

Capital Adequacy (E) Task Force

RBC Proposal Form

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|---|---|--|
| <input checked="" type="checkbox"/> Capital Adequacy (E) Task Force | <input type="checkbox"/> Health RBC (E) Working Group | <input type="checkbox"/> Life RBC (E) Working Group |
| <input type="checkbox"/> Catastrophe Risk (E) Subgroup | <input type="checkbox"/> Investment RBC (E) Working Group | <input type="checkbox"/> Operational Risk (E) Subgroup |
| <input type="checkbox"/> C3 Phase II/ AG43 (E/A) Subgroup | <input type="checkbox"/> P/C RBC (E) Working Group | <input type="checkbox"/> Longevity Risk (A/E) Subgroup |

DATE: <u>8/11/22</u>	<u>FOR NAIC USE ONLY</u>
CONTACT PERSON: <u>Eva Yeung</u>	Agenda Item # <u>2022-09-CA</u>
TELEPHONE: <u>816-783-8407</u>	Year <u>2023</u>
EMAIL ADDRESS: <u>eyeung@naic.org</u>	<u>DISPOSITION</u>
ON BEHALF OF: <u>Capital Adequacy (E) Task Force</u>	<input checked="" type="checkbox"/> ADOPTED <u>3/23/23</u>
NAME: <u>Tom Botsko</u>	<input type="checkbox"/> REJECTED _____
TITLE: <u>Chair</u>	<input type="checkbox"/> DEFERRED TO _____
AFFILIATION: <u>Ohio Department of Insurance</u>	<input type="checkbox"/> REFERRED TO OTHER NAIC GROUP _____
ADDRESS: <u>50 West Town Street, Suite 300</u>	<input checked="" type="checkbox"/> EXPOSED <u>8/11/22</u>
<u>Columbus, OH 43215</u>	<input type="checkbox"/> OTHER (SPECIFY) _____

IDENTIFICATION OF SOURCE AND FORM(S)/INSTRUCTIONS TO BE CHANGED

- Health RBC Blanks
 Property/Casualty RBC Blanks
 Life and Fraternal RBC Instructions
 Health RBC Instructions
 Property/Casualty RBC Instructions
 Life and Fraternal RBC Blanks
 OTHER _____

DESCRIPTION OF CHANGE(S)

The proposed change would revise the instructions and structure for the Affiliated Investments for all lines.

REASON OR JUSTIFICATION FOR CHANGE **

The proposed revisions will improve the risk-based capital formulas and provide consistency to the treatment of affiliates for all lines of business.

Additional Staff Comments:

8/11/22 - The Task Force exposed this proposal for a 60-day public comment period ending Oct, 10.
 3/23/23 – The Task Force adopted the proposal on 3/23/23

** This section must be completed on all forms.

Revised 2-2019

AFFILIATED/SUBSIDIARY STOCKS
XR002 – XR004

There are nine categories of affiliated/subsidiary investments that are subject to Risk-Based Capital requirements for common stock and preferred stock holdings. Those nine categories are:

1. Directly Owned U.S. Insurance Affiliates/Subsidiaries Subject to a Risk-Based Capital (RBC)-Look-Through Calculation
 - a. Health Insurance Company or Health Entity
 - b. Property and Casualty Insurance Company
 - c. Life Insurance Company
2. Indirectly Owned U.S. Insurance Affiliates/Subsidiaries Subject to RBC-Look-Through Calculation
 - a. Health Insurance Company or Health Entity
 - b. Property and Casualty Insurance Company
 - c. Life Insurance Company
3. Holding Company Value in Excess of Indirectly Owned Insurance Affiliates/Subsidiaries
4. Investment Subsidiaries
5. Directly Owned Alien Insurance Affiliates/Subsidiaries
 - a. Health Insurance Company or Health Entity
 - b. Property and Casualty Insurance Company
 - c. Life Insurance Company
6. Indirectly Owned Alien Insurance Affiliates/Subsidiaries
 - a. Health Insurance Company or Health Entity
 - b. Property and Casualty Insurance Company
 - c. Life Insurance Company
7. Investments in Upstream Affiliate (Parent)
8. Directly Owned U.S. Insurance Affiliates/Subsidiaries Not Subject to RBC
 - a. Health Insurance Companies and Health Entities Not Subject to RBC
 - b. Property and Casualty Insurance Companies Not Subject to RBC
 - c. Life Insurance Companies Not Subject to RBC
9. Non-Insurance Affiliates/Subsidiaries Not Subject to RBC
 - a. Entities with a capital requirement imposed by a regulatory body
 - b. Other Financial Entities without regulatory capital requirements
 - c. Other Non-financial entities

Enter applicable items for each affiliate/subsidiary in the Details for Affiliated/Subsidiary Stocks worksheet. The program will automatically calculate the risk-based capital charge for each affiliate/subsidiary. When the data is uploaded to the NAIC database, it will be crosschecked, and the company will be required to correct any discrepancies and refile a corrected version with the NAIC and/or any state that requires the company to file RBC with its department. The RBC report will display the number of affiliates/subsidiaries. These numbers should be reviewed to ensure that all affiliates/subsidiaries are appropriately reported.

Line 10 of XR003 – Fair Value Excess Subsidiary Common Stock equals the total of type codes 1.a. through 2.c., Column 13 of the Subsidiary Companies Risk – Details Page. The program will automatically calculate this figure.

The total of all reported affiliate/subsidiary stock should equal the amounts reported on Schedule D, Part 2, Section 1, Line 4409999999 plus Schedule D, Part 2, Section 2, Line 5979999999 and 93999999 and should also equal Schedule D, Part 6, Section 1, Line 09999999 plus Line 18999999.

Affiliated/Subsidiary investments fall primarily into two broad categories: (a) Insurance Affiliates/Subsidiaries that are Subject to risk-based capital; and (b) Affiliates/Subsidiaries that are Not Subject to risk-based capital. The risk-based capital for these two broad groups differs. A third category of Affiliates/Subsidiaries, publicly traded insurance affiliates/subsidiaries held at market value, has characteristics of both broader categories. As a result, it has a two-part RBC calculation. The general treatment for each is explained below.

Directly owned insurance and health entity affiliates/subsidiaries are affiliates/subsidiaries in which the reporting company owns the stock of the affiliate/subsidiary. Indirectly owned insurance affiliate/subsidiaries and health entities are those where the reporting company owns stock in a holding company, which in turn owns the stock of the insurance affiliate/subsidiary or health entity. Note that there could be multiple holding companies that control the downstream insurance company.

Enter the book/adjusted carrying value of: the common stock in Column (5), the preferred stock in Column (9), the total outstanding common stock in Column (7) and the total outstanding preferred stock of that affiliate/subsidiary in Column (10) of the appropriate worksheet. The percentage of ownership is calculated by summing the book/adjusted carrying values of the owned preferred and common stock and dividing that amount by the sum of all outstanding preferred and common stock.

Insurance Affiliates/Subsidiaries that are Subject to RBC

1. Directly Owned U.S. Affiliates/Subsidiaries:

The risk-based capital requirement for the reporting company for those insurance affiliates/subsidiaries that are subject to a risk-based capital requirement is based on the Total Risk-Based Capital After Covariance of the subsidiary, prorated for the percent of ownership of that affiliate/subsidiary.

For purposes of Affiliate/Subsidiary Risk all references to Total Risk-Based Capital After Covariance of the affiliate/subsidiary means:

- a. For a Health affiliate/subsidiary RBC filing, Total Risk-Based Capital After Covariance before Basic Operational Risk (XR025, Line (37)).
- b. For a P/C affiliate/subsidiary RBC filing, Total Risk-Based Capital After Covariance before Basic Operational Risk (PR032, Line (68)).
- c. For a Life affiliate/subsidiary RBC filing, the sum of
 - i. Total Risk-Based Capital After Covariance before Basic Operational Risk (LR031, Line (67)); and
 - ii. Primary Security shortfalls for all cessions covered by Actuarial Guideline XLVIII (AG 48) multiplied by two (LR031, Line (71)).

For RBC purposes, the reporting insurer must determine the carrying value and the RBC requirement of a directly owned RBC filing affiliate/subsidiary company, even if the RBC filing affiliate/subsidiary is non-admitted for financial reporting purposes. The value reported in annual statement Schedule D, Part 6, Section 1 will be used for RBC purposes. In addition to RBC, the carrying value of the RBC filer must be reported in total adjusted capital for RBC purposes, in order to appropriately balance the numerator with the addition to the denominator value. Enter the carrying value of the insurer on **Line XXX** of the Calculation of Total Adjusted Capital page to satisfy these instructions.

Equity method Insurance Affiliates/Subsidiaries: Equity method is defined in SSAP 97, Paragraph 8b. as the underlying audited statutory equity of the respective entity’s financial statements, adjusted for any unamortized goodwill as provided for in SSAP No. 68—Business Combinations and Goodwill. For those insurance Affiliates/Subsidiaries of the reporting company that are reported under the equity method, the H₀ charge of the ownership of the common and preferred stock in these Affiliates/Subsidiaries is limited to the lesser of:

- (a) the Total RBC After Covariance of the affiliate/subsidiary times the percentage of ownership, which is the total of common stock and preferred stock; or
- (b) the common and preferred stock book/adjusted carrying value at which the affiliate/subsidiary is carried

Market Value (including discounted market value) Insurance Affiliates/Subsidiaries (See SSAP No. 97, Paragraph 8a.): If the affiliate/subsidiary’s common stock is publicly traded and the reporting company carries the affiliate/subsidiary at market value, after any “discount,” there are generally two components to the reporting company’s RBC generated by the affiliate/subsidiary. The prorated portion is the percentage of ownership of total common and preferred stock. The smaller of the prorated portion of the affiliate/subsidiary’s own statutory surplus or the prorated portion of its RBC after covariance is added to the H₀ component of the reporting company. In the normal case, the common and preferred stock book/adjusted carrying value of the affiliate/subsidiary exceeds the prorated portion of the larger of its statutory surplus and its RBC after covariance. In this case, the addition to the H₁ component is the larger of a) 22.5 percent of the affiliate/subsidiary’s common and preferred stock book/adjusted carrying value in excess of the prorated portion of the affiliate’s/subsidiary’s statutory surplus or b) the prorated portion of the affiliate’s/subsidiary’s RBC after covariance in excess of the prorated portion of its statutory surplus. If the affiliate/subsidiary’s common and preferred stock book/adjusted carrying value is less than the prorated portion of its RBC after covariance, but greater than the prorated portion of its statutory surplus, 100 percent of the common and preferred stock book/adjusted carrying value in excess of the prorated portion of the affiliate/subsidiary’s statutory surplus is added to the reporting company’s H₁ component. If the affiliate/subsidiary’s common and preferred stock book/adjusted carrying value is less than the prorated portion of the affiliate/subsidiary statutory surplus, there is no addition to the H₁ component.

2. Indirectly Owned U.S. Insurance Affiliates/Subsidiaries

For Indirectly Owned U.S. Insurance Affiliates/Subsidiaries, the carrying value and RBC is calculated in the same manner as for directly owned U.S. Insurance Affiliates/Subsidiaries. The RBC for the indirect affiliates/subsidiaries must be calculated prior to completing this RBC report.

