Flexibility.

Line (19) <u>Individual &amp; Industrial</u> Permanent Life Policies without Pricing Flexibility	(1) Statement Value	Factor	(2) RBC Requirement
Allocation of First \$500 Million	_____	X 0.00400 =	_____
Allocation of Next \$24,500 Million	_____	X 0.00175 =	_____
Allocation of Over \$25,000 Million	_____	X 0.00120 =	_____
<b>Total <u>Individual &amp; Industrial</u> Permanent Life Policies without Pricing Flexibility Net Amount at Risk</b>	=====		=====

Lines (35) and (36) Group & Credit Term Life In Force and Reserves with Remaining Rate Terms 36 Months and Under are derived from company records. This category includes group term life contracts where the premium terms have 36 months or fewer until expiration or renewal. Insurers may choose to assign contracts to the category for remaining rate terms over 36 months if the evaluation of remaining rate terms is not completed. The in force amount classified in this category needs to be consistent with the Exhibit of Life Insurance. The reserves amount classified in this category needs to be consistent with Exhibit 5 used for Lines (28) and (29), Separate Accounts Exhibit used for Line (30), and Schedule S used for Lines (31) and (32). Federal Employees' Group Life Insurance (FEGLI) and Servicemembers' Group Life Insurance (SGLI) contracts are excluded. The table below illustrates the RBC requirement calculation embedded in Line (37) for Group & Credit Term Life Net Amount at Risk with Remaining Rate Terms 36 Months and Under Net Amount at Risk.

Line (37) <u>Group &amp; Credit Term</u> Life with Remaining Rate Terms 36 Months and Under	(1) Statement Value	Factor	(2) RBC Requirement
Allocation of First \$500 Million	_____	X 0.00140 =	_____
Allocation of Next \$24,500 Million	_____	X 0.00055 =	_____
Allocation of Over \$25,000 Million	_____	X 0.00040 =	_____
<b>Total Group &amp; Credit <u>Term</u> Life <u>Net Amount at Risk</u> with Remaining Rate Terms 36 Months and Under <u>Net Amount at Risk</u></b>	=====		=====

Lines (38) and (39) Group & Credit Term Life In Force and Reserves with Remaining Rate Terms Over 36 Months are derived from ~~the aggregate amounts derived in lines (21) to (34) minus the Group & Credit Life In Force and Reserves with Remaining Rate Terms 36 Months and Under in lines (35) and (36)~~ company records. This category includes group term life contracts where the premium terms have over 36 months until expiration or renewal. FEGLI and SGLI contracts are excluded. The table below illustrates the RBC requirement calculation embedded in Line (40) for Group & Credit Life Term Net Amount at Risk with Remaining Rate Terms Over 36 Months Net Amount at Risk.

Line (40) <u>Group &amp; Credit Term</u> Life with Remaining Rate Terms Over 36 Months	(1) Statement Value	Factor	(2) RBC Requirement
Allocation of First \$500 Million	_____	X 0.00190 =	_____
Allocation of Next \$24,500 Million	_____	X 0.00080 =	_____
Allocation of Over \$25,000 Million	_____	X 0.00055 =	_____
<b>Total Group &amp; Credit <u>Term</u> Life <u>Net Amount at Risk</u> with Remaining Rate Terms Over 36 Months <u>Net Amount at Risk</u></b>	=====		=====

Lines (41) and (42) Group & Credit Permanent Life Policies with Pricing Flexibility In Force and Reserves are derived from company records. FEGLI and SGLI contracts are excluded. The table below illustrates the RBC requirement calculation embedded in Line (43) for Group & Credit Permanent Life Policies with Pricing Flexibility Net Amount at Risk. The capital factors assigned are the same as Individual & Industrial Permanent Life Policies with Pricing Flexibility.

<u>Line (43)</u>	<u>Group &amp; Credit Permanent Life Policies with Pricing Flexibility</u>	<u>(1)</u> <u>Statement Value</u>	<u>Factor</u>	<u>(2)</u> <u>RBC Requirement</u>
	<u>Allocation of First \$500 Million</u>	_____	X 0.00220 =	_____
	<u>Allocation of Next \$24,500 Million</u>	_____	X 0.00105 =	_____
	<u>Allocation of Over \$25,000 Million</u>	_____	X 0.00080 =	_____
	<u>Total Group &amp; Credit Permanent Life Policies with Pricing Flexibility Net Amount at Risk</u>	_____		_____

Lines (44) and (45) Group & Credit Permanent Life Policies without Pricing Flexibility In Force and Reserves are derived from the aggregate amounts derived in lines (21) to (34) minus the other Group & Credit life amounts derived in lines (35) to (43). FEGLI and SGLI contracts are excluded. The table below illustrates the RBC requirement calculation embedded in Line (46) for Group & Credit Permanent Life Policies without Pricing Flexibility Net Amount at Risk. The capital factors assigned are the same as Individual & Industrial Permanent Life Policies without Pricing Flexibility.

<u>Line (46)</u>	<u>Group &amp; Credit Permanent Life Policies without Pricing Flexibility</u>	<u>(1)</u> <u>Statement Value</u>	<u>Factor</u>	<u>(2)</u> <u>RBC Requirement</u>
	<u>Allocation of First \$500 Million</u>	_____	X 0.00400 =	_____
	<u>Allocation of Next \$24,500 Million</u>	_____	X 0.00175 =	_____
	<u>Allocation of Over \$25,000 Million</u>	_____	X 0.00120 =	_____
	<u>Total Group &amp; Credit Permanent Life Policies without Pricing Flexibility Net Amount at Risk</u>	_____		_____

Line ~~(4147)~~ FEGLI/SGLI In Force amounts are retrieved from the Exhibit of Life Insurance. -The capital factor assigned is the same as the largest size band for group & credit term life contracts with remaining rate terms 36 months and under.

<u>Line</u>	<u>FEGLI/SGLI</u>	<u>(1)</u> <u>Statement Value</u>	<u>Factor</u>	<u>(2)</u> <u>RBC Requirement</u>
<del>(4147)</del>	In Force	_____	X 0.00040 =	_____

All amounts should be entered as required. The risk-based capital software will calculate the RBC requirement for individual and industrial and for group and credit.



## Proposed 2023 Update 2

## NOTE 37 Life Insurance Net Amount at Risk by Product Characteristics

Refer to LR025 of the RBC instructions for category definitions

## A. INDIVIDUAL &amp; INDUSTRIAL LIFE

## Line Definitions

(1)	Life In Force	Exhibit of Life Insurance Amount of Insurance for Industrial and Ordinary Life, Lines 21 and 22
(2)	Exhibit 5 Life Reserves	Exhibit 5 for Industrial and Ordinary Life, Lines 0199997 and 0199998
(3)	Separate Account Life Reserves	Separate Accounts, Exhibit 3, Column 3 Line 0199999
(4)	Modified Coinsurance Life Reserves	Schedule S, Part 1 Section 1 Column 12 and Part 3 Section 1 Column 14, the portion which relates to policy reserves that, if written on a direct basis, would be included on Exhibit 5.

