

Capital Adequacy (E) Task Force
RBC Proposal Form

- Capital Adequacy (E) Task Force Health RBC (E) Working Group Life RBC (E) Working Group
 Catastrophe Risk (E) Subgroup Investment RBC (E) Working Group Op

AFFILIATED/SUBSIDIARY STOCKS
XR002 – XR004

There are nine categories of affiliated/subsidiary investments that are subject to Risk-Based Capital requirements for common and preferred stock holdings. Those nine categories are:

1. Directly Owned U.S. Insurance Affiliates/Subsidiaries Subject to a Risk-Based Capital (RBC)-Look-Through Calculation
 - a. Health Insurance Company or Health Entity
 - b. Property and Casualty Insurance Company
 - c. Life Insurance Company
2. Indirectly Owned U.S. Insurance Affiliates/Subsidiaries Subject to RBC-Look-Through Calculation
 - a. Health Insurance Company or Health Entity
 - b. Property and Casualty Insurance Company
 - c. Life Insurance Company
3. Holding Company Value in Excess of Indirectly Owned Insurance Affiliates/Subsidiaries
4. Investment Subsidiaries
5. Directly Owned Alien Insurance Affiliates/Subsidiaries
 - a. Health Insurance Company or Health Entity
 - b. Property and Casualty Insurance Company
 - c. Life Insurance Company
6. Indirectly Owned Alien Insurance Affiliates/Subsidiaries
 - a. Health Insurance Company or Health Entity
 - b. Property and Casualty Insurance Company
 - c. Life Insurance Company
7. Investments in Upstream Affiliate (Parent)
8. Directly Owned U.S. Insurance Affiliates/Subsidiaries Not Subject to RBC
 - a. Health Insurance Companies and Health Entities Not Subject to RBC
 - b. Property and Casualty Insurance Companies Not Subject to RBC
 - c. Life Insurance Companies Not Subject to RBC
9. Non-Insurance Affiliates/Subsidiaries Not Subject to RBC
 - a. Entities with a capital requirement imposed by a regulatory body
 - b. Other Financial Entities without regulatory capital requirements
 - c. Other Non-financial entities

Enter applicable items for each affiliate/subsidiary in the Details for Affiliated/Subsidiary Stocks worksheet. The program will automatically calculate the risk-based capital charge for each affiliate/subsidiary. When the data is updated to the NAIC database, it will be crosschecked and the company will be required to correct any discrepancies and file a corrected version with the NAIC and/or any state that requires the company to file RBC with the department. The RBC report will display the number of affiliates-1.9(ridd)-6.1r8(a)4.5tcsd50he an0D -.6 Tw .r2r li. These mbetubl2r dbewedbetoiddnrsurte t742(hn)-42((ataill affili)-6a[is]-428(n

Line 10 of XR003 – Fair Value Excess Subsidiary Common Stock equals the total of type codes 1.a. through 2.c., Column 13 of the Companies Risk – Details Page. The program will automatically calculate this figure.

The total of all reported affiliate/subsidiary stock should equal the amounts reported on Schedule D, Part 2, Section 1, Line 40999999 plus Schedule D, Part 2, Section 2, Line 5979999999 and 93999999 and should also equal Schedule D, Part 6, Section 1, Line 09999999 plus Line 18999999.

Affiliated/Subsidiary investments fall primarily into two broad categories: (a) Insurance Affiliates/Subsidiaries that are Subject to risk-based capital; and (b) Affiliates/Subsidiaries that are Not Subject to risk-based capital. The risk-based capital for these two broad groups differs. A third category of Affiliates/Subsidiaries, publicly traded insurance affiliates/subsidiaries held at market value, has characteristics of both categories. As a result, it has a two-part RBC calculation. The general treatment for each is explained below.

Directly owned insurance and health entity affiliates/subsidiaries are affiliates/subsidiaries in which the reporting company owns the stock of the affiliate/subsidiary. Indirectly owned insurance affiliate/subsidiaries and health entities are those where the reporting company owns stock in a holding company, which in turn owns the stock of the insurance affiliate/subsidiary or health entity. Note that there could be multiple holding companies that hold the downstream insurance company.

Enter the book/adjusted carrying value of: the common stock in Column (5), the preferred stock in Column (9), the total outstanding common stock in Column (7) and the total outstanding preferred stock of that affiliate/subsidiary in Column (10) of the appropriate worksheet. The percentage of ownership is calculated by

Equity method Insurance Affiliates/Subsidiaries: Equity method is defined in SSAP 97, Paragraph 8b as the underlying audited statutory equity of the respective entity's financial statements, adjusted for any unamortized goodwill provided for in SSAP No. 68—Business Combinations and 69. For those insurance Affiliates/Subsidiaries of the reporting company that are reported under the equity method, the percentage of ownership of the common and preferred stock in these Affiliates/Subsidiaries is limited to the lesser of:

- x (a) the Total RBC After Covariance of the affiliate/subsidiary times the percentage of ownership, which is the total of common and preferred stock; or
- x (b) the common and preferred stock book/adjusted carrying value at which the affiliate/subsidiary is carried

Market Value (including discounted market value) Insurance Affiliates/Subsidiaries (See SSAP No. 97, Paragraph 8d) If the affiliate/subsidiary's common stock is publicly traded and the reporting company carries the affiliate/subsidiary at market value, after any "discount," there are generally two components to the reporting company's RBC generated by the affiliate/subsidiary. The prorated portion is the percentage of ownership of total common and preferred stock. The smaller of the prorated portion of the affiliate/subsidiary's own statutory surplus or the prorated portion of its RBC after covariance is added to the component of the reporting company. In the normal case, the common and preferred stock book/adjusted carrying value of the affiliate/subsidiary exceeds the prorated portion of the larger of its statutory surplus and its RBC after covariance. In this case, the addition to the component is the larger of 22.5 percent of the affiliate/subsidiary's common and preferred stock book/adjusted carrying value in excess of the prorated portion of the affiliate's/subsidiary's statutory surplus or b) the prorated portion of the affiliate's/subsidiary's RBC after covariance in excess of the prorated portion of its statutory surplus. If the affiliate/subsidiary's common and preferred stock book/adjusted carrying value is less than the prorated portion of its RBC after covariance, but greater than the prorated portion of its statutory surplus, 100 percent of the common and preferred stock book/adjusted carrying value in excess of the prorated portion of the affiliate/subsidiary's statutory surplus is added to the reporting company's component. If the affiliate/subsidiary's common and preferred stock book/adjusted carrying value is less than the prorated portion of the affiliate/subsidiary's statutory surplus, there is no addition to the component.

2. Indirectly Owned U.S. Insurance Affiliates/Subsidiaries

For Indirectly Owned U.S. Insurance Affiliates/Subsidiaries, the carrying value and RBC are calculated in the same manner as for directly owned U.S. Insurance Affiliates/Subsidiaries. The RBC for the indirect affiliates/subsidiaries must be calculated prior to completing this RBC report.

SSAP No. 97 provides guidance for the reporting and admittance requirements of SCAs. Accordingly, there may be cases where an indirectly owned RBC filer may not be separately reported in the statutory financial statements (e.g., they are captured within the carrying value of an intermediate holding company). The SSAP No. 97 guidance permits reporting SCAs at the directly owned holding company level or via look-through to the downstream entity (including where the downstream entity is an RBC filer), but an audit of the entity is required for admittance (i.e. if reporting is at the directly owned holding company level, the holding company must be audited, if the reporting is on a look-through basis then the downstream entity must be audited). Regardless of whether there is a look-through applied pursuant to Statutory Accounting Principles (SAP) for financial statement reporting, for RBC purposes the reporting insurer must "look-through" all intermediate holding and subsidiary companies to determine the carrying value and the RBC requirement of indirectly owned RBC filer affiliate/subsidiary companies. This involves drilling down to the first RBC filing insurance subsidiary and adjusting for percentage ownership of the intermediate entity directly owning the RBC filer affiliate/subsidiary.

