

LONGEVITY RISK

LRtbd

Basis of Factors

The factors chosen represent surplus needed to provide for claims in excess of reserves resulting from increased policyholder longevity calibrated to a 95th percentile level. For the purpose of this calibration aggregate reserves were assumed to provide for an 85th percentile outcome.

Longevity risk was considered over the entire lifetime of the policies since these annuity policies are generally not subject to repricing. Calibration

Longevity Risk

	<u>Annual Statement Source</u>	(1) <u>Statement Value</u>	<u>Factor</u>	(2) <u>RBC Requirement</u>
<u>Life Contingent Annuity Reserves</u>				
(1) General Account Life Contingent Annuity Reserves	Exhibit 5 Column 2 Line 0299999, in part‡			
(2) General Account Life Contingent Supplemental Contract Reserves	Exhibit 5 Column 2 Line 0399999, in part‡			
(3) General Account Life Contingent Miscellaneous Reserves	Exhibit 5 Column 2 Line 0799999, in part‡			
(4) Separate Account (SA) Life Contingent Annuity Reserves	S/A Exhibit 3 Column 2 Line 0299999, in part‡			
(5) Total Life Contingent Annuity Reserves	Lines (1) + (2) + (3) + (4)		X †	

† The tiered calculation is illustrated in the Longevity Risk section of the risk-based capital instructions.
‡ Include only the portion of reserves for products in scope per the instructions

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

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

	Source	(1) RBC Amount	Tax Factor	(2) 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) Life Insurance C-2 Risk	LR025 Life Insurance Column (2) Line (8)	_____	X 0.2100	= _____
(136) Group Insurance C-2 Risk	LR025 Life Insurance Column (2) Lines (20) and (21)	_____	X 0.2100	= _____
(136b) Longevity C-2 Risk	LR024 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) + Square Root of [(L(135) + L(136))² + L(136b)² + 2 * (TBD 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)	_____		_____

Alternative with Guardrail Factor:

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))² + L(136b)² + 2 * (TBD Correlation Factor) * (L(135) + L(136)) * L(136b)]]