Table A1

		Total Individual & Industrial Life			
		(1) Gross	(2) Assumed	(3) Ceded	(4) Net of Reinsurance (1) + (2) - (3)
(1)	Life In Force				
(2)	Exhibit 5 Life Reserves				
(3)	Separate Account Life Reserves				
(4)	Modified Coinsurance Life Reserves				
(5)	Life Reserves (2) + (3) + (4)				
(6)	Life Net Amount at Risk (1) - (5)				

Table A2

		Individual & Industrial Life Policies with Pricing Flexibility			
		(1) Gross	(2) Assumed	(3) Ceded	(4) Net of Reinsurance (1) + (2) - (3)
(1)	Life In Force				
(2)	Exhibit 5 Life Reserves				
(3)	Separate Account Life Reserves				
(4)	Modified Coinsurance Life Reserves				
(5)	Life Reserves (2) + (3) + (4)				
(6)	Life Net Amount at Risk (1) - (5)				

Table A3

		Individual & Industrial Term Life Policies without Pricing Flexibility			
		(1) Gross	(2) Assumed	(3) Ceded	(4) Net of Reinsurance (1) + (2) - (3)
(1)	Life In Force				
(2)	Exhibit 5 Life Reserves				
(3)	Separate Account Life Reserves				
(4)	Modified Coinsurance Life Reserves				
(5)	Life Reserves (2) + (3) + (4)				
(6)	Life Net Amount at Risk (1) - (5)				

Table A4

		Individual & Industrial Permanent Life Policies without Pricing Flexibility			
		(1) Gross	(2) Assumed	(3) Ceded	(4) Net of Reinsurance (1) + (2) - (3)
(1)	Life In Force				
(2)	Exhibit 5 Life Reserves				
(3)	Separate Account Life Reserves				
(4)	Modified Coinsurance Life Reserves				
(5)	Life Reserves (2) + (3) + (4)				
(6)	Life Net Amount at Risk (1) - (5)				

**B. GROUP & CREDIT LIFE EXCLUDING FEGLI/SGLI**

Line Definitions

<p>(1) Life In Force                  (2) Exhibit 5 Life Reserves                  (3) Separate Account Life Reserves                    (4) Modified Coinsurance Life Reserves</p>	<p>Exhibit of Life Insurance Amount of Insurance for Group and Credit Life, Lines 21 and 22; exclude amounts for FEGLI and SGLI reported on lines 43 and 44                  Exhibit 5 for Group and Credit Life, Lines 0199997 and 0199998                  Separate Accounts, Exhibit 3, Column 4 Line 0199999                  Schedule S, Part 1 Section 1 Column 12 and Part 3 Section 1 Column 14, the portion which relates to policy reserves that, if written on a direct basis, would be included on Exhibit 5.</p>
---	---

Table B1

Total Group & Credit Life Excluding FEGLI/SGLI				
	(1) Gross	(2) Assumed	(3) Ceded	(4) Net of Reinsurance (1) + (2) - (3)
(1) Life In Force				
(2) Exhibit 5 Life Reserves				
(3) Separate Account Life Reserves				
(4) Modified Coinsurance Life Reserves				
(5) Life Reserves (2) + (3) + (4)				
(6) Life Net Amount at Risk (1) - (5)				

Table B2

Group & Credit Term Life with Remaining Rate Terms 36 Months and Under				
	(1) Gross	(2) Assumed	(3) Ceded	(4) Net of Reinsurance (1) + (2) - (3)
(1) Life In Force				
(2) Exhibit 5 Life Reserves				
(3) Separate Account Life Reserves				
(4) Modified Coinsurance Life Reserves				
(5) Life Reserves (2) + (3) + (4)				
(6) Life Net Amount at Risk (1) - (5)				

Table B3

Group & Credit Term Life with Remaining Rate Terms Over 36 Months				
	(1) Gross	(2) Assumed	(3) Ceded	(4) Net of Reinsurance (1) + (2) - (3)
(1) Life In Force				
(2) Exhibit 5 Life Reserves				
(3) Separate Account Life Reserves				
(4) Modified Coinsurance Life Reserves				
(5) Life Reserves (2) + (3) + (4)				
(6) Life Net Amount at Risk (1) - (5)				

Table B4

Group & Credit Permanent Life Policies with Pricing Flexibility				
	(1) Gross	(2) Assumed	(3) Ceded	(4) Net of Reinsurance (1) + (2) - (3)
(1) Life In Force				
(2) Exhibit 5 Life Reserves				
(3) Separate Account Life Reserves				
(4) Modified Coinsurance Life Reserves				
(5) Life Reserves (2) + (3) + (4)				
(6) Life Net Amount at Risk (1) - (5)				

Table B5

Group & Credit Permanent Life Policies without Pricing Flexibility				
	(1) Gross	(2) Assumed	(3) Ceded	(4) Net of Reinsurance (1) + (2) - (3)
(1) Life In Force				
(2) Exhibit 5 Life Reserves				
(3) Separate Account Life Reserves				
(4) Modified Coinsurance Life Reserves				
(5) Life Reserves (2) + (3) + (4)				
(6) Life Net Amount at Risk (1) - (5)				