RBC Report adjusted for the ownership percentages (both the percentage of the indirectly owned RBC filing affiliate/subsidiary that is owned by the directly held downstream holding company and the reporting insurer's ownership percentage in that downstream entity). The value reported by the downstream holding company for the U.S. RBC filing insurer is the same as the statutory value established for the insurer on a look-through basis.

3.

The RBC calculation for Holder, Inc.'s value in excess of the ~~entity~~ owned insurance affiliates subsidiaries is as follows:

<u>Company</u>	<u>Stat. Book</u> <u>value</u>	<u>Source:</u>
Holder, Inc.	50,000,000	MEGA Health Sch D - Part 6, Section 1

Affiliates/Subsidiaries that are Not Subject to RBC

4. Investment Subsidiaries

An investment subsidiary is a subsidiary that exists only to invest the funds of the parent company. The term investment subsidiary is defined in the annual statement instructions as any subsidiary, other than a holding company, engaged or organized primarily to engage in the ownership and management of investments for the insurer. An investment subsidiary shall not include any broker-dealer or a money management fund managing funds for the parent company. The risk-based capital for an investment in an investment subsidiary is 30 percent of the carrying value of the common and preferred stock.

5. Directly Owned Alien Insurance Affiliates/Subsidiaries

For purposes of this formula, the Risk-Based Capital (RBC) of each directly owned alien insurance affiliate/subsidiary is the annual statement book adjusted carrying value of the reporting company's interest in the affiliate multiplied by 1.00. Enter information for any non-U.S. insurance affiliate/subsidiary: life, property and casualty, and health insurers.

For each affiliate/subsidiary, enter the following information:

- x Company Name,
- x Alien Insurer Identification Number,
- x Book Adjusted carrying value of common and preferred stock,
- x Total Outstanding value of common and preferred stock,
- x Book/adjusted carrying value of the common and preferred stock. See Schedule D, Part 6, Section 1, Line 1499999. If no value is reported in the Total Value of Affiliate's common and preferred stock columns (7) and (10), the program will assume 100 percent ownership.

6. Indirectly Owned Alien Insurance Affiliates/Subsidiaries

For Indirectly Owned Alien Insurance Affiliates/Subsidiaries, the carrying value and RBC charge is calculated in a similar manner for directly owned Alien Insurance Affiliates/Subsidiaries.

SSAP No. 97 provides guidance for the reporting and admittance requirements of SCAs. A

The carrying value of an alien insurance affiliate/subsidiary is deducted from the value of the directly held holding company or other entity that in turn directly

7. Investment in Upstream Affiliate (Parent)

The risk-based capital (RBC) for an investment in an upstream affiliate is 30.0 percent of the book/adjusted carrying value of the common and preferred stock, regardless of whether that upstream parent is subject to RBC. Report the appropriate information from Schedule D, Part 6, Section 1, Lines 0199999 and 1099999 in Columns (1) through (10).

For each affiliate, enter the following information:

- x Company Name,

APPENDIX 3 – EXAMPLE USED FOR AFFILIATED/SUBSIDIARY STOCKS

To determine the value of total outstanding common stock or total outstanding preferred stock, divide the book/adjusted carrying value of the investment (found in Schedule D - Part 6 Section 1, Column 9) by the percentage of ownership (found in Schedule D – Part 6 – Section 1), ~~For example:~~

<u>Subsidiary Insurance Company</u>	<u>Owner's Book / Adjusted Carrying Value</u>	<u>Percentage Ownership</u>	<u>Total Stock Outstanding</u>
Subsidiary #1	\$1,000,000	100%	\$1,000,000
Subsidiary #2	\$1,000,000	75%	\$1,333,333
Subsidiary #3	\$1,000,000	50%	\$2,000,000
Subsidiary #4	\$1,000,000	25%	\$4,000,000
Subsidiary #5	\$1,000,000	10%	\$10,000,000

Indirectly owned insurance affiliate not subject to RBC will be included Category 4

SUBSIDIARY, CONTROLLED AND AFFILIATED INVESTMENTS

~~AFFILIATED COMPANIES RISK~~

	Type of Affiliate	Affiliate Type	Type Code	Basis	(1) Number of Companies	(2) Total RBC Required
(1)	Directly Owned Health Insurance Companies or Health Entities		1a	Affiliate's RBC* Sub's RBC After Covariance	0	\$0
(2)	Directly Owned Property and Casualty Insurance Affiliates		1b	Affiliate's RBC* Sub's RBC After Covariance	0	\$0
(3)	Directly Owned Life Insurance Affiliates		1c	Affiliate's RBC* Sub's RBC After Covariance	0	\$0
(4)	Indirectly Owned Health Insurance Companies or Health Entities		2a	Affiliate's RBC* Sub's RBC After Covariance	0	\$0
(5)	Indirectly Owned Property and Casualty Insurance Affiliates		2b	Sub's RBC After Covariance	0	\$0
(6)	Indirectly Owned Life Insurance Affiliates		2c	Sub's RBC After Covariance	0	\$0
(7)	Holding Company in Excess of Indirect Subs		3	0.300	0	\$0
(8)	Investment Subsidiary		4	0.300	0	\$0
(9)	Directly Owned Alien Health Insurance Companies or Health Entities		5a	1.000	0	\$0
(10)	Directly Owned Alien Property and Casualty Insurance Affiliates		5b	1.000	0	\$0
(11)	Directly Owned Alien Life Insurance Affiliates		5c	1.000	0	\$0
(12)	Indirectly Owned Alien Health Insurance Companies or Health Entities		6a	1.000	0	\$0
(13)	Indirectly Owned Alien Property and Casualty Insurance Affiliates		6b	1.000	0	\$0
(14)	Indirectly Owned Alien Life Insurance Affiliates		6c	1.000	0	\$0
(15)	Investment in Upstream Affiliate (Parent)		7	0.300	0	\$0
(16)	Directly Owned Health Insurance Companies or Health Entities Not Subject to RBC	8a		0.300	0	\$0
(17)	Directly Owned Property and Casualty Insurance Companies Not Subject to RBC	8b		0.300	0	\$0
(18)	Directly Owned Life Insurance Companies Not Subject to RBC	8c		0.300	0	\$0
(19)	Non-Insurance Entities with a Capital Requirement Imposed by a Regulatory Body	9a		0.300	0	\$0
(20)	Non-Insurance Other Financial Entities without Regulatory Capital Requirements	9b		0.300	0	\$0
(21)	Other Non-financial Entities	9c		0.300	0	\$0
(22)	Total				0	\$0


~~CROSSCHECKING FOR AFFILIATED INVESTMENTS~~

SUMMARY FOR SUBSIDIARY, CONTROLLED AND AFFILIATED INVESTMENTS FOR CROSS-CHECKING STATEMENT VALUES

Affiliated Preferred Stock		(1)	(2)	(3)
Schedule D Part 6 Section 7C		Annual Statement	Total	Total From RBC
	Line Number	Preferred Stock	Report	Difference
(1)	Parent	0199999	0	0
(2)	U.S. P&C Insurer	0299999	0	0
(3)	U.S. Life Insurer	0399999	0	0
(4)	U.S. Health Insurer	0499999	0	0
(5)	Alien Insurer	0599999	0	0
(6)	Non-Insurer Which Controls Insurer	0699999	0	0
(7)	Investment Subsidiary	0799999	0	0
(8)	Other Affiliates	0899999		0
(9)	Subtotal	0999999	0	0