SSAP No. 97 provides guidance for the reporting and admittance requirements of SCAs. Accordingly, there may be cases where an indirectly owned RBC filer may not be separately reported in the statutory financial statements (e.g., they are captured within the carrying value of an intermediate holding company). The SSAP No. 97 guidance permits reporting SCAs at the directly owned holding company level or via look-through to the downstream entity (including where the downstream entity is an RBC filer), but an audit of the entity is required for admittance (i.e. if reporting is at the directly owned holding company level, the holding company must be audited, if the reporting is on a look-through basis then the downstream entity must be audited). Regardless of whether there is a look-through applied pursuant to Statutory Accounting Principles (SAP) for annual financial statement reporting, for RBC purposes the reporting insurer must “look-through” all intermediate holding and subsidiary companies to determine the carrying value and the RBC requirement of indirectly owned RBC filing affiliate/subsidiary companies. This involves drilling down to the first RBC filing insurance subsidiary and adjusting for percentage ownership of the intermediate entity directly owning the RBC filing affiliate/subsidiary. Both RBC and carrying value of the RBC filer must be reported for RBC purposes, in order to appropriately balance the numerator with the addition to the denominator value. Enter the carrying value of the insurer on **Line XXX** of the Calculation of Total Adjusted Capital page to satisfy these instructions.

The carrying value for each indirect insurance affiliate/subsidiary is established based on company records using the statutory value of the insurer as reported in the NAIC annual financial statement blank submitted by the affiliate/subsidiary or market value when applicable, and the RBC requirement as determined in its

RBC Report adjusted for the ownership percentages (both the percentage of the indirectly owned RBC filing affiliate/subsidiary that is owned by the directly held downstream holding company and the reporting insurer's ownership percentage in that downstream entity). The value reported by the downstream holding company for the U.S. RBC filing insurer is the same as the statutory value established for the insurer on a look-through basis.

3. Holding Company Value in Excess of Indirectly Owned Insurance Affiliates/Subsidiaries

The carrying value of a U.S. Insurance Affiliate/Subsidiary that is subject to RBC is deducted from the value of the directly held holding company or other entity that in turn directly owns the U.S. Insurance Affiliate/Subsidiary that is subject to RBC, based on the value reported for each insurance subsidiary on the downstream immediate holding company or non-insurance owner's balance sheet. That value is prescribed by the NAIC Accounting Practices and Procedures Manual (SSAP No. 97, paragraph 22.a.). A similar exercise is required for each RBC filing insurer and each non-U.S. insurer in order to determine the remaining excess value of the holding company.

The remaining value of the directly held holding company is then subject to a charge that is calculated in accordance with the instructions for Holding Company Value in Excess of Indirectly Owned Insurance Affiliates/Subsidiaries as specified in the RBC formula. If the holding company is not admitted, report the excess carrying value as zero and the corresponding RBC charge will also be zero. If a negative excess value for the downstream holding company results from removing the value of U.S. RBC filing insurers from the downstream holding company's reported value, then the value of that holding company will be floored at zero and the corresponding RBC charge will also be zero.

The following hypothetical Balance Sheet indicates the view of a Holding Company - Holder, Inc. which is 100% owned by MEGA Health Insurance Company (it assumes that the value reported by the downstream holding company for the U.S. RBC filing insurer is the same as the statutory value established for the insurer on a look-through basis):

Balance Sheet				
Holder, Inc.				
12/31/XXXX				
Cm Stk:	ABC Life Company	10,000,000	Long Term Debt	5,000,000
	XYZ Casualty Company	15,000,000	Other Liabilities	2,000,000
	ANH Health Company	3,000,000		
	Other Common Stock	17,000,000	Total Liabilities	7,000,000
	Cash	7,000,000		
	Other Assets	5,000,000	Equity	50,000,000
	Total Assets	57,000,000	Total Liabilities & Equity	57,000,000

The RBC calculation for Holder, Inc.'s value in excess of the indirectly owned insurance affiliates/subsidiaries is as follows:

<u>Company</u>	<u>Stat. Book</u> <u>value</u>	<u>Source:</u>
Holder, Inc. <i>Holder, Inc. aff/subs subject to RBC</i>	50,000,000	MEGA Health Sch D - Part 6, Section 1
ABC Life Company	10,000,000	Holder, Inc. Stat. balance sheet
XYZ Casualty Company	15,000,000	Holder, Inc. Stat. balance sheet
ANH Health Company	<u>3,000,000</u>	Holder, Inc. Stat. balance sheet
Subtotal	28,000,000	
Holder, Inc. excl. RBC aff/subs	22,000,000	<i>(amount subject to the 30.0% factor for Holding Company Value in Excess of Indirectly Owned Insurance Affiliates/Subsidiaries)</i>

The following table shows the XR002 entries that MEGA Health Insurance Company (which owns 100% owns of Holder, Inc.) would report for the indirectly owned insurance affiliates/subsidiaries under Holder, Inc. This table assumes that Holder, Inc. owns 40%, 50% and 25% of ABC Life, XYZ Casualty, and ANH Health, respectively. The table also assumes that the RBC values shown for these affiliates/subsidiaries at the 100% level are the correct RBC After Covariance but Before Operational Risk.

		XR002 Column					
		4	5	7	8	11	12
Affiliates/Subsidiaries	Affiliates/Subsidiaries Type	100% RBC	Book Adjusted Carrying Value	Total Value of Affiliates/Subsidiaries	Statutory Surplus of Affiliates/Subsidiaries	% Owned	RBC Required
ABC Life Company	Indirect U.S. Life Aff/Sub	5,000,000	10,000,000	25,000,000	25,000,000	40%	2,000,000
XYZ Casualty Company	Indirect U.S. P&C Aff/Sub	12,000,000	15,000,000	30,000,000	30,000,000	50%	6,000,000
ANH Health Company	Indirect U.S. Health Aff/Sub	6,000,000	3,000,000	12,000,000	12,000,000	25%	1,500,000

The risk-based capital charge for the parent insurer preparing the calculation is a 30 percent charge against the holding company value in excess of the indirectly owned insurance affiliates/subsidiaries as calculated in the prior example. Enter information in the appropriate columns of the worksheet, omitting those columns that do not apply (Column (3) – NAIC Company Code or Alien ID Number and Column (4) Affiliate's RBC After Covariance).

Affiliates/Subsidiaries that are Not Subject to RBC

4. Investment Subsidiaries

An investment subsidiary is a subsidiary that exists only to invest the funds of the parent company. The term investment subsidiary is defined in the annual statement instructions as any subsidiary, other than a holding company, engaged or organized primarily to engage in the ownership and management of investments for the insurer. An investment subsidiary shall not include any broker-dealer or a money management fund managing funds other than those of the parent company. The risk-based capital for an investment in an investment subsidiary is 30 percent of the carrying value of the common and preferred stock.

5. Directly Owned Alien Insurance Affiliates/Subsidiaries

For purposes of this formula, the Risk-Based Capital (RBC) of each directly owned alien insurance affiliate/subsidiary is the annual statement book adjusted carrying value of the reporting company's interest in the affiliate multiplied by 1.000. Enter information for any non-U.S. insurance affiliate/subsidiary: life, property and casualty, and health insurers.

For each affiliate/subsidiary, enter the following information:

- Company Name,
- Alien Insurer Identification Number,
- Book Adjusted carrying value of common and preferred stock,
- Total Outstanding value of common and preferred stock,
- Book/adjusted carrying value of the common and preferred stock from Schedule D, Part 6, Section 1, Line 1499999. If no value is reported in the Total Value of Affiliate's common and preferred stock columns (7) and (10), the program will assume 100 percent ownership.

6. Indirectly Owned Alien Insurance Affiliates/Subsidiaries

For Indirectly Owned Alien Insurance Affiliates/Subsidiaries, the carrying value and RBC charge is calculated in a similar manner as for directly owned Alien Insurance Affiliates/Subsidiaries.

SSAP No. 97 provides guidance for the reporting and admittance requirements of SCAs. Accordingly, there may be cases where an indirectly owned Alien insurer may not be separately reported in the statutory financial statements (e.g., they are captured within the carrying value of an intermediate holding company). The SSAP No. 97 guidance permits reporting SCAs at the directly owned holding company level or via look-through to the downstream entity (including where the downstream entity is an Alien insurer), but an audit of the entity is required for admittance (i.e. if reporting is at the directly owned holding company level, the holding company must be audited, if the reporting is on a look-through basis then the downstream entity must be audited). Regardless of whether there is a look-through applied pursuant to Statutory Accounting Principles (SAP) for annual financial statement reporting, for RBC purposes the reporting insurer must "look-through" all intermediate holding and subsidiary companies to determine the carrying value and the RBC charge that would be imposed had the Alien insurance affiliate/subsidiary companies been directly held by the reporting insurer. This involves looking down to the first alien insurer affiliate/subsidiary, unless there is an RBC filer in between, and adjusting for percentage ownership of the intermediate entity directly owning the RBC filing affiliate/subsidiary. Both the RBC charge and carrying value of the alien insurer must be reported for RBC purposes, in order to appropriately balance the numerator with the addition to the denominator value. Enter the carrying value of the insurer on Line **XXX** of the Calculation of Total Adjusted Capital page to satisfy these instructions.

The carrying value of an alien insurance affiliate/subsidiary is deducted from the value of the directly held holding company or other entity that in turn directly owns the U.S. Insurance Affiliate/Subsidiary that is subject to RBC, based on the value reported for each insurance subsidiary on the downstream immediate holding company or non-insurance owner's balance sheet. That value is prescribed by the NAIC Accounting Practices and Procedures Manual (SSAP No. 97, paragraph 22.a.). A similar exercise is required for each RBC filing insurer and each non-U.S. insurer in order to determine the remaining excess value of the holding company.

The RBC charge to be applied to each indirectly owned alien insurance affiliate/subsidiary is the annual statement book adjusted carrying value of the reporting company's interest in the affiliate/subsidiary multiplied by 1.0 and adjusted to reflect the reporting company's ownership on the holding company. For example, assume NEWBIE Insurance Company acquired 100 percent shares of Holder (a holding company), and Holder owns an Alien Insurance Company, which represents 50 percent of the book adjusted carrying value of Holder. If Holder has a book adjusted carrying value of \$20,000,000, NEWBIE Insurance Company would enter \$10,000,000 (1/2 of \$20,000,000) as the carrying value of the Alien Insurance Company and the RBC charge for the indirect ownership of the alien insurance affiliate/subsidiary would be \$5,000,000 (0.500 times \$10,000,000). The risk-based capital charge for the parent insurer preparing the calculation is a 30 percent charge against the holding company value in excess of the indirectly owned insurance affiliates/subsidiaries.

If NEWBIE Insurance Company only acquired 50 percent shares of Holder, NEWBIE Insurance Company would enter \$5,000,000 (50 percent of 1/2 of \$20,000,000) as the carrying value of the Alien Insurance Company and the RBC charge for the indirect ownership of the Alien insurance affiliate/subsidiary would be \$5,000,000 (1.0 times \$5,000,000). Enter information for any indirectly owned alien insurance subsidiaries.

		XR002 Column				
		4	5	7	11	12
Affiliate/Subsidiary	Affiliate/Subsidiary Type	100% RBC	Book Adjusted Carrying Value	Total Value of Affiliate/Subsidiary	% Owned	RBC Required
Alien Insurance Company	Indirect Alien Life Affiliate/Subsidiary	5,000,000	10,000,000	20,000,000	50%	5,000,000

For each affiliate/subsidiary enter the following information:

- Company Name,
- Alien Insurer Identification Number,
- Book Adjusted carrying value of common and preferred stock,
- Total Outstanding value of common and preferred stock,
- Book/adjusted carrying value of the common and preferred stock from Schedule D, Part 6, Section 1, Line 1499999. If no value is reported in the Total Value of Affiliate's Common and preferred stock column.

