

# 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

	<b>FOR NAIC USE ONLY</b>
	Agenda Item # <u>2024-25-CA</u>
	Year <u>2025</u>
	<b>DISPOSITION</b>
	ADOPTED:
	TASK FORCE (TF) _____
	WORKING GROUP (WG) _____
	SUBGROUP (SG) _____
	EXPOSED:
TITLE: <u>Chair</u>	TASK FORCE (TF) <u>11/18/24</u>
AFFILIATION: <u>Ohio Department of Insurance</u>	WORKING GROUP (WG) _____
ADDRESS: <u>50 West Town Street, Suite 300</u>	SUBGROUP (SG) _____
<u>Columbus, OH 43215</u>	REJECTED:
	TF _____





## **Bonds (XR007)**

The bond factors for investment grade bonds (NAIC Designation (1A-2C) are based on cash flow modeling. Each bond of a portfolio was annually tested for default (based on a "roll of the dice") where the default probability varies by NAIC Designation Category and that year's economic environment. The default probabilities were based on historical data intended to reflect a complete business cycle of favorable or unfavorable credit environments. The risk of default was

Low income housing tax credit investments are reported on Column (1) in accordance with SSAP No. 98—Low Income Housing Tax Credit Property Investments

- R Federal Guaranteed Low Income Housing Tax Credit (LIHTC) investments are to be included in Line (17). There must be an all-inclusive guarantee from an ARO rated entity that guarantees the yield on the investment.
- R Federal Non-Guaranteed LIHTC investments with the following risk mitigation factors are to be included in Line (18):
  - a) A level of leverage below 50%. For a LIHTC Fund, the level of leverage is measured at the fund level.
  - b) There is a tax credit guarantee agreement from general partner or managing member. This agreement requires the general partner or managing member to reimburse investors for any shortfalls in tax credits due to non-compliance, for the life of the partnership. For a LIHTC fund, a tax credit guarantee is required from the developer of the lower tier LIHTC properties to the upper tier partnership.
- R State Guaranteed LIHTC investments that at a minimum meet the federal requirements for guaranteed LIHTC investments are to be included in Line (19).
- R State Non-Guaranteed LIHTC investments that at a minimum meet the federal requirements for non-guaranteed LIHTC investments are to be included on Line (20).
- R All Other LIHTC investments, state and federal LIHTC investments that do not meet the requirements of Lines (17) through (20) would be reported on Line (21).



**EQUITY ASSETS  
XRO10**

**Unaffiliated Preferred Stocks**

Detailed information on unaffiliated preferred stock reported in Column (1) are found in Schedule D- Part 2, Section 1 not including affiliated preferred stock. The preferred stocks must be broken out by asset designation (NAIC 01 through NAIC 09) and these individual groups are to be entered in the appropriate lines. The total amount of unaffiliated preferred stock reported should equal annual statement Page 2, Column 3, Line 21, less any affiliated preferred stock in Schedule D Summary by County, Column 1, Line **2218**.



**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 **6**) by the percentage of ownership (found in Schedule D- Part 6- Section 1, Column **10**). For example

Subsidiary Insurance Company  
Subsidiary "a"