Affiliated Common Stock		(1)	(2)	(3)
Schedule D Part 6 Section 7C		Annual Statement	Total	Total From RBC
	Line Number	Common Stock	Report	Difference
(10)	Parent	1099999		0
(11)	U.S. P&C Insurer	1199999		0
(12)	U.S. Life Insurer	1299999		0
(13)	U.S. Health Insurer	1399999		0
(14)	Alien Insurer	1499999		0
(15)	Non-Insurer Which Controls Insurer	1599999		0
(16)	Investment Subsidiary	1699999		0
(17)	Other Affiliates	1799999		0
(18)	Subtotal	1899999	0	0

EQUITY ASSETS

	<u>Annual Statement Source</u>	(1) <u>Bk/Adj Carrying Value</u>	Factor	(2) <u>RBC Requirement</u>
PREFERRED STOCK - UNAFFILIATED				
(1) NAIC 01 Preferred Stock	Included in Schedule D, Part 2, Section 1		0.003	\$0
(2) NAIC 02 Preferred Stock	Included in Schedule D, Part 2, Section 1		0.010	\$0
(3) NAIC 03 Preferred Stock	Included in Schedule D, Part 2, Section 1		0.020	\$0
(4) NAIC 04 Preferred Stock	Included in Schedule D, Part 2, Section 1		0.045	\$0
(5) NAIC 05 Preferred Stock	Included in Schedule D, Part 2, Section 1		0.100	\$0
(6) NAIC 06 Preferred Stock	Included in Schedule D, Part 2, Section 1		0.300	\$0
(7) Total - Unaffiliated Preferred Stock	Sum of Lines (1) through (6)			\$0
(Should equal Page 2, Column 3, Line 2.1 less Sch D Sum, Column 1, Line 18)				

COMMON STOCK - UNAFFILIATED



CALCULATION OF TOTAL RISK-BASED CAPITAL AFTER COVARIANCE

(1)
RBC Amount

H0 - INSURANCE AFFILIATES AND MISC. OTHER AMOUNTS

(1) Off-Balance Sheet Items

XR005, Off-Balance Sheet Page, Line (21)

\$0

CALCULATION OF TOTAL RISK-BASED CAPITAL AFTER COVARIANCE

(1)
RBC Amount

H3 - CREDIT RISK

(32)	Total Reinsurance RBC	XR020, Credit Risk Page, Line (17)	\$0
(33)	Intermediaries Credit Risk RBC	XR020, Credit Risk Page, Line (24)	\$0
(34)	Total Other Receivables RBC	XR021, Credit Risk Page, Line (30)	\$0
(35)	Total H3	Sum Lines (32) through (34)	\$0

H4 - BUSINESS RISK

(36)	Administrative Expense RBC	XR022, Business Risk Page, Line (7)	\$0
(37)	Non-Underwritten and Limited Risk Business RBC	XR022, Business Risk Page, Line (11)	\$0
(38)	Premiums Subject to Guaranty Fund Assessments	XR022, Business Risk Page, Line (12)	\$0
(39)	Excessive Growth RBC	XR022, Business Risk Page, Line (19)	\$0
(40)	Total H4	Sum Lines (36) through (39)	\$0

(41)	RBC after Covariance Before Basic Operational Risk	$H0 + \text{Square Root of } (H1^2 + H2^2 + H3^2 + H4^2)$	\$0
(42)	Basic Operational Risk	0.030 x Line(41)	\$0
(43)	C-4a of U.S. Life Insurance Subsidiaries	Company Records	



CALCULATION OF TOTAL ADJUSTED CAPITAL

	<u>Annual Statement Source</u>	(1) <u>Amount</u>	Factor	(2) <u>Adjusted Capital</u>
Company Amounts				
(1) Capital and Surplus	Page 3, Column 3, line 33		1.000	\$0
Subsidiary Adjustments				
(2) AVR - Life Subs	Affiliate's Statement §		1.000	\$0
(3) Dividend Liability - Life Subsidiaries	Affiliate's Statement		0.500	\$0
(4) Tabular Discounts - P&C Subsidiaries	Affiliate's Statement		-1.000	\$0
(5) Non-Tabular Discounts - P&C Subsidiaries	Affiliate's Statement		-1.000	\$0
(6) Carrying Value of Non-Admitted Insurance Affiliates	Included in XR002 Column 5 and Column 9	0	1.000	\$0
(7) Total Adjusted Capital, Post-Deferred Tax				\$0
SENSITIVITY TEST:				
(8) DTA Value for Company	Page 2, Column 3, Line 18.2		1.000	\$0
(9) DTL Value for Company	Page 3, Column 3, Line 10.2		1.000	\$0
(10) DTA Value for Insurance Subsidiaries	Company Records		1.000	\$0
(11) DTL Value for Insurance Subsidiaries	Company Records		1.000	\$0
(12) Total Adjusted Capital, Post-Deferred Tax Sensitivity	Lines (7) - (8) + (9) - (10) + (11)			\$0
Ex DTA ACL RBC Ratio Sensitivity Test				
(13) Deferred Tax Asset	Page 2 Column 3, Line 18.2		1.000	\$0
(14) Total Adjusted Capital Less Deferred Tax Asset	Lines (7) less (13)			\$0
(15) Authorized Control Level RBC	XR027 Comparison of Total Adjusted Capital to Risk-Based Capital Line (4)			\$0
(16) Ex DTA ACL RBC Ratio	Line (14)/(15)			0.000%

§ The portion of the AVR that can be counted as capital is limited to the amount not utilized in asset adequacy testing of the Actuarial Opinion for reserves.

are:

1. Directly Owned U.S. Insurance Affiliates/Subsidiaries Subject to a Risk Based Capital (RBC) Look Through Calculation
 - a. Health Insurance Company or Health Entity

- b. Property and Casualty Insurance Company
 - c. Life Insurance Company

2. Indirectly Owned U.S. Insurance Affiliates/Subsidiaries Subject to RBC Look Through Calculation
 - a. Health Insurance Company or Health Entity
 - b. Property and Casualty Insurance Company
 - c. Life Insurance Company

3. Holding Company Value in Excess of Indirectly Owned Insurance Affiliates/Subsidiaries

4. Investment Subsidiaries

5. Directly Owned Alien Insurance Affiliates/Subsidiaries

- a. Health Insurance Company or Health Entity
 - b. Property and Casualty to RBC

Property and Casualty with a capital requirement imposed by a regulatory body

- b. Other Financial Entities without regulatory capital requirements
 - c. Non financial entities

Publicly Traded Insurance Affiliates/Subsidiaries Held

Enter applicable items for each affiliate/subsidiary in the Details for Affiliated/Subsidiary Stocks worksheet. The program will automatically calculate the risk based capital charge for each affiliate/subsidiary. When the data is uploaded to the NAIC database it will be crosschecked and the company will be required to correct any discrepancies and refile a corrected version with the NAIC and/or any state that requires the company to file RBC with its department. The RBC report will display the number of affiliates/subsidiaries. These numbers should be reviewed to ensure that all affiliates/subsidiaries are appropriately reported.

The total of all reported affiliate/subsidiary stocks should equal the amounts reported on Schedule D, Part 2, Section 1, Line 4409999999 plus Schedule D, Part 2, Section 2, Line 5979999999 and should also equal Schedule D, Part 6, Section 1, Line 09999999 plus Line 18999999.