7. Investment in Upstream Affiliate (Parent)

The risk-based capital (RBC) for an investment in an upstream parent is 30.0 percent of the book/adjusted carrying value of the common and preferred stock, regardless of whether that upstream parent is subject to RBC. Report the appropriate information from Schedule D, Part 6, Section 1, Lines 0199999 and 1099999 in Columns (1) through (10).

For each affiliate, enter the following information:

- Company Name,
- Affiliate Type Code,
- NAIC Company Code,
- Book Adjusted carrying value of common stock
- Book Adjusted carrying value of preferred stock,
- Total Outstanding value of common and preferred stock.

8. Directly Owned U.S. Insurance Affiliates/Subsidiaries Not Subject to RBC

- a. Health Insurance Companies and Health Entities Not Subject to RBC
- b. Property and Casualty Insurance Companies Not Subject to RBC, such as title insurers, monoline financial guaranty insurers, and monoline mortgage guarantee insurers
- c. Life Insurance Companies Not Subject to RBC, such as life insurance subsidiary exempted from RBC

The risk-based capital for insurers not subject to RBC is based on the underlying statute, regulation, or rule governing capital requirements for such entities. If not otherwise specified by statute regulation or rule, the risk-based capital for an investment in a U.S. insurer that is not required to file an RBC formula is 30 percent of the book/adjusted carrying value of the common and preferred stock.

9. Non-Insurance Affiliates/Subsidiaries Not Subject to RBC

- a. Financial entities with a capital requirement imposed by a regulatory body (e.g., a bank)
- b. Other financial entities without regulatory capital requirements
- c. Other non-financial entities

The risk-based capital for entity types a, b, and c is 30 percent of the book/adjusted carrying value of the common and preferred stock. The affiliate/subsidiary code for Non-Insurer Affiliates/Subsidiaries Not Subject to RBC is "9". Reported amounts use Schedule D, Part 6, Section 1, Line 0899999, and Line 1799999 as the basis of reporting.

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 9) by the percentage of ownership (found in Schedule D – Part 6 – Section 1, Column 12). For example:

<u>Subsidiary Insurance Company</u>	<u>Owner's Book / Adjusted Carrying Value</u>	<u>Percentage Ownership</u>	<u>Total Stock Outstanding</u>
Subsidiary #1	\$1,000,000	100%	\$1,000,000
Subsidiary #2	\$1,000,000	75%	\$1,333,333
Subsidiary #3	\$1,000,000	50%	\$2,000,000
Subsidiary #4	\$1,000,000	25%	\$4,000,000
Subsidiary #5	\$1,000,000	10%	\$10,000,000

AFFILIATED COMPANIES RISK – DETAILS
DETAILS FOR AFFILIATED STOCKS

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Name of Affiliate	Affil Type Code	NAIC Company Code or Alien ID Number	Affiliate's RBC after Covariance Before Basic Operational Risk XR025 Line (37) PR032 Line (67) LR031 Line (67) + (71)	Book/Adjusted Carrying Value (statement value) of Affiliate's Common Stock	Valuation Basis of Col (5) M - Market Value after any "discount" A - All Other	Total Value of Affiliate's Outstanding Common Stock	Total Statutory Surplus of Affiliate Subject to RBC (Adjusted for % Owned)	Book/Adjusted Carrying Value (statement value) of Affiliate's Preferred Stock	Total Value of Affiliate's Outstanding Preferred Stock	Percent Owned (Cols 5 + 9) / (Cols 7 + 10)	RBC Required (H0 Component)	Market Value Excess Component Affiliated Common Stock RBC Required (H1 Component)
(01)										100.000%		
(02)										100.000%		
(03)										100.000%		
(04)										100.000%		
(05)										100.000%		
(06)										100.000%		
(07)										100.000%		
(08)										100.000%		
(09)										100.000%		
(10)										100.000%		
(11)										100.000%		
(12)										100.000%		
(13)										100.000%		
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(45)										100.000%		
(46)										100.000%		
(47)										100.000%		
(48)										100.000%		
(49)										100.000%		
(50)										100.000%		
(9999999) Total	XXX	XXX	0	0	XXX	0	0	0	0	XXX	0	0

Remark: Subcategory 8a, 8b and 8c are referring to the directly owned insurance affiliates not subject to RBC look-through

Indirectly owned insurance affiliate not subject to RBC will be included Category 4

If Col (2) < 5 and Col (6) = F Do Calculation

Calculation

Col (12) = Min [Col (4) x Col (11), Col (8) x Col (11)]

If Col (5) + Col (9) > Max [Col (4) x Col (11), Col (8) x Col (11)] then

Col (13) = Max {[Col (5) + Col (9) - Col (8) x Col (11)] x .225, [Col (4) - Col (8)] x Col (11)}

If Col (4) x Col (11) > Col (5) + Col (9) > Col (8) x Col (11) then

Col (13) = Col (5) + Col (9) - Col (8) x Col (11)

Otherwise

Col (13) = 0

Col (12) and (13) cannot be less than 0

SUBSIDIARY, CONTROLLED AND AFFILIATED INVESTMENTS

~~AFFILIATED COMPANIES RISK~~

Type of Affiliate		Associate Type	Type Code	Basis	(1) Number of Companies	(2) Total RBC Required
(1)	Directly Owned Health Insurance Companies or Health Entities		1a	Affiliate's RBC* Sub's RBC After Covariance	0	\$0
(2)	Directly Owned Property and Casualty Insurance Affiliates		1b	Affiliate's RBC* Sub's RBC After Covariance	0	\$0
(3)	Directly Owned Life Insurance Affiliates		1c	Affiliate's RBC* Sub's RBC After Covariance	0	\$0
(4)	Indirectly Owned Health Insurance Companies or Health Entities		2a	Affiliate's RBC* Sub's RBC After Covariance	0	\$0
(5)	Indirectly Owned Property and Casualty Insurance Affiliates		2b	Sub's RBC After Covariance	0	\$0
(6)	Indirectly Owned Life Insurance Affiliates		2c	Sub's RBC After Covariance	0	\$0
(7)	Holding Company in Excess of Indirect Subs		3	0.300	0	\$0
(8)	Investment Subsidiary		4	0.300	0	\$0
(9)	Directly Owned Alien Health Insurance Companies or Health Entities		5a	1.000	0	\$0
(10)	Directly Owned Alien Property and Casualty Insurance Affiliates		5b	1.000	0	\$0
(11)	Directly Owned Alien Life Insurance Affiliates		5c	1.000	0	\$0
(12)	Indirectly Owned Alien Health Insurance Companies or Health Entities		6a	1.000	0	\$0
(13)	Indirectly Owned Alien Property and Casualty Insurance Affiliates		6b	1.000	0	\$0
(14)	Indirectly Owned Alien Life Insurance Affiliates		6c	1.000	0	\$0
(15)	Investment in Upstream Affiliate (Parent)		7	0.300	0	\$0
(16)	Directly Owned Health Insurance Companies or Health Entities Not Subject to RBC		8a	0.300	0	\$0
(17)	Directly Owned Property and Casualty Insurance Companies Not Subject to RBC		8b	0.300	0	\$0
(18)	Directly Owned Life Insurance Companies Not Subject to RBC		8c	0.300	0	\$0
(19)	Non-Insurance Entities with a Capital Requirement Imposed by a Regulatory Body		9a	0.300	0	\$0
(20)	Non-Insurance Other Financial Entities without Regulatory Capital Requirements		9b	0.300	0	\$0
(21)	Other Non-financial Entities		9c	0.300	0	\$0
(22)	Total				0	\$0

~~CROSSCHECKING FOR AFFILIATED INVESTMENTS~~

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

Affiliated Preferred Stock			(1)	(2)	(3)
Schedule D Part 6 Section 1 C7		Annual Statement	<u>Total</u>	<u>Total From RBC</u>	
		Line Number	<u>Preferred Stock</u>	<u>Report</u>	<u>Difference</u>
(1)	Parent	0199999	0		0
(2)	U.S. P&C Insurer	0299999	0		0
(3)	U.S. Life Insurer	0399999	0		0
(4)	U.S. Health Insurer	0499999	0		0
(5)	Alien Insurer	0599999	0		0
(6)	Non-Insurer Which Controls Insurer	0699999	0		0
(7)	Investment Subsidiary	0799999	0		0
(8)	Other Affiliates	0899999	0		0
(9)	Subtotal	0999999	0	0	0

Affiliated Common Stock			(1)	(2)	(3)
Schedule D Part 6 Section 1 C7		Annual Statement	<u>Total</u>	<u>Total From RBC</u>	
		Line Number	<u>Common Stock</u>	<u>Report</u>	<u>Difference</u>
(10)	Parent	1099999			0
(11)	U.S. P&C Insurer	1199999			0
(12)	U.S. Life Insurer	1299999			0
(13)	U.S. Health Insurer	1399999			0
(14)	Alien Insurer	1499999			0
(15)	Non-Insurer Which Controls Insurer	1599999			0
(16)	Investment Subsidiary	1699999			0
(17)	Other Affiliates	1799999			0
(18)	Subtotal	1899999	0	0	0

EQUITY ASSETS

	<u>Annual Statement Source</u>	(1) <u>Bk/Adj Carrying Value</u>	<u>Factor</u>	(2) <u>RBC Requirement</u>
PREFERRED STOCK - UNAFFILIATED				
(1) NAIC 01 Preferred Stock	Included in Schedule D, Part 2, Section 1		0.003	\$0
(2) NAIC 02 Preferred Stock	Included in Schedule D, Part 2, Section 1		0.010	\$0
(3) NAIC 03 Preferred Stock	Included in Schedule D, Part 2, Section 1		0.020	\$0
(4) NAIC 04 Preferred Stock	Included in Schedule D, Part 2, Section 1		0.045	\$0
(5) NAIC 05 Preferred Stock	Included in Schedule D, Part 2, Section 1		0.100	\$0
(6) NAIC 06 Preferred Stock	Included in Schedule D, Part 2, Section 1		0.300	\$0
(7) Total - Unaffiliated Preferred Stock	Sum of Lines (1) through (6)	\$0		\$0
(Should equal Page 2, Column 3, Line 2.1 less Sch D Sum, Column 1, Line 18)				
COMMON STOCK - UNAFFILIATED				
(8) Federal Home Loan Bank Stock	Company Records		0.023	\$0
(9) Total Common Stock	Schedule D, Summary, Column 1, Line 25			
(10) Affiliated Common Stock	Schedule D, Summary, Column 1, Line 24			
(11) Other Unaffiliated Common Stock	Lines (9) - (8) - (10)	\$0	0.150	\$0
(12) Market Value Excess Affiliated Common Stock	XR002 C(13) L(9999999)			\$0
(13) Total Unaffiliated Common Stock	Lines (8) + (11) + (12)	\$0		\$0

