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

REAL ESTATE

Basis of Factors

The base factor for equity real estate of 11% was developed by adding a margin for conservatism to the results of aftreallystiste performance over the period of 1978 2020. The analysis was conducted by a group of life insurance company takes line vestment professionals coordinated by the ACLI. The data used was a national database of real property owned by investment fiduciaries and supplemented by data on real estate growthing curities. The analysis is documented in a report to NAIC dated March 29, 2021. In addition to modifying the factor for company owned and investment real estate, this update factor will also be used for real estate acquired in satisfaction of debt (Foreclosed real estate). Foreclosed readely in the statutory statements as having acquisition cost equal to market value at time of foreclosure. For assets with the characteristics of read (pathesizathip or other structure) reported on Schedule BA, a higher factor of 13% is utsedccount for the lower transparency involved with these structures. Schedule BA real estate was originally given a higher factor under a presumption that it was more highly levered. Analysis has shown these assets to have expesimental to each performance over the period of an analysis has shown these assets to have expesimental to each performance over the period of an analysis to the results of a factor of 13% is utsedcount for the lower transparency involved with these structures. Schedule BA real estate was originally given a higher factor under a presumption that it was more highly levered. Analysis has shown these assets to have expessively held and will therefore use a modestly higher factor.

While the experience analysis was done based on analysis of fair value impacts, Real Estate is reported at depreciabled Statutory statements. The difference in values impacts the risk to statutory surplus. Therefore, an adjustment is rhedactor based on the difference between fair value and statutory carrying value on a properby-property basis. The adjustment is defined as

Adj Factor= RE Factor*(1 –[factor] * (MV-BVg)/BVg)}

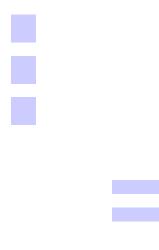
factor is 0 This zero factor for the fair value adjustmentffactive beginning yearend 2021 RBC filings.

The resulting adjusted RBC factor is subject to a minimum of zero. In the RBC calculation, see Figure 7, fair valuer contact and a Column 10 plus encumbrances, or from Schedule BA column 11 plus encumbrances, while BVg is the net Book Adjusted Carrying Value plus the encumbrance

Encumbrances have been included in the real estate base since the value of the property is held net of the encumbranceingebutalitie is subject to loss. Encumbrances receive the base real estate factor of the encumbrance receive the encumbrance received the encumbrance received the encumbrance rec

Annual Statement Source

(1) (2) (3) Book / Adjust Average RBC

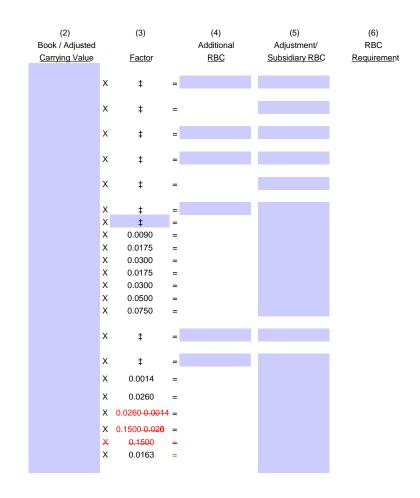




ASSET CONCENTRATION FACTOR

	Asset Type
(31)	Farm Mortgages - 90 Days Overdue
(32)	Farm Mortgages - 90 Days Overdue - Cumulative Writedowns
(33)	Residential Mortgages - 90 Days Overdue
(34)	Residential Mortgages - 90 Days Overdue - Cumulative Writedowns
(35)	Commercial Mortgages - 90 Days Overdue
(36)	Commercial Mortgages - 90 Days Overdue - Cumulative Writedowns
(37)	Farm Mortgages in Foreclosure
(38)	Farm Mortgages in Foreclosure - Cumulative Writedowns
(39)	Residential Mortgages in Foreclosure
(40)	Residential Mortgages in Foreclosure - Cumulative Writedowns
(41)	Commercial Mortgages in Foreclosure
(42)	Commercial Mortgages in Foreclosure - Cumulative Writedowns
(43)	Unaffiliated Mortgages with Covenants
(44)	Unaffiliated Mortgages - Defeased with Government Securities
(45)	Unaffiliated Mortgages - Primarily Senior
(46)	Unaffiliated Mortgages - All Other
(47)	Affiliated Mortgages - Category CM2
(48)	Affiliated Mortgages - Category CM3
(49)	Affiliated Mortgages - Category CM4
(50)	Affiliated Mortgages - Category CM5
(51)	Schedule BA Mortgages 90 Days Overdue
(52)	Schedule BA Mortgages 90 Days Overdue - Cumulative Writedowns
(53)	Schedule BA Mortgages in Process of Foreclosure
(54)	Schedule BA Mortgages Foreclosed - Cumulative Writedowns
(55)	
(56)	
(57)	
(58)	
(59)	All Other Low Income Housing Tax Credits-
(/	NAIC 02 Working Capital Finance Notes
(60) (6	• .
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(1)



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

CALCULATION OF AUTHORIZED CONTROL LEVEL RISK-BASED CAPITAL

 (1)

 RBC

 Source
 Requirement

(32) Synthetic GIC's (C-1o)

(33) Surplus in Non-Guaranteed Separate Accounts

(34) Real Estate (gross of encumbrances)

(35) Schedule BA Real Estate (gross of encumbrances)

(36) Other Long-Term Assets

(37) Schedule BA Mortgages

(38) Concentration Factor

(39) Miscellaneous

(40) Replication Transactions and Mandatory Convertible Securities

(37)

LR006 Separate Accounts Column (3) Line (8)
LR006 Separate Accounts Column (3) Line (13)

LR007 Real Estate Column (3) Line (13) LR007 Real Estate Column (3) Line (25)

LR008 Other Long-Term Assets Column (5) Line (57) + LR018 Off-Balance Sheet

Collateral Column (3) Line (17) + Line (18)

LR009 Schedule BA Mortgages Column (6) Line (24)

LR010 Asset Concentration Factor Column (6) Line (62) Grand Total Page

LR012 Miscellaneous Assets Column (2) Line (21)

LR013 Replication (Synthetic Asset) Transactions and Mandatory 33.7 (n)21.6 (e)8.25.7 (q).5 (r)3.-7.6 (lrk/P <<//574 7 (e)8.2 (e)8.1 (t)12.5 (25.8 (act)4.4 (oy13.6 (er)eet)4