Affiliated/Subsidiary investments fall into two broad categories (A) Insurance Affiliates/Subsidiaries that are Subject to risk based capital; and (B) Affiliates/Subsidiaries that are Not Subject to risk based capital. The risk based capital for these two broad groups differs. Investment subsidiaries are a subset of category A in that they are subject to a risk based capital charge that includes the life RBC risk factors applied only to the investments held by the investment subsidiary for its parent insurer. Publicly traded insurance affiliates/subsidiaries held at market value have characteristics of both broader categories. As a result, there is a two part RBC calculation. The general treatment for each there on

Equity method Insurance Affiliates/Subsidiaries Equity method is defined in SSAI No. 97, Paragraph 8b. as the underlying audited statutory equity of the

corresponding RBC charge will also be zero. If a negative excess value for the downstream holding company

		LR04 Column				
		4	5	6	9	10
Affiliates/Subsidiaries	Affiliates/Subsidiaries Type	100% RBC	Book Adjusted Carrying Value	Total Value of Affiliates/Subsidiaries	% Owned	RBC Required
ABC Life Company	Indirect U.S. Life Aff/Sub	5,000,000	10,000,000	25,000,000	40%	2,000,000
XYZ Casualty Company	Indirect U.S. P&C Aff/Sub	12,000,000	15,000,000	30,000,000	50%	6,000,000
ANH Health Company	Indirect U.S. Health Aff/Sub	6,000,000	3,000,000	12,000,000	25%	1,500,000

The risk based capital charge for the parent insurer preparing the calculation is a 30.0 percent charge against the holding company value in excess of the indirectly owned insurance affiliates/subsidiaries as calculated in the prior example. Enter information in the appropriate columns of the worksheet, omitting those columns that do not apply (Column (3) – NAIC Company Code or Alien ID Number and Column (4) Affiliate’s RBC After Covariance).

4. Investment Subsidiaries

An investment subsidiary is a subsidiary that exists only to invest the funds of the parent company. The term “investment subsidiary” is defined in the NAIC’s Annual Statement Instructions as any subsidiary, other than a holding company, engaged or organized primarily to engage in the ownership and management of investments for the insurer. An investment subsidiary shall not include any broker dealer or a money management fund managing funds other than those of the parent company. The risk based capital charge for the ownership of an investment subsidiary is based on the risk based capital of the underlying assets pro rated for the degree of ownership. The basis for this calculation is the assumption that the charge should be the same as it would be if the life insurer held the assets directly.

Report information regarding any investment subsidiaries. Subsidiaries reported in this section will be assigned an affiliate code of “4” for investment subsidiaries. The amount of reported common stock should be the same as Schedule D, Part 6,

- x Book Adjusted carrying value of common and preferred stock,
- x Total Outstanding value of common and preferred stock,
- x Book/adjusted carrying value of the common and preferred stock from Schedule D, Part 6, Section 1, Line 1499999. If no value is reported in the Total Value of Affiliate's/Subsidiary's common and preferred stock columns (6) and (8), the program will assume 100 percent ownership.

6. Indirectly Owned Alien Insurance Affiliates/Subsidiaries

Consistent with the treatment of Directly Owned Alien Insurance Subsidiaries' Affiliates, for purposes of this formula, the carrying value and risk based capital charge of each alien insurance affiliate is zero.

For each affiliate/Subsidiary enter the following information:

- x Company Name,
- x Alien Insurer Identification Number,
- x Book Adjusted carrying value of common and preferred stock,
- x Total Outstanding value of common and preferred stock,
- x Book/adjusted carrying value of the common and preferred stock from Schedule D, Part 6, Section 1, Lines 1499999 and 0599999. If no value is reported in the Total Value of Affiliate's/Subsidiary's Common and preferred stock columns (6) and (8), the program will assume 100 percent ownership.

7. Investment in Upstream Affiliate (Parent)

The pre tax Risk Based Capital (RBC) for an investment in an upstream parent is 30.0 percent of the book/adjusted carrying value of the common and preferred stock, regardless of whether that upstream parent is subject to RBC. Report the appropriate information from Schedule D, Part 6, Section 1, Lines 0199999 and 1099999 in Column (1)

9. Non Insurance Affiliates/Subsidiaries Not Subject to RBC

- a. Financial entities with a capital requirement imposed by a regulatory body (e.g. a bank)
- b. Other financial entities without regulatory capital requirements
- c. Other Non financial entities

The risk based capital for entity types a, b, and c. is 0.300 times the book/adjusted carrying value of the common and preferred stock. The affiliate/subsidiary code for Non Insurance Affiliates/Subsidiaries Not Subject to RBCs "9." Reported amounts use Schedule D, part 6, Schedule I, Line code

Company Name

Confidential when Completed

NAIC Company Code

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

	<u>Source</u>	(1) <u>RBC Amount</u>	<u>Tax Factor</u>	(2) <u>RBC Tax Effect</u>
ASSET RISKS				
<u>Bonds</u>				
(001) Long-term Bonds – NAIC 1	LR002 Bonds Column (2) Line (2.8) + LR 8 Off-Balance Sheet Collateral Column (3) Line (2.8)		X 0.1680	=
(002) Long-term Bonds – NAIC 2	LR002 Bonds Column (2) Line (3.4) + LR 8 Off-Balance Sheet Collateral Column (3) Line (3.4)		X 0.1680	=
(003) L				



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
(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 <u>Preferred Stock</u>	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 <u>Separate Accounts</u>	LR005 Unaffiliated Preferred and Common Stock Column (5) Line (9)	X	0.2100	=
(046)	Guaranteed LSt L				



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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 099999		X 0.1575	=
(103)	Reinsurance	LR016 Reinsurance Column (4) Line (17)		X 0.2100	=
(104)	Investment Affiliates	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (8)		X 0.2100	=
(105)	Investment in Upstream Affiliate (Parent)	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (15)		X 0.2100	=
(106)	Directly Owned Health Insurance Companies or Health Entities Not Subject to RBC	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (16)		X 0.2100	=
(107)	Directly Owned Property and Casualty Insurance Companies Not Subject to RBC	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (17)		X 0.2100	=
(108)	Directly Owned Life Insurance Companies Not Subject to RBC	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (18)		X 0.2100	=
(109)	Publicly Traded Insurance Affiliates	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (22)		X 0.2100	=
(110)	Subtotal for C-1o Assets	Sum of Lines (001) through (109), Recognizing the Deduction of Lines (014), (015), (036), (044) (049), (056), (061), (069), (077) (084), (089) and (100)			
	<u>C-0 Affiliated Common Stock</u>				
(111)	Off-Balance Sheet and Other Items				



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

	Source	(1) RBC Amount	Tax Factor	(2) RBC Tax Effect
(136) Long-Term Care	LR019 Health Premiums Column (2) Line (28) + LR024 Long-Term Care Column (4) Line (7)	X	0.2100	=
(137) Life Insurance C-2 Risk	LR025 Life Insurance Column (2) Line (8)	X	0.2100	=
(138) Group Insurance C-2 Risk	LR025 Life Insurance Column (2) Lines (20) and (21)	X	0.2100	=
(138b) Longevity C-2 Risk	LR025-A Longevity Risk Column (2) Line (5)	X	0.2100	=
(139) Disability and Long-Term Care Health Claim Reserves	LR024 Health Claim Reserves Column (4) Line (9) + Line (15)	X	0.2100	=
(140) Premium Stabilization Credit	LR026 Premium Stabilization Reserves Column (2) Line (10)	X	0.0000	=
(141) Total C-2 Risk	$L(135) + L(136) + L(139) + L(140) + \text{Greatest of [Guardrail Factor * (L(137)+L(138)) , Guardrail Factor * L(138b) , Square Root of [(L(137)- L(138))]^2 + L(138b)^2 + 2 * (Correlation Factor) * (L(137) + L(138)) * L(138b)]}$			=
(142) Interest Rate Risk	LR027 Interest Rate Risk Column (3) Line (36)	X	0.2100	=
(143) Health Credit Risk	LR028 Health Credit Risk Column (2) Line (7)	X	0.0000	=
(144) Market Risk	LR027 Interest Rate Risk Column (3) Line (37)	X	0.2100	=
(145) Business Risk	LR029 Business Risk Column (2) Line (40)	X	0.2100	=
(146) Health Administrative Expenses	LR029 Business Risk Column (2) Line (57)	X	0.0000	=
(147) Total Tax Effect	$\text{Lines (110) + (122) + (134) + (141) + (142) + (143) + (144) + (145) + (146)}$			=

† Denotes lines that are deductible in the total rather than added.