CALCULATION OF TOTAL RISK-BASED CAPITAL AFTER COVARIANCE

(1)
RBC Amount

H0 - INSURANCE AFFILIATES AND MISC. OTHER AMOUNTS

(1)	Off-Balance Sheet Items	XR005, Off-Balance Sheet Page, Line (21)	\$0
(2)	Directly Owned Health Insurance Companies or Health Entities	XR003, Affiliates Page, Column (2), Line (1)	\$0
(3)	Directly Owned Property and Casualty Insurance Affiliates	XR003, Affiliates Page, Column (2), Line (2)	\$0
(4)	Directly Owned Life Insurance Affiliates	XR003, Affiliates Page, Column (2), Line (3)	\$0
(5)	Indirectly Owned Health Insurance Companies or Health Entities	XR003, Affiliates Page, Column (2), Line (4)	\$0
(6)	Indirectly Owned Property and Casualty Insurance Affiliates	XR003, Affiliates Page, Column (2), Line (5)	\$0
(7)	Indirectly Owned Life Insurance Affiliates	XR003, Affiliates Page, Column (2), Line (6)	\$0
(8)	Affiliated Alien Insurers - Directly Owned	XR003, Affiliates Page, Column 2, Line (9) + (10) + (11)	\$0
(9)	Affiliated Alien Insurers - Indirectly Owned	XR003, Affiliates Page, Column 2, Line (12) + (13) + (14)	\$0
(10)	Total H0	Sum Lines (1) through (9)	\$0

H1 - ASSET RISK - OTHER

(11)	Investment Affiliates	XR003, Affiliates Page, Line (5)	\$0
(12)	Holding Company Excess of Subsidiaries	XR003, Affiliates Page, Line (6)	\$0
(13)	Investment in Parent	XR003, Affiliates Page, Line (9)	\$0
(14)	Other Affiliates	XR003, Affiliates Page, Line (10)	\$0
(15)	Fair Value Excess Affiliate Common Stock	XR003, Affiliates Page, Line (11)	\$0
(11)	Holding Company in Excess of Indirect Subs	XR003, Affiliates Page, Column (2), Line (7)	\$0
(12)	Investment Subsidiary	XR003, Affiliates Page, Column (2), Line (8)	\$0
(13)	Investment in Upstream Affiliate (Parent)	XR003, Affiliates Page, Column (2), Line (15)	\$0
(14)	Directly Owned Health Insurance Companies or Health Entities Not Subject to RBC	XR003, Affiliates Page, Column (2), Line (16)	\$0
(15)	Directly Owned Property and Casualty Insurance Companies Not Subject to RBC	XR003, Affiliates Page, Column (2), Line (17)	\$0
(16)	Directly Owned Life Insurance Companies Not Subject to RBC	XR003, Affiliates Page, Column (2), Line (18)	\$0
(17)	Affiliated Non-Insurer	XR003, Affiliates Page, Column 2, Line (19) + (20) + (21)	\$0
(18)	Fixed Income Assets	XR006, Off-Balance Sheet Collateral, Lines (27) + (37) + (38) + (39) + XR008, Fixed Income Assets Page Line (51)	\$0
(19)	Replication & Mandatory Convertible Securities	XR009, Replication/MCS Page, Line (9999999)	\$0
(20)	Unaffiliated Preferred Stock	XR006, Off-Balance Sheet Collateral, Line (34) + XR010, Equity Assets Page, Line (7)	\$0
(21)	Unaffiliated Common Stock	XR006, Off-Balance Sheet Collateral, Line (35) + XR010, Equity Assets Page, Line (13)	\$0
(22)	Property & Equipment	XR006, Off-Balance Sheet Collateral, Line (36) + XR011, Prop/Equip Assets Page, Line (9)	\$0
(23)	Asset Concentration	XR012, Grand Total Asset Concentration Page, Line (27)	\$0
(24)	Total H1	Sum Lines (11) through (23)	\$0

H2 - UNDERWRITING RISK

(25)	Net Underwriting Risk	XR013, Underwriting Risk Page, Line (21)	\$0
(26)	Other Underwriting Risk	XR015, Underwriting Risk Page, Line (25.3)	\$0
(27)	Disability Income	XR015, Underwriting Risk Page, Lines (26.3) + (27.3) + (28.3) + (29.3) + (30.6) + (31.3) + (32.3)	\$0
(28)	Long-Term Care	XR016, Underwriting Risk Page, Line (41)	\$0
(29)	Limited Benefit Plans	XR017, Underwriting Risk Page, Lines (42.2) + (43.6) + (44)	\$0
(30)	Premium Stabilization Reserve	XR017, Underwriting Risk Page, Line (45)	\$0
(31)	Total H2	Sum Lines (25) through (30)	\$0

CALCULATION OF TOTAL RISK-BASED CAPITAL AFTER COVARIANCE

(1)
RBC Amount

H3 - CREDIT RISK

(32)	Total Reinsurance RBC	XR020, Credit Risk Page, Line (17)	\$0
(33)	Intermediaries Credit Risk RBC	XR020, Credit Risk Page, Line (24)	\$0
(34)	Total Other Receivables RBC	XR021, Credit Risk Page, Line (30)	\$0
(35)	Total H3	Sum Lines (32) through (34)	\$0

H4 - BUSINESS RISK

(36)	Administrative Expense RBC	XR022, Business Risk Page, Line (7)	\$0
(37)	Non-Underwritten and Limited Risk Business RBC	XR022, Business Risk Page, Line (11)	\$0
(38)	Premiums Subject to Guaranty Fund Assessments	XR022, Business Risk Page, Line (12)	\$0
(39)	Excessive Growth RBC	XR022, Business Risk Page, Line (19)	\$0
(40)	Total H4	Sum Lines (36) through (39)	\$0
(41)	RBC after Covariance Before Basic Operational Risk	$H0 + \text{Square Root of } (H1^2 + H2^2 + H3^2 + H4^2)$	\$0
(42)	Basic Operational Risk	0.030 x Line (41)	\$0
(43)	C-4a of U.S. Life Insurance Subsidiaries	Company Records	
(44)	Net Basic Operational Risk	Line (42) - (43) (Not less than zero)	\$0
(45)	RBC After Covariance Including Basic Operational Risk	Lines (41) + (44)	\$0
(46)	Authorized Control Level RBC	.50 x Line (45)	\$0

CALCULATION OF TOTAL ADJUSTED CAPITAL

	<u>Annual Statement Source</u>	<u>(1)</u> <u>Amount</u>	<u>Factor</u>	<u>(2)</u> <u>Adjusted Capital</u>
Company Amounts				
(1) Capital and Surplus	Page 3, Column 3, Line 33		1.000	\$0
Subsidiary Adjustments				
(2) AVR - Life Subs	Affiliate's Statement §		1.000	\$0
(3) Dividend Liability - Life Subsidiaries	Affiliate's Statement		0.500	\$0
(4) Tabular Discounts - P&C Subsidiaries	Affiliate's Statement		-1.000	\$0
(5) Non-Tabular Discounts - P&C Subsidiaries	Affiliate's Statement		-1.000	\$0
(6) Carrying Value of Non-Admitted Insurance Affiliates	Included in XR002 Column 5 and Column 9	0	1.000	\$0
(7) Total Adjusted Capital, Post-Deferred Tax				\$0
SENSITIVITY TEST:				
(8) DTA Value for Company	Page 2, Column 3, Line 18.2		1.000	\$0
(9) DTL Value for Company	Page 3, Column 3, Line 10.2		1.000	\$0
(10) DTA Value for Insurance Subsidiaries	Company Records		1.000	\$0
(11) DTL Value for Insurance Subsidiaries	Company Records		1.000	\$0
(12) Total Adjusted Capital, Pre-Deferred Tax (Sensitivity)	Lines (7) - (8) + (9) - (10) + (11)			\$0
Ex DTA ACL RBC Ratio Sensitivity Test				
(13) Deferred Tax Asset	Page 2 Column 3, Line 18.2		1.000	\$0
(14) Total Adjusted Capital Less Deferred Tax Asset	Lines (7) less (13)			\$0
(15) Authorized Control Level RBC	XR027 Comparison of Total Adjusted Capital to Risk-Based Capital Line (4)			\$0
(16) Ex DTA ACL RBC Ratio	Line (14)/(15)			0.000%

§ The portion of the AVR that can be counted as capital is limited to the amount not utilized in asset adequacy testing in support of the Actuarial Opinion for reserves.

AFFILIATED/SUBSIDIARY STOCKS
LR042 – LR044

There are ten categories of affiliated/subsidiary investments that are subject to Risk-Based Capital requirements for common stock and preferred stock holdings. Those ten categories are:

1. Directly Owned U.S. Insurance Affiliates/Subsidiaries Subject to a Risk-Based Capital (RBC)-Look-Through Calculation
 - a. Health Insurance Company or Health Entity
 - b. Property and Casualty Insurance Company
 - c. Life Insurance Company
2. Indirectly Owned U.S. Insurance Affiliates/Subsidiaries Subject to RBC-Look-Through Calculation
 - a. Health Insurance Company or Health Entity
 - b. Property and Casualty Insurance Company
 - c. Life Insurance Company
3. Holding Company Value in Excess of Indirectly Owned Insurance Affiliates/Subsidiaries
4. Investment Subsidiaries
5. Directly Owned Alien Insurance Affiliates/Subsidiaries
 - a. Health Insurance Company or Health Entity
 - b. Property and Casualty Insurance Company
 - c. Life Insurance Company
6. Indirectly Owned Alien Insurance Affiliates/Subsidiaries
 - a. Health Insurance Company or Health Entity
 - b. Property and Casualty Insurance Company
 - c. Life Insurance Company
7. Investments in Upstream Affiliate (Parent)
8. Directly Owned U.S. Insurance Affiliates/Subsidiaries Not Subject to RBC
 - a. Health Insurance Companies and Health Entities Not Subject to RBC
 - b. Property and Casualty Insurance Companies Not Subject to RBC
 - c. Life Insurance Companies Not Subject to RBC
9. Non-Insurance Affiliates/Subsidiaries Not Subject to RBC
 - a. Entities with a capital requirement imposed by a regulatory body
 - b. Other Financial Entities without regulatory capital requirements
 - c. Non-financial entities
10. Publicly Traded Insurance Affiliates/Subsidiaries Held at Market Value

Enter applicable items for each affiliate/subsidiary in the Details for Affiliated/Subsidiary Stocks worksheet. The program will automatically calculate the risk-based capital charge for each affiliate/subsidiary. When the data is uploaded to the NAIC database, it will be cross-checked and the company will be required to correct any discrepancies and refile a corrected version with the NAIC and/or any state that requires the company to file RBC with its department. The RBC report will display the number of affiliates/subsidiaries. These numbers should be reviewed to ensure that all affiliates/subsidiaries are appropriately reported.

The total of all reported affiliate/subsidiary stock should equal the amounts reported on Schedule D, Part 2, Section 1, Line 4409999999 plus Schedule D, Part 2, Section 2, Line 5979999999 and should also equal Schedule D, Part 6, Section 1, Line 09999999 plus Line 18999999.

Affiliated/Subsidiary investments fall into two broad categories: (A) Insurance Affiliates/Subsidiaries that are Subject to risk-based capital; and (B) Affiliates/Subsidiaries that are Not Subject to risk-based capital. The risk-based capital for these two broad groups differs. Investment subsidiaries are a subset of category A in that they are subject to a risk-based capital charge that includes the life RBC risk factors applied only to the investments held by the investment subsidiary for its parent insurer. Publicly traded insurance affiliates/subsidiaries held at market value have characteristics of both broader categories. As a result, there is a two-part RBC calculation. The general treatment for each is explained below.

Directly owned insurance and health entity affiliates/subsidiaries are affiliates/subsidiaries in which the reporting company owns the stock of the affiliate/subsidiary. Indirectly owned insurance affiliates/subsidiaries and health entities are those where the reporting company owns stock in a holding company, which in turn owns the stock of the insurance affiliate/subsidiary or health entity. Note that there could be multiple holding companies that control the downstream insurance company.

