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	P/C RBC (E) Working Group	Longevity Risk (A/E) Subgroup
Variable Annuities Capital. & Reserve (E/A) Subgroup	Economic Scenarios (E/A) Subgroup	RBC Investment Risk & Evaluation (E) Working Group

DATE:	3/23/23
CONTACT PERSON:	Dave Fleming
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ON BEHALF OF:	RBC Inv. Risk & Eval. (E) Working Group
NAME:	Philip Barlow
TITLE:	Associate Commissioner for Insurance
AFFILIATION:	District of Columbia
ADDRESS:	1050 First Street, NE Suite 801 Washington, DC 20002

FOR NAIC USE ONLY

Agenda Item #2023-03-IRE

Year 2023

DISPOSITION

ADOPTED:
- TASK FORCE (TF) 4-28-23
- WORKING GROUP (WG) ______
- SUBGROUP (SG) ______

EXPOSED:
- TASK FORCE (TF) ______
- WORKING GROUP (WG) ______
- SUBGROUP (SG) ______

REJECTED:
- TF WG SG ______

OTHER:
- DEFERRED TO ______
- REFERRED TO OTHER NAIC GROUP (SPECIFY) ______

IDENTIFICATION OF SOURCE AND FORM(S)/INSTRUCTIONS TO BE CHANGED

Health RBC Blanks	Property/Casualty RBC Blanks	Life and Fraternal RBC Blanks
Health RBC Instructions	Property/Casualty RBC Instructions	Life and FraterC BC Instr554 0 Td [(B)4.8 (l)331 (an)-14.2

[redacted]

X

(53.2) Less NAIC 2 thru 6 Rated/Designated Surplus Notes and Capital Notes — Column (1) Lines (23) through (2
Lines (33) through (37)

(53.3) Net Other Schedule BA Assets — Line (53.1) less (53.2)

(54) Total Schedule BA Assets C-1o (pre-MODCO/Funds Withheld) — Lines (11) + (21) + (31) + (41) + (48.3) + (50) + (52.3) + (53.3)

(55) Reduction in RBC for MODCO/Funds Withheld Reinsurance Ceded Agreements — Company Records (enter a pre-tax amount)

(56) Increase in RBC for MODCO/Funds Withheld Reinsurance Assumed Agreements — Company Records (enter a pre-tax amount)

(57) Total Schedule BA Assets C-1o (including MODCO/Funds Withheld.) — Lines (54) - (55) + (56)

(58) Total Schedule BA Assets Excluding Mortgages and Real Estate — Line (47) + (49.2) + (51) + (57)

† Fixed income instruments and surplus notes designated by the NAIC Capital Markets and Investment Analysis Office or considered exempt from filing as specified in the Purposes and Procedures Manual of the NAIC Investment Analysis Office should be reported in Column (3).

‡ Column (2) is calculated as Column (1) less Column (3) for Lines (1) through (17). Column (2) equals Column (3) - Column (1) for Line (53.3)

§ The factor for Schedule BA publicly traded common stock should equal 30 percent adjusted up or down by the weighted average beta for the Schedule BA publicly traded common stock portfolio subject to a minimum of 22.5 percent and a maximum of 45 percent in the same manner that the similar 15.8 percent factor for Schedule BA publicly traded common stock in the Asset Valuation Reserve (AVR) calculation is adjusted up or down. The rules for calculating the beta adjustment are set forth in the AVR section of the annual statement instructions.

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

		Source	(1) RBC Amount		Tax Factor		(2) RBC Tax Effect	
(102)	Replications	LR013 Replication (Synthetic Asset) Transactions and Mandatory Convertible Securities Column (7) Line (9999999)		X	0.1575	=		
(103)	Reinsurance	LR016 Reinsurance Column (4) Line (17)		X	0.2100	=		
(104)	Investment Affiliates	LR042 Summary for Affiliated Investments Column (4) Line (6)		X	0.2100	=		
(105)	Investment in Parent	LR042 Summary for Affiliated Investments Column (4) Line (10)		X	0.2100	=		
(106)	Other Affiliate: Property and Casualty Insurers not Subject to Risk-Based Capital	LR042 Summary for Affiliated Investments Column (4) Line (11)		X	0.2100	=		
(107)	Other Affiliate: Life Insurers not Subject to Risk-Based Capital	LR042 Summary for Affiliated Investments Column (4) Line (12)		X	0.2100	=		
(108)	Publicly Traded Insurance Affiliates	LR042 Summary for Affiliated Investments Column (4) Line (14)		X	0.2100	=		
(109)	Subtotal for C-1o Assets	Sum of Lines (001) through (108), Recognizing the Deduction of Lines (013), (014), (015), (036), (044), (049), (056), (061), (069), (077), (084), (089) and (100)						
	<u>C-0 Affiliated Common Stock</u>							
(110)	Off-Balance Sheet and Other Items	LR017 Off-Balance Sheet and Other Items Column (5) Line (27)		X	0.1575	=		
(111)	Off-Balance Sheet Items Reduction - Reinsurance	LR017 Off-Balance Sheet and Other Items Column (5) Line (28)		X	0.2100	=		†
(112)	Off-Balance Sheet Items Increase - Reinsurance	LR017 Off-Balance Sheet and Other Items Column (5) Line (29)		X	0.2100	=		
(113)	Affiliated US Property - Casualty Insurers Directly Owned	LR042 Summary for Affiliated Investments Column (4) Line (1)		X	0.2100	=		
(114)	Affiliated US Life Insurers Directly Owned	LR042 Summary for Affiliated Investments Column (4) Line (2)		X	0.2100	=		
(115)	Affiliated US Health Insurers Directly and Indirectly Owned	LR042 Summary for Affiliated Investments Column (4) Line (3)		X	0.2100	=		

Affiliated US Property - Casualty Insiliated InveLR04opertstmenttd InveLRIndi76C /P <</M Tw 3.6965.1 (ndi768 -0.022 T Tw 3.696969696960)8.9 (nt)- 0 Tc 0 Tw 72.195 0-24.3 (td lly.4)-(15)3.96(w)-4 (ne)9(6)5.1 (MC -P3 (r)436.8 (e)8.9 (c)-12.8 (t)-26.6 (l)-4.8 (y O0 Td [(L)-19.7 (R)-28.7(I912.8

CALCULATION OF AUTHORIZED CONTROL LEVEL RISK-BASED CAPITAL

		Source	(1) RBC Requirement
	Asset Risk – Unaffiliated Common Stock and Affiliated Non-Insurance Stock (C-1cs)		
(12)	Schedule D Unaffiliated Common Stock	LR005 Unaffiliated Common Stock Column (5) Line (21) + LR018 Off-Balance Sheet Collateral Column (3) Line (16)	
(13)	Schedule BA Unaffiliated Common Stock	LR008 Other Long-Term Assets Column (5) line (47)	
(14)	Schedule BA Affiliated Common Stock - C-1cs	LR008 Other Long-Term Assets Column (5) lines (49.2) + (51)	
(15)	Common Stock Concentration Factor	LR011 Common Stock Concentration Factor Column (6) Line (6)	
(16)	Affiliated Preferred Stock and Common Stock - Holding Company in Excess of	LR042 Summary for Affiliated Investments Column (4) Line (7)	

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