	Annual Statement Source	(1) Statement Value	Factor	(2) RBC Requirement
<b>Individual &amp; Industrial Life-Net Amount at Risk</b>				
(1)	Ordinary Life In Force	Exhibit of Life Insurance Column 4 Line 23 x 1000		
(2)	Plus Industrial Life In Force	Exhibit of Life Insurance Column 2 Line 23 x 1000		
(3)	Total Individual & Industrial Life In Force	Lines (1) + (2)		
<b>Reserves</b>				
(4)	Ordinary Life Reserves	Exhibit 5 Column 4 Line 0199999		
(5)	Plus Industrial Life Reserves	Exhibit 5 Column 2 Line 0199999		
(6)	Plus Ordinary Life Separate Accounts	Separate Accounts Exhibit 3 Column 3 Line 0199999		
(7)	Plus Ordinary & Industrial Life Modified Coinsurance Assumed Reserves	Schedule S Part 1 Section 1 Column 12, in part ‡		
(8)	Less Ordinary & Industrial Life Modified Coinsurance Ceded Reserves	Schedule S Part 2 Section 1 Column 14, in part ‡		
(9)	Total Individual & Industrial Life Reserves	Lines (4) + (5) + (6) + (7) - (8)		
(10)-(1)	Total Individual & Industrial Life Net Amount at Risk	Lines (3) - (9); Notes to Financial Statements Item 37, Table A1, Column (4), Line (6)		
<b>Pricing Flexibility</b>				
(11)	Individual & Industrial Life Policies with Pricing Flexibility In Force	Company Records ±		
(12)	Less Individual & Industrial Life Policies with Pricing Flexibility in Force Reserves	Company Records ±		
(13)-(2)	Total Individual & Industrial Life Policies with Pricing Flexibility Net Amount at Risk	Lines (11) - (12); Notes to Financial Statements Item 37, Table A2, Column (4), Line (6)	X †	=
<b>Term Life Policies without Pricing Flexibility Reserves</b>				
(14)	Individual & Industrial Term Life Policies without Pricing Flexibility In Force	Company Records ±		
(15)	Less Individual & Industrial Term Life Policies without Pricing Flexibility Reserves	Company Records ±		
(16)-(3)	Total Individual & Industrial Term Life Policies without Pricing Flexibility Net Amount at Risk	Lines (14) - (15); Notes to Financial Statements Item 37, Table A3, Column (4), Line (6)	X †	=
<b>Permanent Life Policies without Pricing Flexibility</b>				
(17)	Individual & Industrial Permanent Life Policies without Pricing Flexibility In Force	Lines (3) - (11) - (14)		
(18)	Less Individual & Industrial Permanent Life Policies without Pricing Flexibility Reserves	Lines (9) - (12) - (15)		
(19)-(4)	Total Individual & Industrial Permanent Life Policies without Pricing Flexibility Net Amount at Risk	Lines (17) - (18) (1) - (2) - (3)	X †	=
(20)-(5)	Total Individual & Industrial Life	Lines (13) + (16) + (19) (2) + (3) + (4)		
<b>Group &amp; Credit Life-Net Amount at Risk</b>				
(21)	Group Life In Force	Exhibit of Life Insurance Column 9 Line 23 x 1000		
(22)	Plus Credit Life In Force	Exhibit of Life Insurance Column 6 Line 23 x 1000		
(23)	Less Group FEGLI In Force	Exhibit of Life Insurance Column 4 Line 43 x 1000		
(24)	Less Group SGLI In Force	Exhibit of Life Insurance Column 4 Line 44 x 1000		
(25)	Less Credit FEGLI In Force	Exhibit of Life Insurance Column 2 Line 43 x 1000		
(26)	Less Credit SGLI In Force	Exhibit of Life Insurance Column 2 Line 44 x 1000		
(27)	Total Group & Credit Life In Force Excluding FEGLI/SGLI	Lines (21) + (22) - (23) - (24) - (25) - (26)		
<b>Reserves</b>				
(28)	Group Life Reserves	Exhibit 5 Column 6 Line 0199999		
(29)	Plus Credit Life Reserves	Exhibit 5 Column 5 Line 0199999		
(30)	Plus Group Life Separate Accounts	Separate Accounts Exhibit 3 Column 4 Line 0199999		
(31)	Plus Group & Credit Life Modified Coinsurance Assumed Reserves	Schedule S Part 1 Section 1 Column 12, in part ‡		
(32)	Less Group & Credit Life Modified Coinsurance Ceded Reserves	Schedule S Part 2 Section 1 Column 14, in part ‡		
(33)	Total Group & Credit Life Reserves	Lines (28) + (29) + (30) + (31) - (32)		
(34)-(6)	Total Group & Credit Life Excluding FEGLI/SGLI Net Amount at Risk Excluding FEGLI/SGLI	Lines (27) - (33); Notes to Financial Statements Item 37, Table B1, Column (4), Line (6)		
<b>Remaining Rate Terms</b>				
(35)	Group & Credit Term Life In Force with Remaining Rate Terms 36 Months and Under	Company Records ±		
(36)	Less Group & Credit Term Life Reserves with Remaining Rate Terms 36 Months and Under	Company Records ±		
(37)-(7)	Group & Credit Term Life with Remaining Rate Terms 36 Months and Under Net Amount at Risk with Rem	Lines (35) - (36); Notes to Financial Statements Item 37, Table B2, Column (4), Line (6)	X †	=
<b>Remaining Rate Terms Over 36 Months</b>				
(38)	Group & Credit Term Life In Force with Remaining Rate Terms Over 36 Months	Lines (27) - (35) Company Records ±		
(39)	Less Group & Credit Term Life Reserves with Remaining Rate Terms Over 36 Months	Lines (32) - (36) Company Records ±		
(40)-(8)	Group & Credit Life Term Life with Remaining Rate Terms Over 36 Months Net Amount at Risk with Rem	Lines (38) - (39); Notes to Financial Statements Item 37, Table B3, Column (4), Line (6)	X †	=
<b>Pricing Flexibility</b>				
(41)	Group & Credit Permanent Life Policies with Pricing Flexibility In Force	Company Records ±		
(42)	Less Group & Credit Permanent Life Policies with Pricing Flexibility Reserves	Company Records ±		
(43)-(9)	Group & Credit Permanent Life Policies with Pricing Flexibility Net Amount at Risk	Lines (41) - (42); Notes to Financial Statements Item 37, Table B4, Column (4), Line (6)	X †	=
<b>Permanent Life Policies without Pricing Flexibility</b>				
(44)	Group & Credit Permanent Life Policies without Pricing Flexibility In Force	Lines (27) - (35) - (38) - (41)		
(45)	Less Group & Credit Permanent Life Policies without Pricing Flexibility Reserves	Lines (32) - (36) - (39) - (42)		
(46)-(10)	Group & Credit Permanent Life Policies without Pricing Flexibility Net Amount at Risk	Lines (44) - (45) (6) - (7) - (8) - (9)	X †	=
(41)-(47)-(11)	FEGLI/SGLI Life In Force	Exhibit of Life Insurance Sum of Column 2 and 4 Line 43 and 44 x 1000	X 0.0004	=
(42)-(48)-(12)	Total Group & Credit Life	Lines (37) + (40) + (41) + (43) + (46) + (47) (7) + (8) + (9) + (10) + (11)		
(43)-(49)-(13)	Total Life	Lines (20) + (42) + (48) (5) + (12)		

± The definitions are specified in the Life Insurance section of the risk-based capital instructions.  
† The tiered calculation is illustrated in the Life Insurance section of the risk-based capital instructions.  
‡ Include only the portion which relates to policy reserves that, if written on a direct basis, would be included on Exhibit 5.

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

		(1) Statement Value	Factor	(2) RBC Requirement
<u>Individual &amp; Industrial Life</u>				
(1)	Total Individual & Industrial Life Net Amount at Risk	Notes to Financial Statements Item 37, Table A1, Column (4), Line (6)		
(2)	Total Individual & Industrial Life Policies with Pricing Flexibility Net Amount at Risk	Notes to Financial Statements Item 37, Table A2, Column (4), Line (6)		
(3)	Total Individual & Industrial Term Life Policies without Pricing Flexibility Net Amount at Risk	Notes to Financial Statements Item 37, Table A3, Column (4), Line (6)		
(4)	Total Individual & Industrial Permanent Life Policies without Pricing Flexibility Net Amount at Risk	Lines (1) - (2) - (3)		
(5)	Total Individual & Industrial Life	Lines (2) + (3) + (4)		
<u>Group &amp; Credit Life</u>				
(6)	Total Group & Credit Life Excluding FEGLI/SGLI Net Amount at Risk	Notes to Financial Statements Item 37, Table B1, Column (4), Line (6)		
(7)	Group & Credit Term Life with Remaining Rate Terms 36 Months and Under Net Amount at Risk	Notes to Financial Statements Item 37, Table B2, Column (4), Line (6)	X †	=
(8)	Group & Credit Life Term Life with Remaining Rate Terms Over 36 Months Net Amount at Risk	Notes to Financial Statements Item 37, Table B3, Column (4), Line (6)	X †	=
(9)	Group & Credit Permanent Life Policies with Pricing Flexibility Net Amount at Risk	Notes to Financial Statements Item 37, Table B4, Column (4), Line (6)	X †	=
(10)	Group & Credit Permanent Life Policies without Pricing Flexibility Net Amount at Risk	Lines (6) - (7) - (8) - (9)	X †	=
(11)	FEGLI/SGLI Life In Force	Exhibit of Life Insurance Sum of Column 2 and 4 Line 43 and 44 x 1000	X 0.0004	=
(12)	Total Group & Credit Life	Lines (7) + (8) + (9) + (10) + (11)		
(13)	Total Life	Lines (5) + (12)		

† The tiered calculation is illustrated in the Life Insurance section of the risk-based capital instructions.

