This example is provided to give guidance on how the RBC charge / NAIC Designation table on page 11 of the RFP relate to the table on page 12 of the RFP.

Intrinsic Price Calculation

In order to calculate the desired output, it will be necessary to calculate a price that reflects only the credit loss expectations for the security. This price is different from any market price and is termed as the Intrinsic Price for each CUSIP. This Intrinsic Price should be included as part of the output to NAIC.

Intrinsic price is defined as difference between Remaining Par Value and Expected Losses discounted at the coupon rate of the security (adjusted in case of original issue discount securities to book yield at original issue, and in case of floa