Owner's Book/Adjusted Carrying Value  
2 12 2 — 1

Percentage Ownership  
2 2 12

Total Stock Outstanding

Confidential when Completed





Confidential when Completed

FIXED INCOME ASSETS - BONDS

		(1)	(2)	(2)(3)	(3)(4)	(4)(5)	(5)(6)		
	Annual Statement Source	Long-Term Bonds Issuer Credit Obligations Owned Schedule D Part 1 Section 1 Book/Adjusted Carrying Value L(3) thru (26) = Sch D Pt 1F	Asset-Backed Securities Owned Schedule D, Part 1 Section 2 Book/Adjusted Carrying Value L(3) thru (26) = Sch D Pt 1 Sn 2F	Short-Term Investments Schedule DA, Part 1 Book/Adjusted Carrying Value L(3) thru (26) = Sch DA Pt 1F	Cash Equivalents Schedule E, Part 2 Book/Adjusted Carrying Value L(3) thru (26) = Sch E Pt 2F	Subtotal C(1) + C(2) + C(3) C(4)	Factor	RBC Requirement	
BONDS									
(1)	C(1) = Sch D, Pt 1 Sn 1, C14, L040999999C8, L001999999 C(2) = Sch D, Pt 1, Sn 2, C8, L001999999 C(3) = Sch DA, Pt 1 C7, L040999999C6, L001999999 U.S. Government Obligations and NAIC U.S. Government Money Market Fund List (Refer to A/S Instructions)						0.000		
(2)	NAIC Designation Category 1.A Bonds	C(1)=Footnote Amt 1 L000001A - L(1) C(2)=Footnote Amt 1 L000001A - L(1) C(3)=Footnote Amt 1 L000001A - L(1) C(4)=Footnote Amt 1 L000001A - Sch E, Pt2, C7 L040999999L001999999					0.003		
(3)	NAIC Designation Category 1.B Bonds	Footnote Amt 2 L000001A					0.005		
(4)	NAIC Designation Category 1.C Bonds	Footnote Amt 3 L000001A					0.008		
(5)	NAIC Designation Category 1.D Bonds	Footnote Amt 4 L000001A					0.011		
(6)	NAIC Designation Category 1.E Bonds	Footnote Amt 5 L000001A					0.014		
(7)	NAIC Designation Category 1.F Bonds	Footnote Amt 6 L000001A					0.016		
(8)	NAIC Designation Category 1.G Bonds	Footnote Amt 7 L000001A					0.019		
(9)	Total NAIC 01 Bonds	Sum of Lines (1) through (8)							
(10)	NAIC Designation Category 2.A Bonds	Footnote Amt 1 L000001B					0.022		
(11)	NAIC Designation Category 2.B Bonds	Footnote Amt 2 L000001B					0.025		
(12)	NAIC Designation Category 2.C Bonds	Footnote Amt 3 L000001B					0.031		
(13)	Total NAIC 02 Bonds	Sum of Lines (10) through (12)							
(14)	NAIC Designation Category 3.A Bonds	Footnote Amt 1 L000001C					0.069		
(15)	NAIC Designation Category 3.B Bonds	Footnote Amt 2 L000001C					0.076		
(16)	NAIC Designation Category 3.C Bonds	Footnote Amt 3 L000001C					0.083		
(17)	Total NAIC 03 Bonds	Sum of Lines (14) through (16)							
(18)	NAIC Designation Category 4.A Bonds	Footnote Amt 1 L000001D					0.089		
(19)	NAIC Designation Category 4.B Bonds	Footnote Amt 2 L000001D					0.097		
(20)	NAIC Designation Category 4.C Bonds	Footnote Amt 3 L000001D					0.110		
(21)	Total NAIC 04 Bonds	Sum of Lines (18) through (20)							
(22)	NAIC Designation Category 5.A Bonds	Footnote Amt 1 L000001E					0.123		
(23)	NAIC Designation Category 5.B Bonds	Footnote Amt 2 L000001E					0.137		
(24)	NAIC Designation Category 5.C Bonds	Footnote Amt 3 L000001E					0.151		
(25)	Total NAIC 05 Bonds	Sum of Lines (22) through (24)							
(26)	Total NAIC 06 Bonds	Footnote Amt 1 L000001F					0.300		
(27)	Total Bonds RBC	Lines (9) + (13) + (17) + (21) + (25) + (26)							