**Proposed 2023 Update 2**  
**PREMIUM STABILIZATION RESERVES**

	<u>Annual Statement Source</u>	(1) <u>Statement Value</u>	<u>Factor</u>	(2) <u>RBC Requirement</u>
<u>Group and Credit Life and Health Reported Premium Stabilization Reserves</u>				
(1)	Stabilization Reserves and Experience Rating Refunds included in Line 3	Page 3 Column 1 Line 3 in part	_____ X	_____
(2)	Provision for Experience Rating Refunds	Page 3 Column 1 Line 9.2 in part	_____ X	_____
(3)	Reserve for Group Rate Credits	Company Records	_____ X	_____
(4)	Reserve for Credit Rate Credits	Company Records	_____ X	_____
(5)	Premium Stabilization Reserves	Page 3 Column 1 Line 25 in part	_____ X	_____
(6)	Total of Preliminary Premium Stabilization Reserve Credit	Sum of Lines (1) through (5)	=====	=====
<u>Group &amp; Credit Life and Health Risk-Based Capital</u>				
(7)	Life	LR025 Life Insurance Column (2) Line <del>(42)</del> <del>(48)</del> (12)	_____	
(8)	Health	LR024 Health Claim Reserves Column (4) Line (16) + [LR024 Column (4) Line (15) x 0.65] + LR019 Health Premiums Column (2) Lines (12), (17), (18) and (19) + [[LR019 Column (2) Lines (23), (24), and (27)] x 0.65] + [LR020 Underwriting Risk - Experience Fluctuation Risk Column (5) Line (18) - Column (4) Line (18) x Line (1.2) / Line (1.3) ]	_____	
(9)	Maximum Risk-Based Capital	Lines (7) + (8)	=====	
(10)	Final Premium Stabilization Reserve	Column (2) Line (6), but not more than Column (1) Line (9)	_____ X	_____

Company Name

Confidential when Completed

NAIC Company Code

Proposed 2023 Update 2
CALCULATION OF TAX EFFECT FOR LIFE AND FRATERNAL RISK-BASED CAPITAL

Table with columns: Source, (1) RBC Amount, Tax Factor, (2) RBC Tax Effect. Rows include ASSET RISKS, Bonds (001-018), Mortgages, and In Good Standing (019-029).

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

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

Company Name

Confidential when Completed

NAIC Company Code

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

			(1)	Tax Factor	(2)
		Source	RBC Amount		RBC Tax Effect
(030) Residential Mortgages - Insured	LR004 Mortgages Column (6) Line (22)		X	0.1575	=
(031) Residential Mortgages - Other	LR004 Mortgages Column (6) Line (23)		X	0.1575	=
(032) Commercial Mortgages - Insured	LR004 Mortgages Column (6) Line (24)		X	0.1575	=
(033) Commercial Mortgages - Other	LR004 Mortgages Column (6) Line (25)		X	0.1575	=
(034) Due & Unpaid Taxes Mortgages	LR004 Mortgages Column (6) Line (26)		X	0.1575	=
(035) Due & Unpaid Taxes - Foreclosures	LR004 Mortgages Column (6) Line (27)		X	0.1575	=
(036) Mortgage Reduction - Reinsurance	LR004 Mortgages Column (6) Line (29)		X	0.2100	= †
(037) Mortgage Increase - Reinsurance Preferred Stock	LR004 Mortgages Column (6) Line (30)		X	0.2100	=
(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)		X	0.1575	=
(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)		X	0.1575	=
(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)		X	0.1575	=
(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)		X	0.1575	=
(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)		X	0.1575	=
(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)		X	0.2100	=
(044) Preferred Stock Reduction-Reinsurance	LR005 Unaffiliated Preferred and Common Stock Column (5) Line (8)		X	0.2100	= †
(045) Preferred Stock Increase-Reinsurance Separate Accounts	LR005 Unaffiliated Preferred and Common Stock Column (5) Line (9)		X	0.2100	=
(046) Guaranteed Index	LR006 Separate Accounts Column (3) Line (1)		X	0.1575	=
(047) Nonindex-Book Reserve	LR006 Separate Accounts Column (3) Line (2)		X	0.1575	=
(048) Separate Accounts Nonindex-Market Reserve	LR006 Separate Accounts Column (3) Line (3)		X	0.1575	=
(049) Separate Accounts Reduction-Reinsurance	LR006 Separate Accounts Column (3) Line (5)		X	0.2100	= †
(050) Separate Accounts Increase-Reinsurance	LR006 Separate Accounts Column (3) Line (6)		X	0.2100	=
(051) Synthetic GICs	LR006 Separate Accounts Column (3) Line (8)		X	0.1575	=
(052) Separate Account Surplus Real Estate	LR006 Separate Accounts Column (3) Line (13)		X	0.1575	=
(053) Company Occupied Real Estate	LR007 Real Estate Column (3) Line (3)		X	0.2100	=
(054) Foreclosed Real Estate	LR007 Real Estate Column (3) Line (6)		X	0.2100	=
(055) Investment Real Estate	LR007 Real Estate Column (3) Line (9)		X	0.2100	=
(056) Real Estate Reduction - Reinsurance	LR007 Real Estate Column (3) Line (11)		X	0.2100	= †
(057) Real Estate Increase - Reinsurance Schedule BA	LR007 Real Estate Column (3) Line (12)		X	0.2100	=
(058) Sch BA Real Estate Excluding Low Income Housing Tax Credits	LR007 Real Estate Column (3) Line (16)		X	0.2100	=
(059) Guaranteed Low Income Housing Tax Credits	LR007 Real Estate Column (3) Line (17) + Line (19)		X	0.0000	=
(060) Non-Guaranteed and All Other Low Income Housing Tax Credits	LR007 Real Estate Column (3) Line (18) + Line (20) + Line (21)		X	0.0000	=
(061) Sch BA Real Estate Reduction - Reinsurance	LR007 Real Estate Column (3) Line (23)		X	0.2100	= †
(062) Sch BA Real Estate Increase - Reinsurance	LR007 Real Estate Column (3) Line (24)		X	0.2100	=