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

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(1)
RBC
Requirement

Business Risk (C-4a)

- (61) Premium Component
- (62) Liability Component
- (63) Subtotal Business Risk (C-4a) - Pre-Tax
- (64) (C-4a) Tax Effect

Source

LR029 Business Risk Column (2) Lines (12) + (24) + (36)
LR029 Business Risk Column (2) Line (39)
Lines (61) + (62)
LR030 Calculation of Tax Effect for Life and Fraternal Risk-Based Capital Column (2) Line (



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SUMMARY FOR AFFILIATED /SUBSIDIARY INVESTMENTS- STOCKS

	Affiliate Type	Affiliate Code	(1) Book / Adjusted Carrying Value	(2) Book Value †	(3) Difference Col. (1) - (2)	RBC Basis	(4) RBC Requirement	Number of Companies
(1)	Directly Owned Health Insurance Companies or Health Entities	1a		XXX	XXX	Subsidiaries' Total Risk-Based Capital After Covariance / 0.79		
(2)	Directly Owned Property and Casualty Insurance Affiliates	1b		XXX	XXX	Subsidiaries' Total Risk-Based Capital After Covariance / 0.79		
(3)	Directly Owned Life Insurance Affiliates	1c		XXX	XXX	Subsidiaries' Total Risk-Based Capital After Covariance / 0.79		
(4)	Indirectly Owned Health Insurance Companies or Health Entities	2a		XXX	XXX	Subsidiaries' Total Risk-Based Capital After Covariance / 0.79		
(5)	Indirectly Owned Property and Casualty Insurance Affiliates	2b		XXX	XXX	Subsidiaries' Total Risk-Based Capital After Covariance / 0.79		
(6)	Indirectly Owned Life Insurance Affiliates	2c		XXX	XXX	Subsidiaries' Total Risk-Based Capital After Covariance / 0.79		
(7)	Holding Company in Excess of Indirect Subs	3		XXX	XXX	X 0.300 =		
(8)	Investment Subsidiary	4		XXX	XXX	Subsidiaries' Total Risk-Based Capital After Covariance / 0.79		
(9)	Directly Owned Alien Health Insurance Companies or Health Entities	5a		XXX	XXX	X 1.000 =		
(10)	Directly Owned Alien Property and Casualty Insurance Affiliates	5b		XXX	XXX	X 1.000 =		
(11)	Directly Owned Alien Life Insurance Affiliates	5c		XXX	XXX	X 1.000 =		
(12)	Indirectly Owned Alien Health Insurance Companies or Health Entities	6a		XXX	XXX	X 1.000 =		
(13)	Indirectly Owned Alien Property and Casualty Insurance Affiliates	6b		XXX	XXX	X 1.000 =		
(14)	Indirectly Owned Alien Life Insurance Affiliates	6c		XXX	XXX	X 1.000 =		
(15)	Investment in Upstream Affiliate (Parent)	7		XXX	XXX	X 0.300 =		
(16)	Directly Owned Health Insurance Companies or Health Entities Not Subject to RBC	8a		XXX	XXX	X 0.300 =		
(17)	Directly Owned Property and Casualty Insurance Companies Not Subject to RBC	8b		XXX	XXX	X 0.300 =		
(18)	Directly Owned Life Insurance Companies Not Subject to RBC	8c		XXX	XXX	X 0.300 =		
(19)	Non-Insurance Entities with a Capital Requirement Imposed by a Regulatory Body	9a		XXX	XXX	X 0.300 =		
(20)	Non-Insurance Other Financial Entities without Regulatory Capital Requirements	9b		XXX	XXX	X 0.300 =		
(21)	Other Non-financial Entities	9c		XXX	XXX	X 0.300 =		
(22)	Publicly Traded Insurance Affiliates	10				X 0.346 =		
(23)	Total (Sum of Lines (1) through (22))	XXX		XXX		XXX		

† If different than book / adjusted carrying value.

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

CROSSCHECKING FOR AFFILIATED /SUBSIDIARY INVESTMENTS- STOCKS

Affiliated Preferred Stock

		(1)	(2)	(3)
	Schedule D Part 6 Section 1 Type	Annual Statement Line Number	Annual Statement Total Preferred Stock†	Total from Life and Fraternal Risk-Based Capital Report‡
				Difference
(1)	Parent	0199999		
(2)	U.S. Property and Casualty Insurer	0299999		
(3)	U.S. Life Insurer	0399999		
(4)	U.S. Health Entity	0499999		
(5)	Alien Insurer	0599999		
(6)	Non-Insurer Which Controls Insurer	0699999		
(7)	Investment Subsidiary	0799999		
(8)	Other Affiliates	0899999		
(9)	Total (Sum of Lines (1) through (8))			

Affiliated Common Stock

		(1)	(2)	(3)
	Schedule D Part 6 Section 1 Type	Annual Statement Line Number	Annual Statement Total Common Stock†	Total from Life and Fraternal Risk-Based Capital Report§
				Difference
(10)	Parent	1099999		
(11)	U.S. Property and Casualty Insurer	1199999		
(12)	U.S. Life Insurer	1299999		
(13)	U.S. Health Entity	1399999		
(14)	Alien Insurer	1499999		
(15)	Non-Insurer Which Controls Insurer	1599999		
(16)	Investment Subsidiary	1699999		
(17)	Other Affiliates	1799999		
(18)	Total (Sum of Lines (10) through (17))			

† Column (1) Lines (1) through (8) and (10) through (17) come from Schedule D Part 6 Section 1 Column 7 of the annual statement.

‡ Column (2) Lines (1) through (8) come from LR044 Details for Affiliated Investments Column (7).

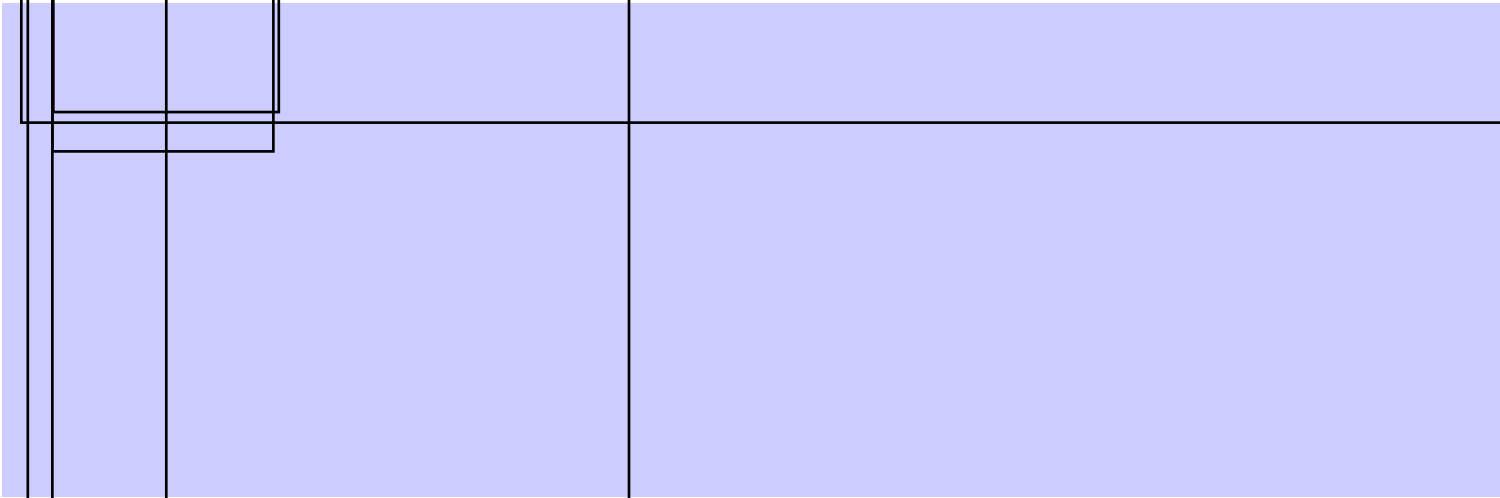
§ Column (2) Lines (10) through (17) come from LR044 Details for Affiliated Investments Column (5).

