# **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 95<sup>th</sup> percentile level. For the purpose of this calibration aggregate reserves were assumed to provide for an 85<sup>th</sup> percentile outcome.

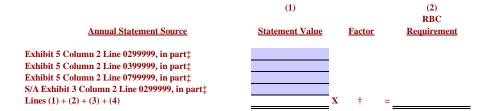
Longevity risk was considered over the entire lifetime of the policies since these annuity policies are generally not subject to repricing. Calibration

Longevity Risk

### Life Contingent Annuity Reserves

- (1) General Account Life Contingent Annuity Reserves
- (2) General Account Life Contingent Supplemental Contract Reserves
- (3) General Account Life Contingent Miscellaneous Reserves
- (4) Separate Account (SA) Life Contingent Annuity Reserves
- (5) Total Life Contingent Annuity Reserves
- † 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)

			(1)			(2)
		Source	RBC Amount	Tax Fa	ctor	RBC Tax Effect
(134)	Long-Term Care	LR019 Health Premiums Column (2) Line (28) + LR023 Long-Term Care		X 0.21	00 =	=
		Column (4) Line (7)				
(135)	Life Insurance C-2 Risk	LR025 Life Insurance Column (2) Line (8)		X 0.21	00 =	=
(136)	Group Insurance C-2 Risk	LR025 Life Insurance Column (2) Lines (20) and (21)		X 0.21	00 =	=
(136b)	Longevity C-2 Risk	LRtbd Longevity Risk Column (2) Line (5)		X 0.21	00 =	-
(137)	Disability and Long-Term Care Health	LR024 Health Claim Reserves Column (4) Line (9) + Line (15)		X 0.21	00 =	=
	Claim Reserves					
(138)	Premium Stabilization Credit	LR026 Premium Stabilization Reserves Column (2) Line (10)		X 0.00	00 =	
		L(133) + L(134) + L(137) + L(138) + Square Root of [(L(135) + L(136))2 + L(136b)2				
(139)	Total C-2 Risk	+ 2 * (TBD Correlation Factor) * (L(135) + L(136)) * L(136b) ]				
(140)	Interest Rate Risk	LR027 Interest Rate Risk Column (3) Line (36)		X 0.21	00 =	=
(141)	Health Credit Risk	LR028 Health Credit Risk Column (2) Line (7)		X 0.00	00 =	=
(142)	Market Risk	LR027 Interest Rate Risk Column (3) Line (37)		X 0.21	00 =	=
(143)	Business Risk	LR029 Business Risk Column (2) Line (40)		X 0.21	00 =	=
(144)	Health Administrative Expenses	LR029 Business Risk Column (2) Line (57)		X 0.00	00 =	=
(145)	Total Tax Effect	Lines (109) + (120) + (132) + (139) + (140) + (141) + (142) + (143) + (144)				