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Federal ACA Risk Adjustment and Risk Corridor Sensitivity Test

The Capital Adequacy (E) Task Force adopted proposal 2014-39-L at its March 29, 2015, Spring National Meeting. This proposal adds a sensitivity test which reduces the total adjusted capital by either the receivable or payable for the risk adjustment and risk corridor in the federal Affordable Care Act based on a 25% adjustment.

Calculation of Total Adjusted Capital

As a result of adoption of 2015-05-CA by the Capital Adequacy (E) Task Force on its June 30, 2015, conference call, the annual statement reference or the amount reported in the Total Adjusted Capital Less ACA fee amount was changed to Note 22 B in the Notes to Financial Statements.

Operational Risk

The operational risk proposal, 2015-13-O, was adopted on the June 30, 2015, conference call of the Capital Adequacy (E) Task Force. Page LR029-A Operational Risk is for informational purposes only for 2015 reporting and will have no impact on the company's actual RBC calculation. Factors will apply to premiums, reserve and operational growth risk and Capital add-on lines. The purpose of the updates is to allow regulators to analyze and calculate a potential RBC requirement.

Derivatives Collateral

The derivatives proposal, 2014-32-I, was adopted by the Capital Adequacy (E) Task Force on its April 30, 2015, conference call. The proposal removes a double charge in the life RBC formula and applies an appropriate charge to centrally cleared items.

XXX/AXXX Reinsurance Proposals

The following proposals were adopted by the Capital Adequacy (E) Task Force on its June 30, 2015, conference call:

1. 2014-33-L-Mod Qualified Actuarial Opinion – This proposal modifies the interrogatory on LR027 Interest Rate Risk and Market Risk. This interrogatory allows companies submitting an unqualified opinion to receive a one-third reduction in the factors. It was modified to prevent an opinion qualified solely due to the direct a one-third 2(0),(aTc.1316 r- f)-d.16 rodi

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