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

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

Company Name

Confidential when Completed

NAIC Company Code

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

			(1)		(2)
		Source	RBC Amount	Tax Factor	RBC Tax Effect
(063)	Sch BA Bond NAIC 1	LR008 Other Long-Term Assets Column (5) Line (2)	X	0.1575	=
(064)	Sch BA Bond NAIC 2	LR008 Other Long-Term Assets Column (5) Line (3)	X	0.1575	=
(065)	Sch BA Bond NAIC 3	LR008 Other Long-Term Assets Column (5) Line (4)	X	0.1575	=
(066)	Sch BA Bond NAIC 4	LR008 Other Long-Term Assets Column (5) Line (5)	X	0.1575	=
(067)	Sch BA Bond NAIC 5	LR008 Other Long-Term Assets Column (5) Line (6)	X	0.1575	=
(068)	Sch BA Bond NAIC 6	LR008 Other Long-Term Assets Column (5) Line (7)	X	0.2100	=
(069)	BA Bond Reduction - Reinsurance	LR008 Other Long-Term Assets Column (5) Line (9)	X	0.2100	= †
(070)	BA Bond Increase - Reinsurance	LR008 Other Long-Term Assets Column (5) Line (10)	X	0.2100	=
(071)	BA Preferred Stock NAIC 1	LR008 Other Long-Term Assets Column (5) Line (12.3)	X	0.1575	=
(072)	BA Preferred Stock NAIC 2	LR008 Other Long-Term Assets Column (5) Line (13)	X	0.1575	=
(073)	BA Preferred Stock NAIC 3	LR008 Other Long-Term Assets Column (5) Line (14)	X	0.1575	=
(074)	BA Preferred Stock NAIC 4	LR008 Other Long-Term Assets Column (5) Line (15)	X	0.1575	=
(075)	BA Preferred Stock NAIC 5	LR008 Other Long-Term Assets Column (5) Line (16)	X	0.1575	=
(076)	BA Preferred Stock NAIC 6	LR008 Other Long-Term Assets Column (5) Line (17)	X	0.2100	=
(077)	BA Preferred Stock Reduction-Reinsurance	LR008 Other Long-Term Assets Column (5) Line (19)	X	0.2100	= †
(078)	BA Preferred Stock Increase - Reinsurance	LR008 Other Long-Term Assets Column (5) Line (20)	X	0.2100	=
(079)	Rated Surplus Notes	LR008 Other Long-Term Assets Column (5) Line (31)	X	0.1575	=
(080)	Rated Capital Notes	LR008 Other Long-Term Assets Column (5) Line (41)	X	0.1575	=
(081)	BA Common Stock Affiliated	LR008 Other Long-Term Assets Column (5) Line (48.3)	X	0.2100	=
(082)	BA Collateral Loans	LR008 Other Long-Term Assets Column (5) Line (50)	X	0.1575	=
(083)	Other BA Assets	LR008 Other Long-Term Assets Column (5) Line (52.3) + LR018 Off-Balance Sheet Collateral Column (3) Line (17) + Line (18)	X	0.2100	=
(084)	Other BA Assets Reduction-Reinsurance	LR008 Other Long-Term Assets Column (5) Line (54)	X	0.2100	= †
(085)	Other BA Assets Increase - Reinsurance	LR008 Other Long-Term Assets Column (5) Line (55)	X	0.2100	=
(086)	BA Mortgages - In Good Standing	LR009 Schedule BA Mortgages Column (6) Line (11)	X	0.1575	=
(087)	BA Mortgages - 90 Days Overdue	LR009 Schedule BA Mortgages Column (6) Line (15)	X	0.1575	=
(088)	BA Mortgages - In Process of Foreclosure	LR009 Schedule BA Mortgages Column (6) Line (19)	X	0.1575	=
(089)	Reduction - Reinsurance	LR009 Schedule BA Mortgages Column (6) Line (21)	X	0.2100	= †
(090)	Increase - Reinsurance	LR009 Schedule BA Mortgages Column (6) Line (22)	X	0.2100	=
(091)	Miscellaneous				
(091)	Asset Concentration Factor	LR010 Asset Concentration Factor Column (6) Line (62) Grand Total Page	X	0.1575	=
(092)	Miscellaneous Assets	LR012 Miscellaneous Assets Column (2) Line (7)	X	0.1575	=
(093)	Derivatives - Collateral and Exchange Traded	LR012 Miscellaneous Assets Column (2) Lines (8) + (9) + (10)	X	0.1575	=
(094)	Derivatives NAIC 1	LR012 Miscellaneous Assets Column (2) Line (11)	X	0.1575	=
(095)	Derivatives NAIC 2	LR012 Miscellaneous Assets Column (2) Line (12)	X	0.1575	=
(096)	Derivatives NAIC 3	LR012 Miscellaneous Assets Column (2) Line (13)	X	0.1575	=
(097)	Derivatives NAIC 4	LR012 Miscellaneous Assets Column (2) Line (14)	X	0.1575	=
(098)	Derivatives NAIC 5	LR012 Miscellaneous Assets Column (2) Line (15)	X	0.1575	=
(099)	Derivatives NAIC 6	LR012 Miscellaneous Assets Column (2) Line (16)	X	0.2100	=
(100)	Miscellaneous Assets Reduction-Reinsurance	LR012 Miscellaneous Assets Column (2) Line (19)	X	0.2100	= †
(101)	Miscellaneous Assets Increase-Reinsurance	LR012 Miscellaneous Assets Column (2) Line (20)	X	0.2100	=

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

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



Company Name

Confidential when Completed

NAIC Company Code

CALCULATION OF TAX EFFECT FOR LIFE AND FRATERNAL 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	0.1575	=
(103)	Reinsurance	LR016 Reinsurance Column (4) Line (17)	X	0.2100	=
(104)	Investment Affiliates	LR042 Summary for Affiliated Investments Column (4) Line (6)	X	0.2100	=
(105)	Investment in Parent	LR042 Summary for Affiliated Investments Column (4) Line (10)	X	0.2100	=
(106)	Other Affiliate: Property and Casualty Insurers not Subject to Risk-Based Capital	LR042 Summary for Affiliated Investments Column (4) Line (11)	X	0.2100	=
(107)	Other Affiliate: Life Insurers not Subject to Risk-Based Capital	LR042 Summary for Affiliated Investments Column (4) Line (12)	X	0.2100	=
(108)	Publicly Traded Insurance Affiliates	LR042 Summary for Affiliated Investments Column (4) Line (14)	X	0.2100	=
(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	0.1575	=
(111)	Off-Balance Sheet Items Reduction - Reinsurance	LR017 Off-Balance Sheet and Other Items Column (5) Line (28)	X	0.2100	=
(112)	Off-Balance Sheet Items Increase - Reinsurance	LR017 Off-Balance Sheet and Other Items Column (5) Line (29)	X	0.2100	=
(113)	Affiliated US Property - Casualty Insurers Directly Owned	LR042 Summary for Affiliated Investments Column (4) Line (1)	X	0.2100	=
(114)	Affiliated US Life Insurers Directly Owned	LR042 Summary for Affiliated Investments Column (4) Line (2)	X	0.2100	=
(115)	Affiliated US Health Insurers Directly and Indirectly Owned	LR042 Summary for Affiliated Investments Column (4) Line (3)	X	0.2100	=
(116)	Affiliated US Property - Casualty Insurers Indirectly Owned	LR042 Summary for Affiliated Investments Column (4) Line (4)	X	0.2100	=
(117)	Affiliated US Life Insurers Indirectly Owned	LR042 Summary for Affiliated Investments Column (4) Line (5)	X	0.2100	=
(118)	Affiliated Alien Life Insurers - Canadian	LR042 Summary for Affiliated Investments Column (4) Line (8)	X	0.2100	=
(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 (17) + LR018 Off-Balance Sheet Collateral Column (3) Line (16)	X	0.2100	=
(122)	Credit for Hedging - Common Stock	LR015 Hedged Asset Common Stock Schedule Column (10) Line (0299999)	X	0.2100	=
(123)	Stock Reduction - Reinsurance	LR005 Unaffiliated Preferred and Common Stock Column (5) Line (19)	X	0.2100	=
(124)	Stock Increase - Reinsurance	LR005 Unaffiliated Preferred and Common Stock Column (5) Line (20)	X	0.2100	=
(125)	BA Common Stock Unaffiliated	LR008 Other Long-Term Assets Column (5) Line (47)	X	0.2100	=
(126)	BA Common Stock Affiliated - C-1cs	LR008 Other Long-Term Assets Column (5) Line (49.2)	X	0.2100	=
(127)	Common Stock Concentration Factor	LR011 Common Stock Concentration Factor Column (6) Line (6)	X	0.2100	=
(128)	NAIC 01 Working Capital Finance Notes	LR008 Other Long-Term Assets Column (5) Line (51.1)	X	0.1575	=
(129)	NAIC 02 Working Capital Finance Notes	LR008 Other Long-Term Assets Column (5) Line (51.2)	X	0.1575	=
(130)	Affiliated Preferred Stock and Common Stock - Holding Company in Excess of Indirect Subs	LR042 Summary for Affiliated Investments Column (4) Line (7)	X	0.2100	=
(131)	Affiliated Preferred Stock and Common Stock - All Other	LR042 Summary for Affiliated Investments Column (4) Line (13)	X	0.2100	=
(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 (21) through (27)	X	0.2100	=