Enter the book/adjusted carrying value of: the common stock in Column (5), the preferred stock in Column (7), the total outstanding common stock in Column (6) and the total outstanding preferred stock of that affiliate/subsidiary in Column (10) of the appropriate worksheet. The percentage of ownership is calculated by summing the book/adjusted carrying values of the owned preferred stock and common stock and dividing that amount by the sum of all outstanding preferred and common stock.

Insurance Affiliate/Subsidiaries that are Subject to RBC

1. Directly Owned U.S. Affiliates/Subsidiaries:

The risk-based capital requirement for the reporting company for those insurance affiliates/subsidiaries that are subject to a risk-based capital requirement is based on the Total Risk-Based Capital After Covariance of the affiliate/subsidiary, prorated for the percent of ownership of that affiliate/subsidiary.

For purposes of Subsidiary Risk all references to Total Risk-Based Capital After Covariance of the affiliate/subsidiary means:

- a. For a Health affiliate/subsidiary RBC filing, Total Risk-Based Capital After Covariance before Basic Operational Risk (XR024, Line (37));
- b. For a P/C affiliate/subsidiary RBC filing, Total Risk-Based Capital After Covariance before Basic Operational Risk (PR032, Line (68)); and
- c. For a Life affiliate/subsidiary RBC filing, the sum of
 - (a) Total Risk-Based Capital After Covariance before Basic Operational Risk (LR031, Line (67)); and
 - (b) Primary Security shortfalls for all cessions covered by Actuarial Guideline XLVIII (AG 48) multiplied by two (LR031, Line (71)).

For RBC purposes, the reporting insurer must determine the carrying value and the RBC requirement of directly owned RBC filing affiliate/subsidiary company, even if the RBC filing affiliate/subsidiary is non-admitted. The value reported in annual statement Schedule D, Part 6, Section 1 should be used for RBC purposes. In addition to RBC, the carrying value of the RBC filer must be reported in total adjusted carrying value for RBC purposes, in order to appropriately balance the numerator with the addition of the denominator value. Enter the carrying value of the insurer on **Line XXX** of the Calculation of Total Adjusted Capital page to satisfy these instructions.

Equity method Insurance Affiliates/Subsidiaries: Equity method is defined in SSAP No. 97, Paragraph 8b. as the underlying audited statutory equity of the respective entity's financial statements, adjusted for any unamortized goodwill as provided for in SSAP No. 68—Business Combinations and Goodwill. For those insurance Affiliates/Subsidiaries of the reporting company that are reported under the equity method, the C₀ charge of the ownership of the common and preferred stock in these Affiliates/Subsidiaries is limited to the lesser of:

- (a) the Total RBC After Covariance of the affiliate/subsidiary times the percentage of ownership, which is the total of common stock and preferred stock; or
- (b) the common and preferred stock book/adjusted carrying value at which the affiliate/subsidiary is carried.

Market Value (including discounted market value) Insurance Affiliates/Subsidiaries (See SSAP No. 97, Paragraph 8a.): See 10 below.

2. Indirectly Owned U.S. Insurance Affiliates/Subsidiaries

For Indirectly Owned U.S. Insurance Affiliates/Subsidiaries, the carrying value and RBC is calculated in the same manner as for directly owned U.S. Insurance Affiliates/Subsidiaries. The RBC for the indirect affiliates/subsidiaries must be calculated prior to completing this RBC report.

SSAP No. 97 provides guidance for the reporting and admittance requirements of SCAs. Accordingly, there may be cases where an indirectly owned RBC filer may not be separately reported in the statutory financial statements (e.g., they are captured within the carrying value of an intermediate holding company). The SSAP No. 97 guidance permits reporting SCAs at the directly owned holding company level or via look-through to the downstream entity (including where the downstream entity is an RBC filer), but an audit of the entity is required for admittance (i.e. if reporting is at the directly owned holding company level, the holding company must be audited, if the reporting is on a look-through basis then the downstream entity must be audited). Regardless of whether there is a look-through applied pursuant to Statutory Accounting Principles (SAP) for annual financial statement reporting, for RBC purposes the reporting insurer must "look-through" all intermediate holding and subsidiary companies to determine the carrying value and the RBC requirement of indirectly owned RBC filing affiliate/subsidiary company. This involves drilling down to the first RBC filing insurance affiliate/subsidiary and adjusting for percentage ownership of the intermediate entity directly owning the RBC filing affiliate/subsidiary. Both RBC and carrying value of the RBC filer must be reported for RBC purposes, in order to appropriately balance the numerator with the addition to the denominator value. Enter the carrying value of the insurer on Line XXX of the Calculation of Total Adjusted Capital page to satisfy these instructions.

The carrying value for each indirect insurance affiliate/subsidiary is established based on company records using the statutory value of the insurer as reported in the NAIC annual financial statement blank submitted by the affiliate/subsidiary or market value when applicable, and the RBC requirement as determined in its RBC Report adjusted for the ownership percentages (both the percentage of the indirectly owned RBC filing affiliate/subsidiary that is owned by the directly held downstream holding company and the reporting insurer's ownership percentage in that downstream entity). The value reported by the downstream holding company for the U.S. RBC filing insurer is the same as the statutory value established for the insurer on a look-through basis.

3. Holding Company Value in Excess of Indirectly Owned Insurance Affiliates/Subsidiaries :

The carrying value of a U.S. Insurance Affiliate/Subsidiary that is subject to RBC is deducted from the value of the directly held holding company or other entity that in turn directly owns the U.S. Insurance Affiliate/Subsidiary that is subject to RBC, based on the value reported for each insurance affiliate/subsidiary on the downstream immediate holding company or non-insurance owner's balance sheet. That value is prescribed by the NAIC Accounting Practices and Procedures Manual (SSAP No. 97, paragraph 22.a.). A similar exercise is required for each RBC filing insurer and each non-U.S. insurer in order to determine the remaining excess value of the holding company.

The remaining value of the directly held holding company is then subject to a charge that is calculated in accordance with the instructions for Holding Company Value in Excess of Indirectly Owned Insurance Affiliates/Subsidiaries as specified in the RBC formula. If the holding company is not admitted, report the excess carrying value as zero and the

corresponding RBC charge will also be zero. If a negative excess value for the downstream holding company results from removing the value of U.S. RBC filing insurers from the downstream holding company's reported value, then the value of that holding company will be floored at zero and the corresponding RBC charge will also be zero.

The following hypothetical Balance Sheet indicates the view of a Holding Company - Holder, Inc. which is 100% owned by MEGA Life Insurance Company (it assumes that the value reported by the downstream holding company for the U.S. RBC filing insurer is the same as the statutory value established for the insurer on a look-through basis):

Balance Sheet				
Holder, Inc.				
12/31/XXXX				
Cm Stk:	ABC Life Company	10,000,000	Long Term Debt	5,000,000
	XYZ Casualty Company	15,000,000	Other Liabilities	2,000,000
	ANH Health Company	3,000,000		
	Other Common Stock	17,000,000	Total Liabilities	7,000,000
	Cash	7,000,000		
	Other Assets	5,000,000	Equity	50,000,000
	Total Assets	57,000,000	Total Liabilities & Equity	57,000,000

The RBC calculation for Holder, Inc.'s value in excess of the indirectly owned insurance affiliates is as follows:

<u>Company</u>	<u>Stat. Book value</u>	<u>Source:</u>
Holder, Inc.	50,000,000	MEGA Life Sch D - Part 6, Section 1
<i>Holder, Inc. aff/subs subject to RBC</i>		
ABC Life Company	10,000,000	Holder, Inc. Stat. balance sheet
XYZ Casualty Company	15,000,000	Holder, Inc. Stat. balance sheet
ANH Health Company	<u>3,000,000</u>	Holder, Inc. Stat. balance sheet
Subtotal	28,000,000	
Holder, Inc. excl. RBC aff/subs	22,000,000	<i>(amount subject to the 30.0% factor for Holding Company Value in Excess of Indirectly Owned Insurance Affiliates/Subsidiaries)</i>

The following table shows the LR044 entries that MEGA Life Insurance Company (which owns 100% owns of Holder, Inc.) would report for the indirectly owned insurance subsidiaries under Holder, Inc. This table assumes that Holder, Inc. owns 40%, 50% and 25% of ABC Life, XYZ Casualty, and ANH Health, respectively. The table also assumes that the RBC values shown for these subsidiaries at the 100% level are the correct RBC After Covariance but Before Operational Risk.

		LR044 Column				
		4	5	6	9	10
Affiliates/Subsidiaries	Affiliates/Subsidiaries Type	100% RBC	Book Adjusted Carrying Value	Total Value of Affiliates/Subsidiaries	% Owned	RBC Required
ABC Life Company	Indirect U.S. Life Aff/Sub	5,000,000	10,000,000	25,000,000	40%	2,000,000
XYZ Casualty Company	Indirect U.S. P&C Aff/Sub	12,000,000	15,000,000	30,000,000	50%	6,000,000
ANH Health Company	Indirect U.S. Health Aff/Sub	6,000,000	3,000,000	12,000,000	25%	1,500,000

The risk-based capital charge for the parent insurer preparing the calculation is a 30.0 percent charge against the holding company value in excess of the indirectly owned insurance affiliates/subsidiaries as calculated in the prior example. Enter information in the appropriate columns of the worksheet, omitting those columns that do not apply (Column (3) – NAIC Company Code or Alien ID Number and Column (4) Affiliate’s RBC After Covariance).

4. Investment Subsidiaries

An investment subsidiary is a subsidiary that exists only to invest the funds of the parent company. The term “investment subsidiary” is defined in the NAIC’s *Annual Statement Instructions* as any subsidiary, other than a holding company, engaged or organized primarily to engage in the ownership and management of investments for the insurer. An investment subsidiary shall not include any broker-dealer or a money management fund managing funds other than those of the parent company. The risk-based capital charge for the ownership of an investment subsidiary is based on the risk-based capital of the underlying assets, pro-rated for the degree of ownership. The basis for this calculation is the assumption that the charge should be the same as it would be if the life insurer held the assets directly.

Report information regarding any investment subsidiaries. Subsidiaries reported in this section will be assigned an affiliate code of “4” for investment subsidiaries. The amount of reported common stock should be the same as Schedule D, Part 6, Section 1, Line 1699999. Preferred stock information should be the same as Schedule D, Part 6, Section 1, Line 0799999.

Affiliates/Subsidiaries that are Not Subject to RBC

5. Directly Owned Alien Insurance Affiliates/Subsidiaries

For purposes of this formula, the risk-based capital of each alien insurance affiliate/subsidiary is zero. Report information for any non-U.S. insurance affiliate/subsidiary, both life and property and casualty.

For each affiliate/subsidiary, report the name and alien insurer identification number. For purposes of this formula, the statement value of common and preferred stock and the total outstanding value of common and preferred stock for alien insurance affiliates/subsidiaries should be entered as zero. Companies reported in this section will be assigned an affiliate/subsidiary code of “5” for alien insurers.

For each affiliate/subsidiary, enter the following information:

- Company Name,
- Alien Insurer Identification Number,

- Book Adjusted carrying value of common and preferred stock,
- Total Outstanding value of common and preferred stock,
- Book/adjusted carrying value of the common and preferred stock from Schedule D, Part 6, Section 1, Line 1499999. If no value is reported in the Total Value of Affiliate's/Subsidiary's common and preferred stock columns (6) and (8), the program will assume 100 percent ownership.

6. Indirectly Owned Alien Insurance Affiliates/Subsidiaries

Consistent with the treatment of Directly Owned Alien Insurance Subsidiaries / Affiliates, for purposes of this formula, the carrying value and risk-based capital charge of each alien insurance affiliate is zero.