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

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AFFILIATED/SUBSIDIARY STOCKS
PR003 – PR005

There are nine categories of affiliated/subsidiary investments that are subject to Risk-Based Capital requirement for common and preferred stock holdings. Those nine categories are:

1. Directly Owned U.S. Insurance Affiliates/Subsidiaries Subject to a Risk-Based Capital (RBC)-Look-Through Calculation
 - a. Health Insurance Company or Health Entity
 - b. Property and Casualty Insurance Company
 - c. Life Insurance Company
2. Indirectly Owned U.S. Insurance Affiliates/Subsidiaries Subject to RBC-Look-Through Calculation
 - a. Health Insurance Company or Health Entity
 - b. Property and Casualty Insurance Company
 - c. Life Insurance Company
3. Holding Company Value in Excess of Indirectly Owned Insurance Affiliates/Subsidiaries
4. Investment Subsidiaries
5. Directly Owned Alien Insurance Affiliates/Subsidiaries
 - a. Health Insurance Company or Health Entity
 - b. Property and Casualty Insurance Company
 - c. Life Insurance Company
6. Indirectly Owned Alien Insurance Affiliates/Subsidiaries
 - a. Health Insurance Company or Health Entity
 - b. Property and Casualty Insurance Company
 - c. Life Insurance Company
7. Investments in Upstream Affiliate (Parent)
8. Directly Owned U.S. Insurance Affiliates/Subsidiaries Not Subject to RBC
 - a. Health Insurance Companies or Health Entities Not Subject to RBC
 - b. Property and Casualty Insurance Companies Not Subject to RBC
 - c. Life Insurance Companies Not Subject to RBC
9. Non-Insurance Affiliates/Subsidiaries Not Subject to RBC
 - a. Entities with a capital requirement imposed by a regulatory body
 - b. Other Financial Entities without regulatory capital requirements
 - c. Other Non-financial entities

Enter applicable items for each affiliate/subsidiary in the Details for Affiliated/Subsidiary Stocks worksheet. The program will automatically calculate the risk-based capital charge for each affiliate/subsidiary when the data is updated to the NAIC database and the company will be required to correct any discrepancies and file a corrected version with the NAIC and/or any state that requires the company to file RBC to the department. The RBC report will display the number of affiliates/subsidiaries. These numbers should be reviewed to ensure that all affiliates/subsidiaries are appropriately reported.

The RBC calculation for Holder, Inc.'s value in excess of the directly owned insurance affiliates/subsidiaries is as follows:

<u>Company</u>	<u>Stat. Book</u> <u>value</u>	<u>Source:</u>
Holder, Inc.	50,000,000	MEGA P&C Sch D - Part 6, Section 1
Holder, Inc. Aff/subs subject to RBC		
ABC Life Company	10,000,000	Holder, Inc. Stat. balance sheet
XYZ Casualty Company	15,000,000	Holder, Inc. Stat. balance sheet
ANH Health Company	<u>3,000,000</u>	Holder, Inc. Stat. balance sheet
subtotal	28,000,000	
Holder, Inc. excl. RBC aff/subs	22,000,000	(amount subject to the 22.5% factor for Holding Company Value in Excess of Indirectly Owned Insurance Affiliates/Subsidiaries)

The following table shows the PR003 entries that MEGA P&C Insurance Company (which owns 100% of Holder, Inc.) would file for the indirectly owned insurance Affiliates/subsidiaries under Holder, Inc. This table assumes that Holder, Inc. owns 40%, 50% and 25% of ABC Life, XYZ Casualty, and ANH Health, respectively. The table also assumes that the RBC values shown for these affiliates/subsidiaries at the 100% level are the correct RBC After Covariance but Before Operational Risk.

		PR003 Column					
		4	5	7	8	9	13
Affiliates/Subsidiaries	Affiliates/Subsidiaries Type	100% RBC	Book Adjusted Carrying Value	Total Value of Affiliates/Subsidiaries	Statutory Surplus of Affiliates/Subsidiaries	% Owned	RBC Required
ABC Life Company	Indirect U.S. Life Aff/Sub	5,000,000	10,000,000	25,000,000	25,000,000	40%	2,000,000
XYZ Casualty Company	Indirect U.S. P&C Aff/Sub	12,000,000	15,000,000	30,000,000	30,000,000	50%	6,000,000
ANH Health Company	Indirect U.S. Health Aff/Sub	6,000,000	3,000,000	12,000,000	12,000,000	25%	1,500,000

The risk-based capital charge for the insurer preparing the calculation is a 22.5 percent charge against the holding company value in excess of the indirectly owned insurance affiliates/subsidiaries as stated in the prior example. Enter information in the appropriate columns of the sheet, omitting those columns that do not apply (Column (3) – NAIC Company Code or AID Number and Column (4) Affiliate's RBC After Covariance).

Affiliates/Subsidiaries that are Not Subject to RBC

4. Investment Subsidiaries

An investment subsidiary is a subsidiary that exists only to invest the funds of the parent company. The term investment subsid

The carrying value of an insurance Affiliate/Subsidiary is deducted from the value of the directly held holding company or other entity that in turn directly owns the U.S. Insurance Affiliate/Subsidiary that is subject to RBC, based on the value reported for each insurance subsidiary on the downstream immediate holding company or non-insurance owner's balance sheet. That value is prescribed by the NAIC Accounting Practices and Manual (SAP No. 97, paragraph 22.a.). A similar exercise is required for each U.S. insurer in order to determine the remaining excess value to the holding company.

The RBC charge to be applied to each indirectly owned insurance affiliate/subsidiary is the annual statement book adjusted carrying value of the reporting company's interest in the affiliate/subsidiary multiplied by 0.50 and adjusted to reflect the reporting company's ownership in the holding company. For example, assume NEWBIE Insurance Company acquired 100 percent shares of Holder (a holding company), and Holder owns an Alien Insurance Company, which represents 50 percent of the book adjusted carrying value of Holder. If Holder has a book adjusted carrying value of \$20,000,000, NEWBIE Insurance Company would enter \$10,000,000 (1/2 of \$20,000,000) as the carrying value of the Alien Insurance Company and the RBC charge for the indirect ownership of the Alien insurance affiliate/subsidiary would be \$5,000,000 (0.50 times \$10,000,000). The risk-based capital charge for the parent insurer prepared for the calculation is a 22.5 percent charge against the holding company value in excess of the indirectly owned insurance affiliates/subsidiaries.

