Recommended Approach for Updating Regulatory Risk-Based Capital Requirements for Interest Rate Risk for Fixed Annuities and Single Premium Life Insurance (C-3 Phase I)

Presented by the American Academy of Actuaries' C3 Work Group of the Life Capital Adequacy Subcommittee to the National Association of Insurance Commissioners' Life Risk-Based Capital Working Group

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Line (36)
Total interest rate risk. Equals Line (34) plus Line (35).

Line (37)

Overview

The lines on this page will not affect 2014 actual RBC requirements, but rather are for informational purposes. These lines are required for companies with more than $10 billion in General Account Assets and more than $1 billion of reserves subject to C-3 Phase I testing. For smaller companies, completing these lines is optional for 2014, but will be required for 2015.

Line (1)
C-3 RBC Cash Flow Testing Interest Rate Risk. For this new line, enter the value from the current LR027 Interest Rate Risk and Market Risk Column (3) Line (33).

Line (2) T t84d (Tw '9g3 493.Tm [(L)1(i)-7p)-7(a)(L)1(i5s)5(7a72 11.J -0.(o)-10(w)es)2(tin)5(g)5(.)496 28.8Tj 18.53 w7ctrimpaeslenies,4 Tm0-3(o)-1 Tc 0.004i(p)-7 s4 Tm0-(p)-7 d 2o

INTEREST RATE RISK AND MARKET RISK (Alternative)
C-3 RBC Cash Flow Testing Alternative Calculations
(For Informational Purposes Only)

		Source	(1) RBC Requirement
(1)	C-3 RBC Cash Flow Testing Interest Rate Risk	LR027 Interest Rate Risk and Market Risk Column (3) Line (33)	
(2)	C-3 RBC Cash Flow Testing Interest Rate Risk	The Line (1) Equivalent Calculated using 200 scenarios from Version 7.1.201405 of the American Academy of Actuaries Scenario Generator, generated as described in the AAA C3 Work Group June 2013 Report, using a CTE 90 measure. †† §§	
(3)	C-3 RBC Cash Flow Testing Interest Rate Risk	The Line (2) Equivalent Calculated Using a Proprietary Generator meeting the calibration criteria in the December 2008 report of the AAA Economic Scenario Work Group (ESWG) (http://dev.actuary.org/files/publications/report_lbrc_dec08.pdf), and a CTE 90 measure.	

(4) Please Describe Proprietary Generator Used, Calibration Criteria, and Number of Scenarios:

†† This information is required for companies doing C-3 Phase I calculations in relation to reserves of at least $1 billion and with statutory general account admitted assets in excess of $10 billion as of year-end 2014.
‡‡ This information is requested, if applicable, on a voluntary basis.
§§ The completion of this calculation is subject to the adoption of specific instructions by 6/30/14.
Denotes items that must be manually entered on the filing software.