For each affiliate/Subsidiary enter the following information:

- Company Name,
- Alien Insurer Identification Number,
- Book Adjusted carrying value of common and preferred stock,
- Total Outstanding value of common and preferred stock,
- Book/adjusted carrying value of the common and preferred stock from Schedule D, Part 6, Section 1, Lines 1499999 and 0599999. If no value is reported in the Total Value of Affiliate's/Subsidiary's Common and preferred stock columns (6) and (8), the program will assume 100 percent ownership.

7. Investment in Upstream Affiliate (Parent)

The pre-tax Risk-Based Capital (RBC) for an investment in an upstream parent is 30.0 percent of the book/adjusted carrying value of the common and preferred stock, regardless of whether that upstream parent is subject to RBC. Report the appropriate information from Schedule D, Part 6, Section 1, Lines 0199999 and 1099999 in Columns (1) through (6).

For each affiliate, enter the following information:

- Company Name,
- Affiliate Type,
- NAIC Company Code,
- Book Adjusted carrying value of common and preferred stock,
- Total Outstanding value of common and preferred stock.

8. Directly Owned U.S. Insurance Affiliates/Subsidiaries Not Subject to RBC

- Health Insurance Companies and Health Entities Not Subject to RBC
- Property and Casualty Insurance Companies Not Subject to RBC, such as title insurers, monoline financial guaranty insurers, and monoline mortgage guarantee insurers
- Life Insurance Companies Not Subject to RBC, such as life insurance affiliate/subsidiary exempted from RBC

The risk-based capital for insurers not subject to RBC is based on the underlying statute, regulation, or rule governing capital requirements for such entities. If not otherwise specified by statute, regulation or rule, the risk-based capital for an investment in a U.S. insurer that is not required to file an RBC formula Investment is 0.300 times the book/adjusted carrying value of the common and preferred stock.

9. Non-Insurance Affiliates/Subsidiaries Not Subject to RBC

- a. Financial entities with a capital requirement imposed by a regulatory body (e.g. a bank)
- b. Other financial entities without regulatory capital requirements
- c. Other Non-financial entities

The risk-based capital for entity types a, b, and c. is 0.300 times the book/adjusted carrying value of the common and preferred stock. The affiliate/subsidiary code for Non-Insurance Affiliates/Subsidiaries Not Subject to RBC is "9." Reported amounts use Schedule D, part 6, Schedule 1, Line 0899999, and Line 1799999 as the basis of reporting.

10. Publicly Traded Insurance Affiliates/Subsidiaries Held at Market Value

The risk-based capital for a publicly traded insurance affiliate/subsidiary held at market value after any "discount," is calculated in two parts. First, calculate and report the risk-based capital of the affiliate/subsidiary according to the relevant instructions above for Insurance Affiliates/Subsidiaries that are Subject to a RBC-look-through Calculation. Second, calculate the additional risk-based capital charge as 34.6 percent pre-tax of any excess of the market (statement) value over the book value of the affiliate/subsidiary. The result of the second calculation will be added to the C-10 component.

Report information regarding any publicly traded insurance affiliate/subsidiary held at market value. The reported market value of common stock should be the same as shown Schedule D, Part 2, Section 2, Column 8, Line 591999999 plus Line 592999999. The market value of preferred stock should be the same as shown in Schedule D, Part 2, Section 1, Column 10, line 431999999 plus 432999999. The reported book value of common stock should be the same as shown in Schedule D, Part 2, Section 2, Column 6, Line 591999999 plus Line 592999999. The reported book value of preferred stock should be the same as Schedule D, Part 2, Section 1, Column 8, Line 431999999 plus 432999999.

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 9) by the percentage of ownership (found in Schedule D – Part 6 – Section 1, Column 12). For example:

<u>Subsidiary Insurance Company</u>	<u>Owner's Book / Adjusted Carrying Value</u>	<u>Percentage Ownership</u>	<u>Total Stock Outstanding</u>
Subsidiary #1	\$1,000,000	100%	\$1,000,000
Subsidiary #2	\$1,000,000	75%	\$1,333,333
Subsidiary #3	\$1,000,000	50%	\$2,000,000
Subsidiary #4	\$1,000,000	25%	\$4,000,000
Subsidiary #5	\$1,000,000	10%	\$10,000,000

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	Source	(1) RBC Amount	Tax Factor	(2) RBC Tax Effect
<u>ASSET RISKS</u>				
<u>Bonds</u>				
(001) Long-term Bonds – NAIC 1	LR002 Bonds Column (2) Line (2.8) + LR018 Off-Balance Sheet Collateral Column (3) Line (2.8)	_____	X 0.1680	= _____
(002) Long-term Bonds – NAIC 2	LR002 Bonds Column (2) Line (3.4) + LR018 Off-Balance Sheet Collateral Column (3) Line (3.4)	_____	X 0.1680	= _____
(003) Long-term Bonds – NAIC 3	LR002 Bonds Column (2) Line (4.4) + LR018 Off-Balance Sheet Collateral Column (3) Line (4.4)	_____	X 0.1680	= _____
(004) Long-term Bonds – NAIC 4	LR002 Bonds Column (2) Line (5.4) + LR018 Off-Balance Sheet Collateral Column (3) Line (5.4)	_____	X 0.1680	= _____
(005) Long-term Bonds – NAIC 5	LR002 Bonds Column (2) Line (6.4) + LR018 Off-Balance Sheet Collateral Column (3) Line (6.4)	_____	X 0.1680	= _____
(006) Long-term Bonds – NAIC 6	LR002 Bonds Column (2) Line (7) + LR018 Off-Balance Sheet Collateral Column (3) Line (7)	_____	X 0.2100	= _____
(007) Short-term Bonds – NAIC 1	LR002 Bonds Column (2) Line (10.8)	_____	X 0.1680	= _____
(008) Short-term Bonds – NAIC 2	LR002 Bonds Column (2) Line (11.4)	_____	X 0.1680	= _____
(009) Short-term Bonds – NAIC 3	LR002 Bonds Column (2) Line (12.4)	_____	X 0.1680	= _____
(010) Short-term Bonds – NAIC 4	LR002 Bonds Column (2) Line (13.4)	_____	X 0.1680	= _____
(011) Short-term Bonds – NAIC 5	LR002 Bonds Column (2) Line (14.4)	_____	X 0.1680	= _____
(012) Short-term Bonds – NAIC 6	LR002 Bonds Column (2) Line (15)	_____	X 0.2100	= _____
(013) Credit for Hedging - NAIC 1 Through 5 Bonds	LR014 Hedged Asset Bond Schedule Column (13) Line (0199999)	_____	X 0.1680	= _____ †
(014) Credit for Hedging - NAIC 6 Bonds	LR014 Hedged Asset Bond Schedule Column (13) Line (0299999)	_____	X 0.2100	= _____ †
(015) Bond Reduction - Reinsurance	LR002 Bonds Column (2) Line (19)	_____	X 0.2100	= _____
(016) Bond Increase - Reinsurance	LR002 Bonds Column (2) Line (20)	_____	X 0.2100	= _____
(017) Non-Exempt NAIC 1 U.S. Government Agency	LR002 Bonds Column (2) Line (22)	_____	X 0.1680	= _____
(018) Bonds Size Factor	LR002 Bonds Column (2) Line (26) - LR002 Bonds Column (2) Line (21)	_____	X 0.1680	= _____
<u>Mortgages</u>				
<u>In Good Standing</u>				
(019) Residential Mortgages - Insured	LR004 Mortgages Column (6) Line (1)	_____	X 0.1575	= _____
(020) Residential Mortgages - Other	LR004 Mortgages Column (6) Line (2)	_____	X 0.1575	= _____
(021) Commercial Mortgages - Insured	LR004 Mortgages Column (6) Line (3)	_____	X 0.1575	= _____
(022) Total Commercial Mortgages - All Other	LR004 Mortgages Column (6) Line (9)	_____	X 0.1575	= _____
(023) Total Farm Mortgages <u>90 Days Overdue</u>	LR004 Mortgages Column (6) Line (15)	_____	X 0.1575	= _____
(024) Farm Mortgages	LR004 Mortgages Column (6) Line (16)	_____	X 0.1575	= _____
(025) Residential Mortgages - Insured	LR004 Mortgages Column (6) Line (17)	_____	X 0.1575	= _____
(026) Residential Mortgages - Other	LR004 Mortgages Column (6) Line (18)	_____	X 0.1575	= _____
(027) Commercial Mortgages - Insured	LR004 Mortgages Column (6) Line (19)	_____	X 0.1575	= _____
(028) Commercial Mortgages - Other	LR004 Mortgages Column (6) Line (20)	_____	X 0.1575	= _____
(029) Farm Mortgages	LR004 Mortgages Column (6) Line (21)	_____	X 0.1575	= _____

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

	Source	(1)		(2)	
		RBC Amount	Tax Factor	RBC Tax Effect	
(030) Residential Mortgages - Insured	LR004 Mortgages Column (6) Line (22)	X	0.1575	=	
(031) Residential Mortgages - Other	LR004 Mortgages Column (6) Line (23)	X	0.1575	=	
(032) Commercial Mortgages - Insured	LR004 Mortgages Column (6) Line (24)	X	0.1575	=	
(033) Commercial Mortgages - Other	LR004 Mortgages Column (6) Line (25)	X	0.1575	=	
(034) Due & Unpaid Taxes Mortgages	LR004 Mortgages Column (6) Line (26)	X	0.1575	=	
(035) Due & Unpaid Taxes - Foreclosures	LR004 Mortgages Column (6) Line (27)	X	0.1575	=	
(036) Mortgage Reduction - Reinsurance	LR004 Mortgages Column (6) Line (29)	X	0.2100	=	
(037) Mortgage Increase - Reinsurance	LR004 Mortgages Column (6) Line (30)	X	0.2100	=	†
<u>Preferred Stock</u>					
(038) Unaffiliated Preferred Stock NAIC 1	LR005 Unaffiliated Preferred and Common Stock Column (5) Line (1) + LR018 Off-Balance Sheet Collateral Column (3) Line (9)	X	0.1575	=	
(039) Unaffiliated Preferred Stock NAIC 2	LR005 Unaffiliated Preferred and Common Stock Column (5) Line (2) + LR018 Off-Balance Sheet Collateral Column (3) Line (10)	X	0.1575	=	
(040) Unaffiliated Preferred Stock-NAIC 3	LR005 Unaffiliated Preferred and Common Stock Column (5) Line (3) + LR018 Off-Balance Sheet Collateral Column (3) Line (11)	X	0.1575	=	
(041) Unaffiliated Preferred Stock NAIC 4	LR005 Unaffiliated Preferred and Common Stock Column (5) Line (4) + LR018 Off-Balance Sheet Collateral Column (3) Line (12)	X	0.1575	=	
(042) Unaffiliated Preferred Stock NAIC 5	LR005 Unaffiliated Preferred and Common Stock Column (5) Line (5) + LR018 Off-Balance Sheet Collateral Column (3) Line (13)	X	0.1575	=	
(043) Unaffiliated Preferred Stock NAIC 6	LR005 Unaffiliated Preferred and Common Stock Column (5) Line (6) + LR018 Off-Balance Sheet Collateral Column (3) Line (14)	X	0.2100	=	
(044) Preferred Stock Reduction-Reinsurance	LR005 Unaffiliated Preferred and Common Stock Column (5) Line (8)	X	0.2100	=	†
(045) Preferred Stock Increase-Reinsurance	LR005 Unaffiliated Preferred and Common Stock Column (5) Line (9)	X	0.2100	=	
<u>Separate Accounts</u>					
(046) Guaranteed Index	LR006 Separate Accounts Column (3) Line (1)	X	0.1575	=	
(047) Nonindex-Book Reserve	LR006 Separate Accounts Column (3) Line (2)	X	0.1575	=	
(048) Separate Accounts Nonindex-Market Reserve	LR006 Separate Accounts Column (3) Line (3)	X	0.1575	=	
(049) Separate Accounts Reduction-Reinsurance	LR006 Separate Accounts Column (3) Line (5)	X	0.2100	=	†
(050) Separate Accounts Increase-Reinsurance	LR006 Separate Accounts Column (3) Line (6)	X	0.2100	=	
(051) Synthetic GICs	LR006 Separate Accounts Column (3) Line (8)	X	0.1575	=	
(052) Separate Account Surplus	LR006 Separate Accounts Column (3) Line (13)	X	0.1575	=	
<u>Real Estate</u>					
(053) Company Occupied Real Estate	LR007 Real Estate Column (3) Line (3)	X	0.2100	=	
(054) Foreclosed Real Estate	LR007 Real Estate Column (3) Line (6)	X	0.2100	=	
(055) Investment Real Estate	LR007 Real Estate Column (3) Line (9)	X	0.2100	=	
(056) Real Estate Reduction - Reinsurance	LR007 Real Estate Column (3) Line (11)	X	0.2100	=	†
(057) Real Estate Increase - Reinsurance	LR007 Real Estate Column (3) Line (12)	X	0.2100	=	
<u>Schedule BA</u>					
(058) Sch BA Real Estate Excluding Low Income Housing Tax Credits	LR007 Real Estate Column (3) Line (16)	X	0.2100	=	
(059) Guaranteed Low Income Housing Tax Credits	LR007 Real Estate Column (3) Line (17) + Line (19)	X	0.0000	=	
(060) Non-Guaranteed and All Other Low Income Housing Tax Credits	LR007 Real Estate Column (3) Line (18) + Line (20) + Line (21)	X	0.0000	=	
(061) Sch BA Real Estate Reduction - Reinsurance	LR007 Real Estate Column (3) Line (23)	X	0.2100	=	†
(062) Sch BA Real Estate Increase - Reinsurance	LR007 Real Estate Column (3) Line (24)	X	0.2100	=	

