

Capital Adequacy (E) Task Force

RBC Proposal Form

Capital Adequacy (E) Task Force
Catastrophe Risk (E) Subgroup
Variable Annuities Capital. & Reserve
(E/A) Subgroup

Health RBC (E) Working Group
Investment RBC (E) Working Group
P/C RBC (E) Working Group

Life RBC (E) Working Group
Longevity Risk (A/E) Subgroup
RBC Investment Risk & Evaluation
(E) Working Group

DATE: 03/15/2023

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Life and Fraternal RBC Blanks LR008:

Update Line "(50) Schedule BA Collateral Loans" Annual Statement Source to be updated as follows:

Schedule BA Part 1 Column 12 Line 2999999 + Line 3099999, in part

The value in Column (1) Book / Adjusted Carrying Value will now be a company records entry and should represent all collateral loans which have not been captured elsewhere in the RBC formula.

Update to LR008 RBC Instructions:

Line (50)

Exclude: any collateral loan amounts which have been included elsewhere in the RBC formula, e.g., BA mortgages.

Update to LR009 RBC Instructions:

Column (1) Except for Line (1), (12), and (16), calculations are done on an individual mortgage basis and then the summary amounts are entered in this column for each class of mortgage investment. Refer to the Schedule BA mortgage calculation worksheet (Figure 10) for how the individual mortgage calculations are completed. Line (20) should equal Schedule BA Part 1, Column 12, Lines 1199999, 1299999, 2399999 and 2499999, and collateral loans backed by mortgages, as reported in footnote 5T, line 7.



Overview

Mortgage Funds
SSAP48 Investments
Sch BA LLCs - Mortgages

Investments with
Characteristics of Mortgages

LR009 BA Mortgages



Blanks Proposal for 2024 Reporting:

Annual Statement Instructions AVR

Blanks proposal ensures that Collateral Loans backed by Mortgages map the AVR section which categorizes those investments into appropriate buckets for RBC.

Life RBC Proposal:

To maintain capital treatment of loan-investments as BA mortgages, in a year when their accounting presentation is Collateral Loans back by Mortgages, the following changes are proposed:

LR008

Line (50)

Exclude: any collateral loan amounts which have been included elsewhere in the RBC formula tag BA mortgages.

LR009

Reference to tie out should be adjusted to include new category: Line (20) should equal Schedule BA Part 1, Column 11999999, 23999999, 24999999 ~~and collateral loans backed by mortgages (footnote 5T, line 7).~~

The minor changes listed above to LR008, and LR009, will be provided in RBC Proposal Form, and should result in BA mortgages maintaining their capital charge in 2024, even as reporting for those investments changes to Collateral Loans backed by Mortgages.

OTHER LONG-TERM ASSETS

(1) Book / Adjusted Cost	(2) RBC	(3)	(4)	(5) RBC

† 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.