Capital Adequacy (E) Task Force

RBC Proposal Form

[ ] Capital Adequacy (E) Task Force	[ ] Health RBC (E) Working Group	[X] Life RBC (E) Working Group
[ ] Catastrophe Risk (E) Subgroup	[ ] Investment RBC (E) Working Group	[ ] Operational Risk (E) Subgroup
[ ] C3 Phase II/ AG43 (E/A) Subgroup	[ ] P/C RBC (E) Working Group	[ ] Longevity Risk (A/E) Subgroup

		FOR NAIC USE ONLY
	DATE: **4/22/2022**	
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EMAIL ADDRESS:	**dfleming@naic.org**	**DISPOSITION**
ON BEHALF OF:	**Life Risk-Based Capital (E) Working Group**	
NAME:	**Philip Barlow, Chair**	
TITLE:	**Associate Commissioner of Insurance**	
AFFILIATION:	**District of Columbia**	
ADDRESS:	**1050 First Street, NE Suite 801**	
	Washington, DC 20002	

OTHER LONG-TERM ASSETS
LR008

Basis of Factors

Recognizing the diverse nature of Schedule BA assets, the RBC is calculated by assigning different risk factors according to the different type of assets. Assets with underlying characteristics of bonds and preferred stocks designated by the NAIC Capital Markets and Investment Analysis Office have different factors according to the NAIC assigned classification. Unrated fixed-income securities will be treated the same as Other Schedule BA Assets and assessed a 30 percent pre-tax charge. Rated surplus and capital notes have the same factors applied as Schedule BA assets with the characteristics of