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

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

Company Name

Confidential when Completed

NAIC Company Code

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

	Source	(1)		(2)	
		RBC Amount	Tax Factor	RBC Tax Effect	
(134) Long-Term Care	LR019 Health Premiums Column (2) Line (28) + LR023 Long-Term Care Column (4) Line (7)	_____	X 0.2100	=	_____
(135) Individual & Industrial Life Insurance C-2 Risk	LR025 Life Insurance Column (2) Line <del>(20)</del> (5)	_____	X 0.2100	=	_____
(136) Group & Credit Life Insurance C-2 Risk	LR025 Life Insurance Column (2) Line <del>(42)</del> (48) <del>(12)</del>	_____	X 0.2100	=	_____
(136b) Longevity C-2 Risk	LR025-A Longevity Risk Column (2) Line (5)	_____	X 0.2100	=	_____
(137) Disability and Long-Term Care Health Claim Reserves	LR024 Health Claim Reserves Column (4) Line (9) + Line (15)	_____	X 0.2100	=	_____
(138) Premium Stabilization Credit	LR026 Premium Stabilization Reserves Column (2) Line (10)	_____	X 0.0000	=	_____
(139) Total C-2 Risk	L(133) + L(134) + L(137) + L(138) + Greatest of [Guardrail Factor * (L(135)+L(136)), Guardrail Factor * L(136b), Square Root of [ (L(135) + L(136)) <sup>2</sup> + L(136b) <sup>2</sup> + 2 * (Correlation Factor) * (L(135) + L(136)) * L(136b) ] ]	=====		=	=====
(140) Interest Rate Risk	LR027 Interest Rate Risk Column (3) Line (36)	_____	X 0.2100	=	_____
(141) Health Credit Risk	LR028 Health Credit Risk Column (2) Line (7)	_____	X 0.0000	=	_____
(142) Market Risk	LR027 Interest Rate Risk Column (3) Line (37)	_____	X 0.2100	=	_____
(143) Business Risk	LR029 Business Risk Column (2) Line (40)	_____	X 0.2100	=	_____
(144) Health Administrative Expenses	LR029 Business Risk Column (2) Line (57)	_____	X 0.0000	=	_____
(145) Total Tax Effect	Lines (109) + (120) + (132) + (139) + (140) + (141) + (142) + (143) + (144)	=====		=	=====

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

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

Proprietary Company Name

Confidential when Completed

CALCULATION OF AUTHORIZED CONTROL LEVEL RISK-BASED CAPITAL

	Source	(1) RBC Requirement
<u>Insurance Affiliates and Misc. Other 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 and Fraternal 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 (21) + 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 and Fraternal 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	LR005 Unaffiliated Preferred and Common Stock Column (5) Line (10) + 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.

Company Name

Confidential when Completed

NAIC Company Code

	Source	RBC Requirement
(30) Synthetic GIC's (C-1o)	LR006 Separate Accounts Column (3) Line (8)	_____
(31) Surplus in Non-Guaranteed Separate Accounts	LR006 Separate Accounts Column (3) Line (13)	_____
(32) Real Estate (gross of encumbrances)	LR007 Real Estate Column (3) Line (13)	_____
(33) Schedule BA Real Estate (gross of encumbrances)	LR007 Real Estate Column (3) Line (25)	_____
(34) Other Long-Term Assets	LR008 Other Long-Term Assets Column (5) Line (56) + LR018 Off-Balance Sheet Collateral Column (3) Line (17) + Line (18)	_____
(35) Schedule BA Mortgages	LR009 Schedule BA Mortgages Column (6) Line (23)	_____
(36) Concentration Factor	LR010 Asset Concentration Factor Column (6) Line (62) Grand Total Page	_____
(37) Miscellaneous	LR012 Miscellaneous Assets Column (2) Line (21)	_____
(38) Replication Transactions and Mandatory Convertible Securities	LR013 Replication (Synthetic Asset) Transactions and Mandatory Convertible Securities Column (7) Line (9999999)	_____
(39) Reinsurance	LR016 Reinsurance Column (4) Line (17)	_____
(40) Total (C-1o) - Pre-Tax	Sum of Lines (21) through (39)	_____
(41) (C-1o) Tax Effect	LR030 Calculation of Tax Effect for Life and Fraternal Risk-Based Capital Column (2) Line (109)	_____
(42) Net (C-1o) - Post-Tax	Line (40) - Line (41)	=====
<u>Insurance Risk (C-2)</u>		
(43) Individual & Industrial Life Insurance	LR025 Life Insurance Column (2) Line <del>(20)</del> (5)	_____
(44) Group & Credit Life Insurance	LR025 Life Insurance Column (2) Line <del>(42)</del> (48) <del>(12)</del>	_____
(44b) Longevity Risk	LR025-A Longevity Risk Column (2) Line (5)	_____
(45) Total Health Insurance	LR024 Health Claim Reserves Column (4) Line (18)	_____
(46) Premium Stabilization Reserve Credit	LR026 Premium Stabilization Reserves Column (2) Line (10)	_____
(47) Total (C-2) - Pre-Tax	$L(45) + L(46) + \text{Greatest of [ Guardrail Factor * (L(43)+L(44)), Guardrail Factor * L(44b), Square Root of [ (L(43) + L(44))^2 + L(44b)^2 + 2 * (Correlation Factor) * (L(43) + L(44)) * L(44b) ] ]}$	_____
(48) (C-2) Tax Effect	LR030 Calculation of Tax Effect for Life and Fraternal Risk-Based Capital Column (2) Line (139)	_____
(49) Net (C-2) - Post-Tax	Line (47) - Line (48)	=====
<u>Interest Rate Risk (C-3a)</u>		
(50) Total Interest Rate Risk - Pre-Tax	LR027 Interest Rate Risk Column (3) Line (36)	_____
(51) (C-3a) Tax Effect	LR030 Calculation of Tax Effect for Life and Fraternal Risk-Based Capital Column (2) Line (140)	_____
(52) Net (C-3a) - Post-Tax	Line (50) - Line (51)	=====
<u>Health Credit Risk (C-3b)</u>		
(53) Total Health Credit Risk - Pre-Tax	LR028 Health Credit Risk Column (2) Line (7)	_____
(54) (C-3b) Tax Effect	LR030 Calculation of Tax Effect for Life and Fraternal Risk-Based Capital Column (2) Line (141)	_____
(55) Net (C-3b) - Post-Tax	Line (53) - Line (54)	=====
<u>Market Risk (C-3c)</u>		
(56) Total Market Risk - Pre-Tax	LR027 Interest Rate Risk Column (3) Line (37)	_____
(57) (C-3c) Tax Effect	LR030 Calculation of Tax Effect for Life and Fraternal Risk-Based Capital Column (2) Line (142)	_____
(58) Net (C-3c) - Post-Tax	Line (56) - Line (57)	=====

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

Company Name

Confidential when Completed

NAIC Company Code

	Source	RBC Requirement
<u>Business Risk (C-4a)</u>		
(59) Premium Component	LR029 Business Risk Column (2) Lines (12) + (24) + (36)	_____
(60) Liability Component	LR029 Business Risk Column (2) Line (39)	_____
(61) Subtotal Business Risk (C-4a) - Pre-Tax	Lines (59) + (60)	_____
(62) (C-4a) Tax Effect	LR030 Calculation of Tax Effect for Life and Fraternal Risk-Based Capital Column (2) Line (143)	_____
(63) Net (C-4a) - Post-Tax	Line (61) - Line (62)	=====
<u>Business Risk (C-4b)</u>		
(64) Health Administrative Expense Component of Business Risk (C-4b) - Pre-Tax	LR029 Business Risk Column (2) Line (57)	_____
(65) (C-4b) Tax Effect	LR030 Calculation of Tax Effect for Life and Fraternal Risk-Based Capital Column (2) Line (144)	_____
(66) Net (C-4b) - Post-Tax	Line (64) - Line (65)	=====
<u>Total Risk-Based Capital After Covariance Before Basic Operational Risk</u>		
(67) $C-0 + C-4a + \text{Square Root of } [(C-1o + C-3a)^2 + (C-1cs + C-3c)^2 + (C-2)^2 + (C-3b)^2 + (C-4b)^2]$	REPORT AMOUNT ON PARENT COMPANY'S RBC IF APPLICABLE $L(11)+L(63) + \text{Square Root of } [(L(42) + L(52))^2 + (L(20) + L(58))^2 + L(49)^2 + L(55)^2 + L(66)^2]$	=====
(68) Gross Basic Operational Risk	$0.03 \times L(67)$	_____
(69) C-4a of U.S. Life Insurance Subsidiaries	Company Records	_____
(70) Net Basic Operational Risk	Line (68) - (Line (63) + Line (69)) (Not less than zero)	_____
(71) 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) Multiplied by 2	_____
(72) Total Risk-Based Capital After Covariance (Including Basic Operational Risk and Primary Security Shortfall multiplied by 2)	Line (67) + Line (70) + Line (71)	=====
<u>Authorized Control Level Risk-Based Capital (After Covariance Adjustment and Shortfall)</u>		
(73) Total Risk-Based Capital After Covariance Times Fifty Percent	Line (72) x 0.50	=====
<u>Tax Sensitivity Test</u>		
(74) Tax Sensitivity Test: Total Risk-Based Capital After Covariance	$L(9)+L(61) + \text{Square Root of } [(L(40) + L(50))^2 + (L(18) + L(56))^2 + L(47)^2 + L(53)^2 + L(64)^2]$	_____
(75) Tax Sensitivity Test: Authorized Control Level Risk-Based Capital	Line (74) x 0.50	_____