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

	Source	(1)		(2)	
		RBC Amount	Tax Factor	RBC Tax Effect	
(063) Sch BA Bond NAIC 1	LR008 Other Long-Term Assets Column (5) Line (2)	X	0.1575	=	
(064) Sch BA Bond NAIC 2	LR008 Other Long-Term Assets Column (5) Line (3)	X	0.1575	=	
(065) Sch BA Bond NAIC 3	LR008 Other Long-Term Assets Column (5) Line (4)	X	0.1575	=	
(066) Sch BA Bond NAIC 4	LR008 Other Long-Term Assets Column (5) Line (5)	X	0.1575	=	
(067) Sch BA Bond NAIC 5	LR008 Other Long-Term Assets Column (5) Line (6)	X	0.1575	=	
(068) Sch BA Bond NAIC 6	LR008 Other Long-Term Assets Column (5) Line (7)	X	0.2100	=	
(069) BA Bond Reduction - Reinsurance	LR008 Other Long-Term Assets Column (5) Line (9)	X	0.2100	=	†
(070) BA Bond Increase - Reinsurance	LR008 Other Long-Term Assets Column (5) Line (10)	X	0.2100	=	
(071) BA Preferred Stock NAIC 1	LR008 Other Long-Term Assets Column (5) Line (12.3)	X	0.1575	=	
(072) BA Preferred Stock NAIC 2	LR008 Other Long-Term Assets Column (5) Line (13)	X	0.1575	=	
(073) BA Preferred Stock NAIC 3	LR008 Other Long-Term Assets Column (5) Line (14)	X	0.1575	=	
(074) BA Preferred Stock NAIC 4	LR008 Other Long-Term Assets Column (5) Line (15)	X	0.1575	=	
(075) BA Preferred Stock NAIC 5	LR008 Other Long-Term Assets Column (5) Line (16)	X	0.1575	=	
(076) BA Preferred Stock NAIC 6	LR008 Other Long-Term Assets Column (5) Line (17)	X	0.2100	=	
(077) BA Preferred Stock Reduction-Reinsurance	LR008 Other Long-Term Assets Column (5) Line (19)	X	0.2100	=	†
(078) BA Preferred Stock Increase - Reinsurance	LR008 Other Long-Term Assets Column (5) Line (20)	X	0.2100	=	
(079) Rated Surplus Notes	LR008 Other Long-Term Assets Column (5) Line (31)	X	0.1575	=	
(080) Rated Capital Notes	LR008 Other Long-Term Assets Column (5) Line (41)	X	0.1575	=	
(081) BA Common Stock Affiliated	LR008 Other Long-Term Assets Column (5) Line (48.3)	X	0.2100	=	
(082) BA Collateral Loans	LR008 Other Long-Term Assets Column (5) Line (50)	X	0.1575	=	
(083) Other BA Assets	LR008 Other Long-Term Assets Column (5) Line (52.3) + LR018 Off-Balance Sheet Collateral Column (3) Line (17) + Line (18)	X	0.2100	=	
(084) Other BA Assets Reduction-Reinsurance	LR008 Other Long-Term Assets Column (5) Line (54)	X	0.2100	=	†
(085) Other BA Assets Increase - Reinsurance	LR008 Other Long-Term Assets Column (5) Line (55)	X	0.2100	=	
(086) BA Mortgages - In Good Standing	LR009 Schedule BA Mortgages Column (6) Line (11)	X	0.1575	=	
(087) BA Mortgages - 90 Days Overdue	LR009 Schedule BA Mortgages Column (6) Line (15)	X	0.1575	=	
(088) BA Mortgages - In Process of Foreclosure	LR009 Schedule BA Mortgages Column (6) Line (19)	X	0.1575	=	
(089) Reduction - Reinsurance	LR009 Schedule BA Mortgages Column (6) Line (21)	X	0.2100	=	†
(090) Increase - Reinsurance	LR009 Schedule BA Mortgages Column (6) Line (22)	X	0.2100	=	
<u>Miscellaneous</u>					
(091) Asset Concentration Factor	LR010 Asset Concentration Factor Column (6) Line (62) Grand Total Page	X	0.1575	=	
(092) Miscellaneous Assets	LR012 Miscellaneous Assets Column (2) Line (7)	X	0.1575	=	
(093) Derivatives - Collateral and Exchange Traded	LR012 Miscellaneous Assets Column (2) Lines (8) + (9) + (10)	X	0.1575	=	
(094) Derivatives NAIC 1	LR012 Miscellaneous Assets Column (2) Line (11)	X	0.1575	=	
(095) Derivatives NAIC 2	LR012 Miscellaneous Assets Column (2) Line (12)	X	0.1575	=	
(096) Derivatives NAIC 3	LR012 Miscellaneous Assets Column (2) Line (13)	X	0.1575	=	
(097) Derivatives NAIC 4	LR012 Miscellaneous Assets Column (2) Line (14)	X	0.1575	=	
(098) Derivatives NAIC 5	LR012 Miscellaneous Assets Column (2) Line (15)	X	0.1575	=	
(099) Derivatives NAIC 6	LR012 Miscellaneous Assets Column (2) Line (16)	X	0.2100	=	
(100) Miscellaneous Assets Reduction-Reinsurance	LR012 Miscellaneous Assets Column (2) Line (19)	X	0.2100	=	†
(101) Miscellaneous Assets Increase-Reinsurance	LR012 Miscellaneous Assets Column (2) Line (20)	X	0.2100	=	

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			(1)		(2)
		Source	RBC Amount	Tax Factor	RBC Tax Effect
(102)	Replications	LR013 Replication (Synthetic Asset) Transactions and Mandatory Convertible Securities Column (7) Line (9999999)	X	0.1575	=
(103)	Reinsurance	LR016 Reinsurance Column (4) Line (17)	X	0.2100	=
(104)	Investment Affiliates	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (8)	X	0.2100	=
(105)	Investment in Upstream Affiliate (Parent)	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (15)	X	0.2100	=
(106)	Directly Owned Health Insurance Companies or Health Entities Not Subject to RBC	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (16)	X	0.2100	=
(107)	Directly Owned Property and Casualty Insurance Companies Not Subject to RBC	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (17)	X	0.2100	=
(108)	Directly Owned Life Insurance Companies Not Subject to RBC	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (18)	X	0.2100	=
(109)	Publicly Traded Insurance Affiliates	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (22)	X	0.2100	=
(110)	Subtotal for C-1o Assets	Sum of Lines (001) through (109), Recognizing the Deduction of Lines (013), (014), (015), (036), (044), (049), (056), (061), (069), (077), (084), (089) and (100)			
C-0 Affiliated Common Stock					
(111)	Off-Balance Sheet and Other Items	LR017 Off-Balance Sheet and Other Items Column (5) Line (27)	X	0.1575	=
(112)	Off-Balance Sheet Items Reduction - Reinsurance	LR017 Off-Balance Sheet and Other Items Column (5) Line (28)	X	0.2100	= †
(113)	Off-Balance Sheet Items Increase - Reinsurance	LR017 Off-Balance Sheet and Other Items Column (5) Line (29)	X	0.2100	=
(114)	Directly Owned Health Insurance Companies or Health Entities	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (1)	X	0.2100	=
(115)	Directly Owned Property and Casualty Insurance Affiliates	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (2)	X	0.2100	=
(116)	Directly Owned Life Insurance Affiliates	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (3)	X	0.2100	=
(117)	Indirectly Owned Health Insurance Companies or Health Entities	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (4)	X	0.2100	=
(118)	Indirectly Owned Property and Casualty Insurance Affiliates	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (5)	X	0.2100	=
(119)	Indirectly Owned Life Insurance Affiliates	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (6)	X	0.2100	=
(120)	Affiliated Alien Insurers - Directly Owned	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Lines (9) + (10) + (11)	X	0.0000	=
(121)	Affiliated Alien Insurers - Indirectly Owned	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Lines (12) + (13) + (14)	X	0.0000	=
(122)	Subtotal for C-0 Affiliated Common Stock	Lines (111)-(112)+(113)+(114)+(115)+(116)+(117)+(118)+(119)+(120)+(121)			
Common Stock					
(123)	Unaffiliated Common Stock	LR005 Unaffiliated Preferred and Common Stock Column (5) Line (17) + LR018 Off-Balance Sheet Collateral Column (3) Line (16)	X	0.2100	=
(124)	Credit for Hedging - Common Stock	LR015 Hedged Asset Common Stock Schedule Column (10) Line (0299999)	X	0.2100	= †
(125)	Stock Reduction - Reinsurance	LR005 Unaffiliated Preferred and Common Stock Column (5) Line (19)	X	0.2100	= †
(126)	Stock Increase - Reinsurance	LR005 Unaffiliated Preferred and Common Stock Column (5) Line (20)	X	0.2100	=
(127)	BA Common Stock Unaffiliated	LR008 Other Long-Term Assets Column (5) Line (47)	X	0.2100	=
(128)	BA Common Stock Affiliated - C-1cs	LR008 Other Long-Term Assets Column (5) Line (49.2)	X	0.2100	=
(129)	Common Stock Concentration Factor	LR011 Common Stock Concentration Factor Column (6) Line (6)	X	0.2100	=
(130)	NAIC 01 Working Capital Finance Notes	LR008 Other Long-Term Assets Column (5) Line (51.1)	X	0.1575	=
(131)	NAIC 02 Working Capital Finance Notes	LR008 Other Long-Term Assets Column (5) Line (51.2)	X	0.1575	=
(132)	Holding Company in Excess of Indirect Subs	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (7)	X	0.2100	=
(133)	Affiliated Non-Insurers	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Lines (19) + (20) + (21)	X	0.2100	=
(134)	Total for C-1cs Assets	Lines (123)-(124)-(125)+(126)+(127)+(128)+(129)+(130)+(131)+(132)+(133)			
Insurance Risk					
(135)	Disability Income Premium	LR019 Health Premiums Column (2) Lines (21) through (27)	X	0.2100	=