FIXED INCOME ASSETS - MISCELLANEOUS

	Annual Statement Source	(1) Bk/Adj Carrying Value	(2) Factor RBC Requirement
(1) Cash	Page 2, Line 5, inside amount 1		0.0030
(2) Cash Equivalents	Page 2, Line 5, inside amount 2		
(3) Less: Cash Equivalents, Total Bonds	Schedule E, Part 2, Column 7, Line <del>2509999999</del> 509999999		
(4) Less: Exempt Money Market Mutual Funds as Identified by SVO	Schedule E, Part 2, Column 7, Line 8209999999		
(5) Net Cash Equivalents	Lines (2) - (3) - (4)		0.0030
(6) Short-Term Investments	Page 2, Line 5, inside amount 3		
(7) Short-Term Bonds	Schedule DA, Part 1, Column 7, Line <del>2509999999</del> 509999999		
(8) Total Other Short-Term Investments	Lines (6) - (7)		0.0030
(9) Mortgage Loans - First Liens	Page 2, Column 3, Line 3.1		0.0500
(10) Mortgage Loans - Other Than First Liens	Page 2, Column 3, Line 3.2		0.0500
(11) Receivable for Securities	Page 2, Column 3, Line 9		0.0240
(12) Aggregate Write-Ins for Invested Assets	Page 2, Column 3, Line 11		0.0500
(13) Collateral Loans	Included in Page 2, Column 3, Line 8		0.0500
(14) NAIC 01 Working Capital Finance Investments	Notes to Financial Statement 5M(01a), Column 3		0.0038
(15) NAIC 02 Working Capital Finance Investments	Notes to Financial Statement 5M(01b), Column 3		0.0125
(16) Other Long-Term Invested Assets Excluding Collateral Loans, Residual Tranches or Interests and Working Capital Finance Investments	Included in Page 2, Column 3, Line 8		0.2000
(17) Federal Guaranteed Low Income Housing Tax Credits	Schedule BA Part 1, Column 12 Lines 3599999 + 3699999		0.0014
(18) Federal Non-Guaranteed Low Income Housing Tax Credits	Schedule BA Part 1, Column 12 Lines 3799999 + 3899999		0.0260
(19) State Guaranteed Low Income Housing Tax Credits	Schedule BA Part 1, Column 12 Lines 3999999 + 4099999		0.0014
(20) State Non-Guaranteed Low Income Housing Tax Credits	Schedule BA Part 1, Column 12 Lines 4199999 + 4299999		0.0260
(21) All Other Low Income Housing Tax Credits	Schedule BA Part 1, Column 12 Lines 4399999 + 4499999		0.1500
(22) Total Residual Tranches or Interests	Schedule BA, Part 1, Column 12 Lines <del>4599999</del> +4599999 +4699999 + 4799999 + 4899999 + 4999999 + 5099999 + 5199999 + 5299999 + 5399999 + 5499999 + 5599999 <del>5699999</del> + 5799999		



SUMMARY FOR SUBSIDIARY, CONTROLLED AND AFFILIATED INVESTMENTS FOR CROSS-CHECKING STATEMENT VALUES PR005

	(1)	(2)	(3)	(4)	(5)	(6)
	Long-Term Bonds - Issuer Credit Obligations Owned Schedule D, Part Section 1 Book/Adjusted Carrying Value L3 thru 26 = Sch D Pt1F	Asset-Backed Securities Owned Schedule D, Part 1 Section 2 Book/Adjusted Carrying Value L3 thru 26 = Sch D Pt1Sn2F	Short-Term Investments Schedule DA, Part 1 Book/Adjusted Carrying Value L3 thru 26 = Sch DA Pt1F	Cash Equivalents Schedule E, Part 2 Book/Adjusted Carrying Value L3 thru 26 = Sch E Pt2F	Subtotal C(1) + C(2) + C(3) C(4)	Factor RBC Requirement
Annual Statement Source						
(1) NAIC 1.A - U.S. Government Full Faith and Credit U.S. Government Obligations and NAIC U.S. Government Money Market Fund List (Refer to A/S Instructions)	C(1)=Sch D, Pt 1 Sn 1, C11-L0409999999C8, L0019999999 C(2)=Sch D, Pt 1, Sn 2, C8, L00199999999 C(3)=Sch DA, Pt 1 C7-L0409999999C6, L00199999999 C(4)=Sch E Pt 2, C3-L0409999999C5, L00199999999					
4.9(R36/Adjus2.9ons.) 6.800.12 24385.1U.S.1.465.2T 73.930, L001nt4419lig]T	4.9(R36/Adjus2.9ons.) 6.800.12 24385.1U.S.1.465.2T 73.930, L001nt4419lig]T					