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

**PROPOSED 2023 UPDATE 2**  
**LIFE INSURANCE**  
 LR025

*Basis of Factors*

The factors developed represent surplus needed to provide for life insurance mortality risk, which is defined as adverse variance in life insurance deaths (i.e., insureds dying sooner than expected) over the remaining lifetime of a block of business while appropriately reflecting the pricing flexibility to adjust current mortality rates for emerging experience. The mortality risks included in the development of the factors were volatility, level, trend, and catastrophe. The factors were developed by stochastically simulating the run-off of in force life insurance blocks typical of U.S. life insurers.

The capital need, expressed as a dollar amount, is determined as the greatest present value of accumulated deficiencies at the 95<sup>th</sup> percentile of the stochastic distribution of scenarios over the remaining lifetime of a block of business while appropriately reflecting the pricing flexibility to adjust current mortality rates. Statutory losses are defined as the after-tax quantification of gross death benefits minus reserves released ~~in excess of the mortality cost expected under the moderately adverse scenario minus mortality margin present in reserves~~. The after-tax statutory losses are discounted to the present by using 20-year averages for U.S. swap rates. By selecting the largest present value accumulated loss across all projection years, the solved for capital ensures non-negative capital at all projection periods. Earlier period losses are not allowed to be offset by later period gains to reduce capital. The 95<sup>th</sup> percentile is the commonly accepted statistical safety level used for Life RBC C-2 mortality risk to identify weakly capitalized companies. The after-tax capital needs are translated to a factor expressed as a percentage of the net amount at risk (NAR). The pre-tax factor is determined by taking the after-tax factor divided by (1 minus the tax rate).

The factors are differentiated between individual & industrial life and group & credit life, and by in force block size. Within individual & industrial life, the factors are differentiated into categories by contract type depending on the degree of pricing flexibility. Within group & credit life, the factors are differentiated into categories by the remaining length of the premium rate term by group contract. There are distinct factors for contracts that have remaining premium rate terms 36 months and under and for contracts that have remaining premium rate terms over 36 months. The Federal Employees' Group Life Insurance (FEGLI) and Servicemembers' Group Life Insurance (SGLI) receive a separate factor applied to the amounts in force.

*Specific Instructions for Application of the Formula*

Lines ~~2, 5 and 21-41-6-11~~ are not applicable to Fraternal Benefit Societies.

The NAR ~~is derived in total and~~ for each of the factor categories ~~using annual statement sources and company records are retrieved from the Notes to the Financial Statements Item 37 and are -In Force and Reserves amounts are~~ net of reinsurance throughout. ~~The In Force amounts throughout derived from company records need to be consistent with the Exhibit of Life Insurance. The Reserves amounts throughout derived from company records need to be consistent with Exhibit 5, Separate Accounts Exhibit, and Schedule S.~~

The NAR size bands apply to the total amounts for individual & industrial life and group term & credit life. The size bands are allocated proportionately to the NAR for each of the factor categories.- Size band 1 is for NAR amounts up to \$500 million. Size band 2 is for NAR amounts greater than \$500 million and up to \$25 billion. Size band 3 is for NAR amounts greater than \$25 billion.

Pricing Flexibility for Individual ~~& Industrial~~ Life Insurance ~~and Group & Credit Life Permanent Life Insurance~~ is defined as the ability to materially adjust rates on in force contracts through changing premiums and/or non-guaranteed elements as of the valuation date and within the next 5 policy years and reflecting typical business practices. For the purposes of assessing whether business is categorized as having "Pricing Flexibility", grouping of gross amounts may be done at either the contract level or at a cohort level consistent with grouping for pricing purposes. The categorization for ceded amounts for direct insurers should be based on the terms of each reinsurance treaty. Non-affiliated reinsurers are to assess the flexibility to adjust rates on in force contracts based on the terms of each reinsurance treaty and constraints based on typical business practices. For example, if a non-affiliated

reinsurer has historical precedent for changing in force rates, then that may provide support for assigning policies to the category with pricing flexibility. Affiliated reinsurers are to assign the factor category based on the direct policies. In force contracts may move between categories throughout their remaining lifetime if the degree of pricing flexibility changes as of each valuation date. A material rate adjustment is defined as the ability to recover, on a present value basis, the difference in mortality risks provided for in the factors below for contracts with and without pricing flexibility. ~~These differences in factors are shown in the Line (13) table below in the Permanent Life Flexibility Factor and Term Life Flexibility Factor columns.~~ The flexibility factor for each category multiplied by the NAR results in the minimum dollar margin needed for a material rate adjustment, which can then be compared against margins available to adjust rates. In force contracts that have margin available that is greater than or equal to the minimum dollar margin needed may be assigned to the category for policies with pricing flexibility. Insurers may choose to assign contracts to the categories without pricing flexibility if the evaluation of margins is not completed or if the degree of pricing flexibility is uncertain.

~~The table below illustrates the RBC requirement calculation embedded in Line (2) for Individual & Industrial Life Policies with Pricing Flexibility. Lines (11) and (12) Life Policies with Pricing Flexibility In Force and Reserves are derived from company records.~~ Examples of products intended for this category include, but aren't limited to, participating whole life insurance, universal life insurance without secondary guarantees, and yearly renewable term insurance where scheduled premiums may be changed on an annual basis from the date of issue. ~~The table below illustrates the RBC requirement calculation embedded in Line (13) for Life Policies with Pricing Flexibility.~~

<u>Line</u>	<u>Individual &amp; Industrial Life Policies with Pricing Flexibility</u>	<u>(1)</u> <u>Statement Value</u>	<u>Factor</u>	<u>(2)</u> <u>RBC Requirement</u>	<u>Permanent Life Flexibility Factor</u>	<u>Term Life Flexibility Factor</u>
<del>(132)</del>	Allocation of First \$500 Million	_____	X 0.00220 =	_____	<u>0.00230</u>	<u>0.00110</u>
	Allocation of Next \$24,500 Million	_____	X 0.00105 =	_____	<u>0.00120</u>	<u>0.00065</u>
	Allocation of Over \$25,000 Million	_____	X 0.00080 =	_____	<u>0.00085</u>	<u>0.00055</u>
	Total <u>Individual &amp; Industrial</u> Life Policies with Pricing Flexibility Net Amount at Risk	=====		=====		