If NEWBIE Insurance Company only acquired 50 percent shares of Holder, NEWBIE Insurance Company would enter \$5,000,000 (50 percent of \$20,000,000) as the carrying value of the Alien Insurance Company and the RBC charge for the indirect ownership of the Alien insurance affiliate/subsidiary would be \$2,500,000 (0.50 times \$5,000,000). Enter information for any indirectly owned alien insurance subsidiaries.

For each affiliate/subsidiary enter the following information:

- x Company Name,
 - x Alien Insurer Identification Number,
 - x Book Adjusted carrying value of common and preferred stock,
 - x Total Outstanding value of common and preferred stock,
 - x Book/adjusted carrying value of the common and preferred stock
- See Schedule D, Part 6, Section 1, Line 1499999. If no value is reported in the Total B

For each affiliate, enter the following information:

- x Company Name,
- x Affiliate Type Code,
- x NAIC Company Code,
- x Book Adjusted carrying value of common stock
- x Book Adjusted carrying value of preferred stock,
- x Total Outstanding value of common and preferred stock.

8. Directly Owned U.S. Insurance Affiliates/Subsidiaries Not Subject to RBC

- a. Health Insurance Companies and Health Entities Not Subject to RBC
- b. Property and Casualty Insurance Companies Not Subject to RBC as title insurers, monoline financial guaranty insurers, and monoline mortgage guarantee insurers
- c. Life Insurance Companies Not Subject to RBC, such as life insurance subsidiary exempted from RBC

The risk-based capital for insurers not subject to RBC is based on the underlying statute, regulation, or rule governing capital requirements for such entities. If not otherwise specified by statute regulation or rule, the risk-based capital for an investment in a U.S. insurer that is not required to file an RBC formula is 22.5 percent of the book/adjusted carrying value of the common and preferred stock.

9. Non-Insurance Affiliates/Subsidiaries Not Subject to RBC

- a. Financial entities with a capital requirement imposed by a regulatory body (e.g., a bank)
- b. Other financial entities without regulatory capital requirements
- c. Other Non-financial entities

The risk-based capital for entity types a, b, and c is 22.5 percent of the book/adjusted carrying value of the common and preferred stock. The affiliate/subsidiary code for Non-Insurance Affiliates/Subsidiaries Not Subject to RBC is Reported amounts use Schedule D, part 6, Schedule Line 10899999, and Line 1799999 as the basis of reporting.

APPENDIX 3 – EXAMPLE USED FOR AFFILIATED/SUBSIDIARY STOCKS

To determine the value of total outstanding common stock or total outstanding preferred stock, divide the book/adjusted carrying value of the investment (found in Schedule D - Part 6 Section 1, Column 9) by the percentage of ownership (found in Schedule D – Part 6 – Section 1) Column 12. For example:

<u>Subsidiary Insurance Company</u>	<u>Owner's Book / Adjusted Carrying Value</u>	<u>Percentage Ownership</u>	<u>Total Stock Outstanding</u>
Subsidiary #1	\$1,000,000	100%	\$1,000,000
Subsidiary #2	\$1,000,000	75%	\$1,333,333
Subsidiary #3	\$1,000,000	50%	\$2,000,000
Subsidiary #4	\$1,000,000	25%	\$4,000,000
Subsidiary #5	\$1,000,000	10%	\$10,000,000

DETAILS FOR AFFILIATED STOCKS PR003

(1) (2) (3) (4) (5) (6) (7) (8) (9) (10) (11) (12) (13)

Name of Affiliate	Affil Type	NAIC Company Code or Alien ID Number	Affiliate's RBC After Covariance before Basic Operational Risk* LR031 L67 + L71 PR032 L67 XR025 L37	Book/Adjusted
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#REF!



UNAFFILIATED PREFERRED AND COMMON STOCK PR007

Unaffiliated Preferred Stock		Annual Statement Source	(1) Book/Adjusted Carrying Value	Factor	(2) RBC Requirement
(1)	NAIC 01 Preferred Stock	Sch D Pt 2 Sn 1	0	0.003	0
(2)	NAIC 02 Preferred Stock	Sch D Pt 2 Sn 1	0	0.010	0
(3)	NAIC 03 Preferred Stock	Sch D Pt 2 Sn 1	0	0.020	0
(4)	NAIC 04 Preferred Stock	Sch D Pt 2 Sn 1	0	0.045	0
(5)	NAIC 05 Preferred Stock	Sch D Pt 2 Sn 1	0	0.100	0
(6)	NAIC 06 Preferred Stock	Sch D Pt 2 Sn 1	0	0.300	0
(7)	TOTAL - UNAFFILIATED PREFERRED STOCK (should equal P2 L2.1 C3 less Sch D-Sum C1 L18)	Sum of Ls (1) through (6)	0		0
Unaffiliated Common Stock					
(8)	Total Common Stock	Sch D - Summary C1 L25	0		
(9)	Affiliated Common Stock	Sch D - Summary C1 L24	0		
(10)	Non-Admitted Unaffiliated Common Stock	P2 C2 L2.2 - Sch D Pt6 Sn1 C9 L1899999	0		
(11)	Admitted Unaffiliated Common Stock	L(8) - L(9) - L(10)	0	0.150	0
(12)	Market Value Excess Affiliated Common Stock	PR003 C(13) L(9999999)			0
(13)	Total Unaffiliated Common Stock	L(11) + L(12)	0		0

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

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CALCULATION OF TOTAL ADJUSTED CAPITAL

PR029

	Annual Statement Reference	(1) Statement Value*	Factor	(2) Adjusted Capital
(1) Capital and Surplus	P3 C1 L37	0	1.000	0
(2) Non-Tabular Discount - Losses	Sch P P1-Sum C32 L12	0	1.000	0
(3) Non-Tabular Discount - Expense	Sch P P1-Sum C33 L12	0	1.000	0
(4) Discount on Medical Loss Reserves Reported as Tabular in Schedule P	Company Records	0	1.000	0
(5) Discount on Medical Expense Reserves Reported as Tabular in Schedule P	Company Records	0	1.000	0
(6) P&C Subs Non-Tabular Discount - Losses	Subs' Sch P Pt1-Sum C32 L12	0	1.000	0
(7) P&C Subs Non-Tabular Discount - Expense	Subs' Sch P Pt1-Sum C33 L12	0	1.000	0
(8) P&C Subs Discount on Medical Loss Reserves Reported as Tabular in Schedule P	Subs' Company Records	0	1.000	0
(9) P&C Subs Discount on Medical Expense Reserves Reported as Tabular in Schedule P	Subs' Company Records	0	1.000	0
(10) AVR - Life Subs§	Subs P3 C1 L24.0§	0	1.000	0
(11) Dividend Liability - Life Subs	Subs P3 C1 L6.1 + L6.2	0	0.500	0
(12) Carrying Value of Non-Admitted Insurance Affiliates	Included in PR003 Column 5 and Column 9	0	1.000	0
(13) Total Adjusted Capital Before Capital Notes	L(1)-L(2)-L(3)-L(4)-L(5)-L(6)-L(7)-L(8)-L(9)+L(10)+L(11)+L(12)	0		0
Credit for Capital Notes				
(14.1) Surplus Notes	Page 3 Column 1 Line 33	0		
(14.2) Limitation on Capital Notes	0.5x[Line(13)-Line(14.1)]-Line 14.1, but not less than zero	0		
(14.3) Capital Notes Before Limitation	PR028 Column (4) Line (18)	#REF!		#REF!
(14.4) Credit for Capital Notes	Lesser of Column (1) Line(14.2) or Line(14.3)			#REF!
(15) Total Adjusted Capital (Post-Deferred Tax)	Line (13) + Line (14.4)			#REF!
Sensitivity Test :				
(16) Deferred Tax Assets	Page 2, Column 3, Line 18.2	0	1.000	0
(16.1) Deferred Tax Liabilities	Page 3, Column 1, Line 7.2	0	1.000	0
(17) Deferred Tax Assets for Subsidiary	Company Record	0	1.000	0
(17.1) Deferred Tax Liabilities for Subsidiary	Company Record	0	1.000	0
(18) Total Adjusted Capital For Sensitivity Test	Line (15) - Line (16)+(16.1)-(17)+(17.1)			#REF!
Ex DTA ACL RBC Ratio Sensitivity Test				
(19) Deferred Tax Asset	Page 2 Column 3 Line 18.2	0	1,000	0
(20) Total Adjusted Capital Less Deferred Tax Asset	Line (15) less Line (19)			#REF!
(21) Authorized Control Level RBC	PR034 Comparison of Total Adjusted Capital to Risk-Based Capital Line (4)			#REF!
(22) Ex DTA ACL RBC Ratio	Line (20) / Line (21)			#REF!