UNAFFILIATED PREFERRED AND COMMON STOCK PR007

		(1)	(2)	
		<u>Book/Adjusted</u>	<u>Factor</u>	<u>RBC Requirement</u>
		<u>Carrying Value</u>		
Unaffiliated Preferred Stock				
(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	Sum of Ls (1) through (6)	0		0
(should equal P2 L2.1 C3 less Sch D-Sum L2148)				
Unaffiliated Common Stock				
(8) Total Common Stock	Sch D - Summary C112925	0		
(9) Affiliated Common Stock	Sch D - Summary C12824	0		
(10) Non-Admitted Unaffiliated Common Stock	P2 C2 L2.2 - Sch D Pt6 Sn189 L1899999	0		
(11) Admitted Unaffiliated Common Stock	L(8) - L(9) - L(10)	0	0.150	0
(12) Market Value Excess Affiliated Stocks	PR003 C(13) L(9999999)			0
(13) Total Unaffiliated Common Stock and Market Value Excess Affiliated Stocks	L(11) + L(12)		0	0

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

OTHER LONG-TERM ASSETS PR008

	Annual Statement Source	(1)		(2)	
		<u>Book/Adjusted</u> <u>Carrying Value</u>	<u>Factor</u>	<u>RBC Requirement</u>	
(1) Company Occupied Real Estate	P2 L4.1 C3	0	0.100	0	
(2) Encumbrances	P2 L4.1, inside item	0	0.100	0	
(3) Property Held For the Production of Income	P2 L4.2 C3	0	0.100	0	
(4) Property Held For Sale	P2 L4.3 C3	0	0.100	0	
(5) Encumbrances (Property Held For the Production of Income)	P2 L4.2, inside item	0	0.100	0	
(6) Encumbrances (Property Held For Sale)	P2 L4.3, inside item	0	0.100	0	
(7) Total Real Estate	L(1)+L(2)+L(3)+L(4)+L(5)+L(6)	0		0	
(8) Mortgage Loans - First Liens	P2 L3.1 C3	0	0.050	0	
(9) Mortgage Loans - Other Than First Liens	P2 L3.2 C3	0	0.050	0	
(10) Total Mortgage Loans	L(8) + L(9)	0		0	
(11) Schedule BA Assets - Total	P2 L8 C3	0			
(12) Less: Collateral Loans	PR009 L(13)	0			
(13) Federal Guaranteed Low Income Housing Tax Credits	Schedule BA Part 1, C12 L3599999 +L3699999	0	0.0014	0	
(14) Federal Non-Guaranteed Low Income Housing Tax Credits	Schedule BA Part 1, C12 L3799999 +L3899999	0	0.0260	0	
(15) State Guaranteed Low Income Housing Tax Credits	Schedule BA Part 1, C12 L3999999 +L4099999	0	0.0014	0	
(16) State Non-Guaranteed Low Income Housing Tax Credits	Schedule BA Part 1, C12 L4199999 +L4299999	0	0.0260	0	
(17) All Other Low Income Housing Tax Credits	Schedule BA Part 1, C12 L4399999 +L4499999	0	0.1500	0	
(18) Working Capital Finance Investments	L(21)+L(22)	0			
(19) Total Residual Tranches or Interests	Schedule BA, Part 1, Column 12 Lines <del>4699999 +</del> <del>4599999 +</del> 4699999 + 4799999 + 4899999 + 4999999 + 5099999 + 5199999 + 5299999 + 5399999 + 5499999 + 5599999 <del>5699999 +</del> <del>5799999</del>	0	0.2000	0	
(20) Schedule BA Assets Excluding Collateral Loans, LIHTC, WCFI, & Residual Tranches or Interests	L(11)-L(12)-L(13)-L(14)-L(15) -L(16)-L(17)-L(18)-L(19)	0	0.2000	0	
(21) NAIC 01 Working Capital Finance Investments	Notes to Financial Statement Item L5M(01a) C3	0	0.0038	0	
(22) NAIC 02 Working Capital Finance Investments	Notes to Financial Statement Item L5M(01b) C3	0	0.0125	0	
(23) Total Other Long-Term Assets	L(7)+L(10)+L(13)+L(14)+L(15) +L(16)+L(17)+L(19)+L(20)+L(21)+L(22)	0		0	