~~The table below illustrates the RBC requirement calculation embedded in Line (3) for Individual & Industrial Term Life Policies without Pricing Flexibility. Lines (14) and (15) Term Life Policies without Pricing Flexibility In Force and Reserves are derived from company records.~~ Examples of products intended for this category include, but aren't limited to, level term insurance with guaranteed level premiums and yearly renewable term insurance where scheduled premiums may not be changed. ~~The table below illustrates the RBC requirement calculation embedded in Line (16) for Term Life Policies without Pricing Flexibility.~~

<u>Line</u>	<u>Individual &amp; Industrial Term Life Policies without Pricing Flexibility</u>	<u>(1)</u> <u>Statement Value</u>	<u>Factor</u>	<u>(2)</u> <u>RBC Requirement</u>
<del>(163)</del>	Allocation of First \$500 Million	_____	X 0.00280 =	_____
	Allocation of Next \$24,500 Million	_____	X 0.00120 =	_____
	Allocation of Over \$25,000 Million	_____	X 0.00085 =	_____
	Total <u>Individual &amp; Industrial</u> Term Life Policies without Pricing Flexibility Net Amount at Risk	=====		=====

~~The table below illustrates the RBC requirement calculation embedded in Line (4) for Individual & Industrial Permanent Life Policies without Pricing Flexibility. Lines (17) and (18) Permanent Life Policies without Pricing Flexibility In Force and Reserves are derived from the aggregate amounts derived in lines (1) to (10) minus the amounts recorded in the other individual life categories.~~ Examples of products intended for this category include, but aren't limited to, universal life with secondary guarantees and non-participating whole life insurance. Policies that aren't recorded in the other individual life categories default to this category which has the highest factors. ~~The table below illustrates the RBC requirement calculation embedded in Line (19) for Permanent Life Policies without Pricing Flexibility.~~

Line	<u>Individual &amp; Industrial</u> Permanent Life Policies without Pricing Flexibility	(1) Statement Value	Factor	(2) RBC Requirement
<u>(194)</u>	Allocation of First \$500 Million	_____	X 0.00400 =	_____
	Allocation of Next \$24,500 Million	_____	X 0.00175 =	_____
	Allocation of Over \$25,000 Million	_____	X 0.00120 =	_____
	Total <u>Individual &amp; Industrial</u> Permanent Life Policies without Pricing Flexibility Net Amount at Risk	=====		=====

~~The table below illustrates the RBC requirement calculation embedded in Line (7) for Group & Credit Term Life with Remaining Rate Terms 36 Months and Under Net Amount at Risk. Lines (35) and (36) Group & Credit Life In Force and Reserves with Remaining Rate Terms 36 Months and Under are derived from company records. This category includes group term life contracts where the premium terms have 36 months or fewer until expiration or renewal. Insurers may choose to assign contracts to the category for remaining rate terms over 36 months if the evaluation of remaining rate terms is not completed. The in force amount classified in this category needs to be consistent with the Exhibit of Life Insurance. The reserves amount classified in this category needs to be consistent with Exhibit 5 used for Lines (28) and (29), Separate Accounts Exhibit used for Line (30), and Schedule S used for Lines (31) and (32). Federal Employees' Group Life Insurance (FEGLI) and Servicemembers' Group Life Insurance (SGLI) contracts are excluded. The table below illustrates the RBC requirement calculation embedded in Line (37) for Group & Credit Life Net Amount at Risk with Remaining Rate Terms 36 Months and Under.~~

Line	<u>Group &amp; Credit Term</u> Life with Remaining Rate Terms 36 Months and Under	(1) Statement Value	Factor	(2) RBC Requirement
<u>(37)</u>	Allocation of First \$500 Million	_____	X 0.00140 =	_____
	Allocation of Next \$24,500 Million	_____	X 0.00055 =	_____
	Allocation of Over \$25,000 Million	_____	X 0.00040 =	_____
	Total Group & Credit <u>Term</u> Life <del>Net Amount at Risk</del> with Remaining Rate Terms 36 Months and Under <u>Net Amount at Risk</u>	=====		=====

~~The table below illustrates the RBC requirement calculation embedded in Line (8) for Group & Credit Life Term with Remaining Rate Terms Over 36 Months Net Amount at Risk. Lines (38) and (39) Group & Credit Life In Force and Reserves with Remaining Rate Terms Over 36 Months are derived from the aggregate amounts derived in lines (21) to (34) minus the Group & Credit Life In Force and Reserves with Remaining Rate Terms 36 Months and Under in lines (35) and (36). This category includes group term life contracts where the premium terms have over 36 months until expiration or renewal. FEGLI and SGLI contracts are excluded. The table below illustrates the RBC requirement calculation embedded in Line (40) for Group & Credit Life Net Amount at Risk with Remaining Rate Terms Over 36 Months.~~

Line	<u>Group &amp; Credit Term</u> Life with Remaining Rate Terms Over 36 Months	(1) Statement Value	Factor	(2) RBC Requirement
<u>(408)</u>	Allocation of First \$500 Million	_____	X 0.00190 =	_____
	Allocation of Next \$24,500 Million	_____	X 0.00080 =	_____
	Allocation of Over \$25,000 Million	_____	X 0.00055 =	_____
	Total Group & Credit <u>Term</u> Life <del>Net Amount at Risk</del> with Remaining Rate Terms Over 36 Months <u>Net Amount at Risk</u>	=====		=====



Risk

The table below illustrates the RBC requirement calculation embedded in Line (9) for Group & Credit Permanent Life Policies with Pricing Flexibility Net Amount at Risk. The capital factors assigned are the same as Individual & Industrial Permanent Life Policies with Pricing Flexibility. FEGLI and SGLI contracts are excluded.

<u>Line (9)</u>	<u>Group &amp; Credit Permanent Life Policies with Pricing Flexibility</u>	<u>(1)</u> <u>Statement Value</u>	<u>Factor</u>	<u>(2)</u> <u>RBC Requirement</u>
	<u>Allocation of First \$500 Million</u>	_____	X 0.00220 =	_____
	<u>Allocation of Next \$24,500 Million</u>	_____	X 0.00105 =	_____
	<u>Allocation of Over \$25,000 Million</u>	_____	X 0.00080 =	_____
	<u>Total Group &amp; Credit Permanent Life Policies with Pricing Flexibility Net Amount at Risk</u>	_____		_____

The table below illustrates the RBC requirement calculation embedded in Line (10) for Group & Credit Permanent Life Policies without Pricing Flexibility Net Amount at Risk. The capital factors assigned are the same as Individual & Industrial Permanent Life Policies without Pricing Flexibility. FEGLI and SGLI contracts are excluded.

<u>Line (10)</u>	<u>Group &amp; Credit Permanent Life Policies without Pricing Flexibility</u>	<u>(1)</u> <u>Statement Value</u>	<u>Factor</u>	<u>(2)</u> <u>RBC Requirement</u>
	<u>Allocation of First \$500 Million</u>	_____	X 0.00400 =	_____
	<u>Allocation of Next \$24,500 Million</u>	_____	X 0.00175 =	_____
	<u>Allocation of Over \$25,000 Million</u>	_____	X 0.00120 =	_____
	<u>Total Group &amp; Credit Permanent Life Policies without Pricing Flexibility Net Amount at Risk</u>	_____		_____

Line ~~(4+11)~~ FEGLI/SGLI In Force amounts are retrieved from the Exhibit of Life Insurance. -The capital factor assigned is the same as the largest size band for group & credit term life contracts with remaining rate terms 36 months and under.

<u>Line</u>	<u>FEGLI/SGLI</u>	<u>(1)</u> <u>Statement Value</u>	<u>Factor</u>	<u>(2)</u> <u>RBC Requirement</u>
<del>(4+11)</del>	In Force	_____	X 0.00040 =	_____

All amounts should be entered as required. The risk-based capital software will calculate the RBC requirement for individual and industrial and for group and credit.