

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
P/C RBC (E) Working Group
Economic Scenarios (E/A) Subgroup

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

<p style="text-align: right;">DATE: <u>4/25/2024</u></p> <p>CONTACT PERSON: <u>Dave Fleming</u></p> <p>TELEPHONE: <u>816-783-8121</u></p> <p>EMAIL ADDRESS: <u>dfleming@naic.org</u></p> <p>ON BEHALF OF: <u>Life Risk-Based Capital (E) Working Group</u></p> <p>NAME: <u>Philip Barlow, Chair</u></p> <p>TITLE: <u>Associate Commissioner of Insurance</u></p> <p>AFFILIATION: <u>District of Columbia</u></p> <p>ADDRESS: <u>1050 First Street, NE Suite 801</u> <u>Washington, DC 20002</u></p>	<p style="text-align: center;"><u>FOR NAIC USE ONLY</u></p> <p>Agenda Item # <u>2024-17-L</u> Year <u>2024</u></p> <hr/> <p style="text-align: center;"><u>DISPOSITION</u></p> <p>ADOPTED: TASK FORCE (TF) <u>6/28/2024</u> WORKING GROUP (WG) <u>6/18/2024</u> SUBGROUP (SG) _____</p> <p>EXPOSED: TASK FORCE (TF) _____ :</p> <p style="text-align: center;">REFERRED TO OTHER NAIC GROUP (SPECIFY) _____</p>
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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 Fraternal RBC Instructions
Health RBC Formula	Property/Casualty RBC Formula	Life and Fraternal RBC Formula
OTHER _____		

DESCRIPTION/REASON OR JUSTIFICATION OF CHANGE(S)

This proposal adds a factor for the line added to LR009 to specifically address line 44 of the Asset Valuation Reserve (AVR) Equity Component

SCHEDULE BA MORTGAGES

		(1)	(2)	(3)	(4)	(5)	(6)
	<u>Annual Statement Source</u>	<u>Book / Adjusted Carrying Value</u>	<u>Involuntary Reserve Adjustment</u>	<u>RBC Subtotal</u>	<u>Cumulative Writedowns</u>	<u>Average Factor</u>	<u>RBC Requirement</u>
<u>In Good Standing</u>							
(1)	Insured or Guaranteed	AVR Equity Component Column 1 Line 43 + Line 45			XXX	X 0.0014	=
(2)		AVR Equity Component Column 1 Line 44			XXX	X 0.0068	=
(3)	Unaffiliated Mortgages with Covenants	AVR Equity Component Column 1 Line 57			XXX	X *	=
(4)	Unaffiliated Mortgages - Defeased with Government Securities	AVR Equity Component Column 1 Line 58			XXX	X 0.0090	=
(5)	Unaffiliated Mortgages - Primarily Senior	AVR Equity Component Column 1 Line 59			XXX	X 0.0175	=
(6)	Unaffiliated Mortgages - All Other	AVR Equity Component Column 1 Line 60			XXX	X 0.0300	=
(7)	Affiliated Mortgages - Category CM1	AVR Equity Component Column 1 Line 38			XXX	X 0.0090	=
(8)	Affiliated Mortgages - Category CM2	AVR Equity Component Column 1 Line 39			XXX	X 0.0175	=
(9)	Affiliated Mortgages - Category CM3	AVR Equity Component Column 1 Line 40			XXX	X 0.0300	=
(10)	Affiliated Mortgages - Category CM4	AVR Equity Component Column 1 Line 41			XXX	X 0.0500	=
(11)	Affiliated Mortgages - Category CM5	AVR Equity Component Column 1 Line 42			XXX	X 0.0750	=
(12)	Total In Good Standing	Sum of Lines (1) through (11)					
<u>90 Days Overdue, Not in Process of Foreclosure</u>							
(13)	Insured or Guaranteed 90 Days Overdue	AVR Equity Component Column 1 Line 47 + Line 49			XXX	X 0.0027	=
(14)	All Other 90 Days Overdue - Unaffiliated	AVR Equity Component Column 1 Line 61			XXX	X 0.1100	=
(15)	All Other 90 Days Overdue - Affiliated	AVR Equity Component Column 1 Line 48 + Line 50			XXX	X 0.1100	=
(16)	Total 90 Days Overdue, Not in Process of Foreclosure	Lines (13) + (14) + (15)					
<u>In Process of Foreclosure</u>							
(17)	Insured or Guaranteed in Process of Foreclosure	AVR Equity Component Column 1 Line 52 + Line 54			XXX	X 0.0054	=
(18)	All Other in Process of Foreclosure - Unaffiliated	AVR Equity Component Column 1 Line 62			XXX	X 0.1300	=
(19)	All Other in Process of Foreclosure - Affiliated	AVR Equity Component Column 1 Line 53 + Line 55			XXX	X 0.1300	=
(20)	Total In Process of Foreclosure	Lines (17) + (18) + (19)					
(21)	Total Schedule BA Mortgages (pre-MODCO/Funds Withheld)	Lines (12) + (16) + (20)					
(22)	Reduction in RBC for MODCO/Funds Withheld Reinsurance Ceded Agreements	Company Records (enter a pre-tax amount)					
(23)	Increase in RBC for MODCO/Funds Withheld Reinsurance Assumed Agreements	Company Records (enter a pre-tax amount)					
(24)	Total Schedule BA Mortgages (including MODCO/Funds Withheld.)	Lines (21) - (22) + (23)					