MISCELLANEOUS ASSETS PR009

	Annual Statement Source	(1) <u>Book/Adjusted</u> <u>Carrying Value</u>	<u>Factor</u>	(2) <u>RBC Requirement</u>
(1) Receivable for Securities	P2C3L9	0	0.025	0
(2) Aggregate W/I for Invest Assets	P2C3 L11	0	0.050	0
(3) Cash	P2 L5, inside amt 1	0	0.003	0
(4) Cash Equivalents	P2 L5, inside amt 2	0		
(5) Less: Cash Equivalents, Total Bonds	Sch E Pt 2 C7 <del>L250999999</del> L050999999	0		
(6) Less: Exempt Money Market Mutual Funds as Identified by SVO	Sch E Pt 2 C7 L820999999		0	
(7) Net Cash Equivalents	L(4)-L(5)-L(6)	0	0.003	0
(8) Short-Term Investments	P2 L5, inside amt 3		0	
(9) Short-Term Bonds	Sch DA Pt 1 C7 C6 <del>L250999999</del> L050999999	0		
(10) Total Other Short-Term Investments	L(8)-L(9)	0	0.003	0
(11) Collateral Loans	Sch BA Pt1 C12.3199999+L3299999 <del>L2999999+3099999</del>	0		
(12) Less: Non-Admitted Collateral Loans	Notes to Financial Statement Item 5S C3 L14-P2-L8 <del>C2 in part</del>	0		
(13) Net Admitted Collateral Loans	L(11) - L(12)	0	0.0s: Cash Equivalens58	L(11) -L(12)







Calculation of Total Risk-Based Capital After Covariance PR030 R0-R1

(1)

R0 - Subsidiary Insurance Companies and Misc. Other Amounts		PRBC O&I Reference	RBC Amount
(1)	Directly Owned Property and Casualty Insurance Affiliates	PR004 L(2)C(2)	0
(2)	Indirectly Owned Property and Casualty Insurance Affiliates	PR004 L(5)C(2)	0
(3)	Directly Owned Life Insurance Affiliates	PR004 L(3)C(2)	0
(4)	Indirectly Owned Life Insurance Affiliates	PR004 L(6)C(2)	0
(5)	Directly Owned Health Insurance Companies or Health Entities	PR004 L(1)C(2)	0
(6)	Indirectly Owned Health Insurance Companies or Health Entities	PR004 L(4)C(2)	0
(7)	Directly Owned Alien Insurance Companies or Health Entities	PR004 L(9)+L(10)+L(11)C(2)	0
(8)	Indirectly Owned Alien Insurance Companies or Health Entities	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 DTA	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) <del>(4)</del> C(6)	0
(16)	Bond Size Factor RBC	PR006 L(30) <del>(5)</del> 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, CFI, & Residual Tranches or Interests	PR008 L(10)+L(13)+L(14)+L(15)+L(16)+L(17)+L(19)+L(21)+L(22)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 Half	PR010 L(9999999)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)	0