* Report amounts in this column as whole dollars.

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

§ The portion of the AVR that can be counted as capital is limited to the amount not utilized in asset adequacy testing on the actuarial Opinion for reserves.

CALCULATION OF TOTAL RISK-BASED CAPITAL AFTER COVARIANCE PR030 R0-R1

	PRBC O&I Reference	(1) RBC Amount
R0 --Subsidiary Insurance Companies and Misc. Other Amounts		
(1) Affiliated US P&C Insurers - Directly Owne	PR004 L(2)C(2)	0
(2) Affiliated US P&C Insurers - Indirectly Owne	PR004 L(5)C(2)	0
(3) Affiliated US Life Insurers - Directly Owne	PR004 L(3)C(2)	0
(4) Affiliated US Life Insurers - Indirectly Owne	PR004 L(6)C(2)	0
(5) Affiliated US Health Insurer - Directly Owne	PR004 L(1)C(2)	0
(6) Affiliated US Health Insurer - Indirectly Owne	PR004 L(4)C(2)	0
(7) Affiliated Alien Insurers - Directly Owne	PR004 L(9)+L(10)+L(11)C(2)	0
(8) Affiliated Alien Insurers - Indirectly Owne	PR004 L(12)+L(13)+L(14)C(2)	0
(9) Misc Off-Balance Sheet - Non-Controlled Assets	PR014 L(15) C(3)	0
(10) Misc Off-Balance Sheet - Guarantees for Affiliates	PR014 L(16) C(3)	0
(11) Misc Off-Balance Sheet - Contingent Liabilities	PR014 L(17) C(3)	0
(12) Misc Off-Balance Sheet - SSAP No.101 Par. 11A ADT	PR014 L(19) C(3)	0
(13) Misc Off-Balance Sheet - SSAP No.101 Par. 11B DTA	PR014 L(20) C(3)	0
(14) Total R0	L(1)+L(2)+L(3)+L(4)+L(5)+L(6)+L(7)+L(8)+L(9)+L(10)+L(11)+L(12)+L(13)	0
R1 - Asset Risk - Fixed Income		
(15) Bonds Subject to Size Factor	PR006 L(27)C(6)	0
(16) Bond Size Factor RBC	PR006 L(30)C(6)	0
(17) Off-balance Sheet Collateral & Sch DL, PT1 - Total Bonds	PR015 L(27)C(4)	0
(18) Off-balance Sheet Collateral & Sch DL, PT1 - Cash, & Short-Term Investments and Mort Loans on Real Est.	PR015 L(38)+(39)C(4)	0
(19) Other Long- Term Assets - Mortgage Loans, LIHTC & WCFI	PR008 L(10)+L(13)+L(14)+L(15)+L(16)+L(17)+L(20)+L(21)C(2)	0
(20) Misc Assets - Collateral Loans	PR009 L(13)C(2)	0
(21) Misc Assets - Cash	PR009 L(3)C(2)	0
(22) Misc Assets - Cash Equivalents	PR009 L(7)C(2)	0
(23) Misc Assets - Other Short-Term Investments	PR009 L(10)C(2)	0
(24) Replication -Synthetic Asset: One Hal	PR010 L(999999)C(7)	0
(25) Asset Concentration RBC - Fixed Income	PR011 L(21)C(3) Grand Total Page	0
(26) Total R1	L(15)+L(16)+L(17)+L(18)+L(19)+L(20)+L(21)+L(22)+L(23)+L(24)+L(25)	0Total R1

#REF!

CALCULATION OF TOTAL RISK-BASED CAPITAL AFTER COVARIANCE PR031 R2-R3

R2 - Asset Risk - Equity	PRBC O&I Reference	RBC Amount
(27) Common & Preferred- Affiliate Investment Subsidiary	PR004 L(8)C(2)	0
(28) Common & Preferred- Affiliate Hold. Company. in excess of Ins. Subs.	PR004 L(7)C(2)	0
(29) Common & Preferred- Investment in Parent	PR004 L(15)C(2)	0
(30) Common & Preferred- Aff'd US P&C Not Subj to RBC	PR004 L(17)C(2)	0
(31) Common & Preferred- Affil US Life Not Subj to RBC	PR004 L(18)C(2)	0
(32) Common & Preferred- Affil US Health Insurer Not Subj to RBC	PR004 L(16)C(2)	0
(33) Common & Preferred- Aff'd Non-insurer	PR004 L(19)+L(20)+L(21)C(2)	0
(34) Preferred - Aff'd Invest Sub	PR004 L(7)C(3)	0
(35) Preferred - Aff'd Hold. Co. in excess of Ins. Subs.	PR004 L(10)C(3)	0
(36) Preferred - Investment in Parent	PR004 L(11)C(3)7 89.2 30nnC(3)	

CALCULATION OF TOTAL RISK-BASED CAPITAL AFTER COVARIANCE PR032 R4-Rcat

(1)

R4 - Underwriting Risk - Reserves		PRBC O&I Reference	RBC Amount
(49)	One half of Reinsurance RBC	If R4 L(51)>(R3 L(45) + R3 L(46)), R3 L(46), otherwise, 0	0
(50)	Total Adjusted Unpaid Loss/Expense Reserve RBC	PR0017 L(15)C(20)	0
(51)	Excessive Premium Growth - Loss/Expense Reserve	PR016 L(13) C(8)	0
(52)	A&H Claims Reserves Adjusted for LCF	PR024 L(5) C(2) + PR023 L(6) C(4)	0
(53)	Total R4	L(50)+L(51)+L(52)+L(53)	0
R5 - Underwriting Risk - Net Written Premium			
(54)	Total Adjusted NWP RBC	PR018 L(15)C(20)	0
(55)	Excessive Premium Growth - Written Premiums Charge	PR016 L(14)C(8)	0
(56)	Total Net Health Premium RBC	PR022 L(21)C(2)	0
(57)	Health Stabilization Reserves	PR025 L(8)C(2) + PR023 L(3) C(2)	0
(58)	Total R5	L(551)+L(56)+L(57)+L(58)	0
Rcat- Catastrophe Risk			
(59)	Total Rcat	PR027 L(3) C(1)	0
(60)	Total RBC After Covariance Before Basic Operational Risk = R0+SQRT(R1^2+R2^2+R3^2+R4^2+R5^2+Rcat^2)		0
(61)	BasicOperational Risk = 0.030 x(1)		0
(62)	C-4a of U.S. Life Insurance Subsidiaries (from Company records)		0
(63)	Net Basic Operational Risk = Line (62) - Line (63) (Not less than zero)		0
(64)	Total RBC After Covariance including Basic Operational Risk = L(61)+ L(64)		0
(65)	Authorized Control Level RBC including Basic Operational Risk = .55)L(0