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

	Source	(1)		(2)	
		RBC Amount	Tax Factor	RBC Tax Effect	
(136) Long-Term Care	LR019 Health Premiums Column (2) Line (28) + LR023 Long-Term Care Column (4) Line (7)	X	0.2100	=	
(137) Life Insurance C-2 Risk	LR025 Life Insurance Column (2) Line (8)	X	0.2100	=	
(138) Group Insurance C-2 Risk	LR025 Life Insurance Column (2) Lines (20) and (21)	X	0.2100	=	
(138b) Longevity C-2 Risk	LR025-A Longevity Risk Column (2) Line (5)	X	0.2100	=	
(139) Disability and Long-Term Care Health Claim Reserves	LR024 Health Claim Reserves Column (4) Line (9) + Line (15)	X	0.2100	=	
(140) Premium Stabilization Credit	LR026 Premium Stabilization Reserves Column (2) Line (10)	X	0.0000	=	
(141) Total C-2 Risk	L(135) + L(136) + L(139) + L(140) + Greatest of [Guardrail Factor * (L(137)+L(138)), Guardrail Factor * L(138b), Square Root of [(L(137) + L(138))² + L(138b)² + 2 * (Correlation Factor) * (L(137) + L(138)) * L(138b)]]			=	
(142) Interest Rate Risk	LR027 Interest Rate Risk Column (3) Line (36)	X	0.2100	=	
(143) Health Credit Risk	LR028 Health Credit Risk Column (2) Line (7)	X	0.0000	=	
(144) Market Risk	LR027 Interest Rate Risk Column (3) Line (37)	X	0.2100	=	
(145) Business Risk	LR029 Business Risk Column (2) Line (40)	X	0.2100	=	
(146) Health Administrative Expenses	LR029 Business Risk Column (2) Line (57)	X	0.0000	=	
(147) Total Tax Effect	Lines (110) + (122) + (134) + (141) + (142) + (143) + (144) + (145) + (146)			=	

† Denotes lines that are deducted from the total rather than added.

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

Company Name

Confidential when Completed

NAIC Company Code

(1)
RBC

Requirement

Source

	Source	Requirement
<u>Insurance Affiliates and Misc. Other Amounts (C-0)</u>		
(1) Directly Owned Health Insurance Companies or Health Entities	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (1)	_____
(2) Directly Owned Property and Casualty Insurance Affiliates	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (2)	_____
(3) Directly Owned Life Insurance Affiliates	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (3)	_____
(4) Indirectly Owned Health Insurance Companies or Health Entities	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (4)	_____
(5) Indirectly Owned Property and Casualty Insurance Affiliates	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (5)	_____
(6) Indirectly Owned Life Insurance Affiliates	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (6)	_____
(7) Affiliated Alien Insurers - Directly Owned	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Lines (9) + (10) + (11)	_____
(8) Affiliated Alien Insurers - Indirectly Owned	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Lines (12) + (13) + (14)	_____
(9) Off-Balance Sheet and Other Items	LR017 Off-Balance Sheet and Other Items Column (5) Line (34)	_____
(10) Total (C-0) - Pre-Tax	Sum of Lines (1) through (9)	_____
(11) (C-0) Tax Effect	LR030 Calculation of Tax Effect for Life and Fraternal Risk-Based Capital Column (2) Line (122)	_____
(12) Net (C-0) - Post-Tax	Line (10) - Line (11)	=====
<u>Asset Risk - Unaffiliated Common Stock and Affiliated Non-Insurance Stock (C-1cs)</u>		
(13) Schedule D Unaffiliated Common Stock	LR005 Unaffiliated Common Stock Column (5) Line (21) + LR018 Off-Balance Sheet Collateral Column (3) Line (16)	_____
(14) Schedule BA Unaffiliated Common Stock	LR008 Other Long-Term Assets Column (5) line (47)	_____
(15) Schedule BA Affiliated Common Stock - C-1cs	LR008 Other Long-Term Assets Column (5) line (49.2)	_____
(16) Common Stock Concentration Factor	LR011 Common Stock Concentration Factor Column (6) Line (6)	_____
(17) Holding Company in Excess of Indirect Subs	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (7)	_____
(18) Affiliated Non-Insurers	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Lines (19) + (20) + (21)	_____
(19) Total (C-1cs) - Pre-Tax	Sum of Lines (13) through (18)	_____
(20) (C-1cs) Tax Effect	LR030 Calculation of Tax Effect for Life and Fraternal Risk-Based Capital Column (2) Line (134)	_____
(21) Net (C-1cs) - Post-Tax	Line (19) - Line (20)	=====
<u>Asset Risk - All Other (C-1e)</u>		
(22) Bonds after Size Factor	LR002 Bonds Column (2) Line (27) + LR018 Off-Balance Sheet Collateral Column (3) Line (8)	_____
(23) Mortgages (including past due and unpaid taxes)	LR004 Mortgages Column (6) Line (31)	_____
(24) Unaffiliated Preferred Stock	LR005 Unaffiliated Preferred and Common Stock Column (5) Line (10) + LR018 Off-Balance Sheet Collateral Column (3) Line (15)	_____
(25) Investment Affiliates	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (8)	_____
(26) Investment in Upstream Affiliate (Parent)	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (15)	_____
(27) Directly Owned Health Insurance Companies or Health Entities Not Subject to RBC	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (16)	_____
(28) Directly Owned Property and Casualty Insurance Companies Not Subject to RBC	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (17)	_____
(29) Directly Owned Life Insurance Companies Not Subject to RBC	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (18)	_____
(30) Publicly Traded Insurance Affiliates	LR042 Summary for Affiliated/Subsidiary Stocks Column (4) Line (22)	_____
(31) Separate Accounts with Guarantees	LR006 Separate Accounts Column (3) Line (7)	_____

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

Company Name	Confidential when Completed	Source	(1) RBC Requirement
(32) Synthetic GIC's (C-1o)		LR006 Separate Accounts Column (3) Line (8)	_____
(33) Surplus in Non-Guaranteed Separate Accounts		LR006 Separate Accounts Column (3) Line (13)	_____
(34) Real Estate (gross of encumbrances)		LR007 Real Estate Column (3) Line (13)	_____
(35) Schedule BA Real Estate (gross of encumbrances)		LR007 Real Estate Column (3) Line (25)	_____
(36) Other Long-Term Assets		LR008 Other Long-Term Assets Column (5) Line (56) + LR018 Off-Balance Sheet Collateral Column (3) Line (17) + Line (18)	_____
(37) Schedule BA Mortgages		LR009 Schedule BA Mortgages Column (6) Line (23)	_____
(38) Concentration Factor		LR010 Asset Concentration Factor Column (6) Line (62) Grand Total Page	_____
(39) Miscellaneous		LR012 Miscellaneous Assets Column (2) Line (21)	_____
(40) Replication Transactions and Mandatory Convertible Securities		LR013 Replication (Synthetic Asset) Transactions and Mandatory Convertible Securities Column (7) Line (9999999)	_____
(41) Reinsurance		LR016 Reinsurance Column (4) Line (17)	_____
(42) Total (C-1o) - Pre-Tax		Sum of Lines (22) through (41)	_____
(43) (C-1o) Tax Effect		LR030 Calculation of Tax Effect for Life and Fraternal Risk-Based Capital Column (2) Line (110)	_____
(44) Net (C-1o) - Post-Tax		Line (42) - Line (43)	=====
<u>Insurance Risk (C-2)</u>			
(45) Individual and Industrial Life Insurance		LR025 Life Insurance Column (2) Line (8)	_____
(46) Group and Credit Life Insurance and FEGI/SGLI		LR025 Life Insurance Column (2) Lines (20) and (21)	_____
(46b) Longevity Risk		LR025-A Longevity Risk Column (2) Line (5)	_____
(47) Total Health Insurance		LR024 Health Claim Reserves Column (4) Line (18)	_____
(48) Premium Stabilization Reserve Credit		LR026 Premium Stabilization Reserves Column (2) Line (10)	_____
(49) Total (C-2) - Pre-Tax		$L(47) + L(48) + \text{Greatest of [Guardrail Factor * (L(45)+L(46)), Guardrail Factor * L(46b), Square Root of [(L(45) + L(46))^2 + L(46b)^2 + 2 * (Correlation Factor) * (L(45) + L(46)) * L(46b)]]}$	_____
(50) (C-2) Tax Effect		LR030 Calculation of Tax Effect for Life and Fraternal Risk-Based Capital Column (2) Line (141)	_____
(51) Net (C-2) - Post-Tax		Line (49) - Line (50)	=====
<u>Interest Rate Risk (C-3a)</u>			
(52) Total Interest Rate Risk - Pre-Tax		LR027 Interest Rate Risk Column (3) Line (36)	_____
(53) (C-3a) Tax Effect		LR030 Calculation of Tax Effect for Life and Fraternal Risk-Based Capital Column (2) Line (142)	_____
(54) Net (C-3a) - Post-Tax		Line (52) - Line (53)	=====
<u>Health Credit Risk (C-3b)</u>			
(55) Total Health Credit Risk - Pre-Tax		LR028 Health Credit Risk Column (2) Line (7)	_____
(56) (C-3b) Tax Effect		LR030 Calculation of Tax Effect for Life and Fraternal Risk-Based Capital Column (2) Line (143)	_____
(57) Net (C-3b) - Post-Tax		Line (55) - Line (56)	=====
<u>Market Risk (C-3c)</u>			
(58) Total Market Risk - Pre-Tax		LR027 Interest Rate Risk Column (3) Line (37)	_____
(59) (C-3c) Tax Effect		LR030 Calculation of Tax Effect for Life and Fraternal Risk-Based Capital Column (2) Line (144)	_____
(60) Net (C-3c) - Post-Tax		Line (58) - Line (59)	=====

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

Company Name	Source	(1) RBC Requirement
<u>Business Risk (C-4a)</u>		
(61) Premium Component	LR029 Business Risk Column (2) Lines (12) + (24) + (36)	_____
(62) Liability Component	LR029 Business Risk Column (2) Line (39)	_____
(63) Subtotal Business Risk (C-4a) - Pre-Tax	Lines (61) + (62)	_____
(64) (C-4a) Tax Effect	LR030 Calculation of Tax Effect for Life and Fraternal Risk-Based Capital Column (2) Line (145)	_____
(65) Net (C-4a) - Post-Tax	Line (63) - Line (64)	=====
<u>Business Risk (C-4b)</u>		
(66) Health Administrative Expense Component of Business Risk (C-4b) - Pre-Tax	LR029 Business Risk Column (2) Line (57)	_____
(67) (C-4b) Tax Effect	LR030 Calculation of Tax Effect for Life and Fraternal Risk-Based Capital Column (2) Line (146)	_____
(68) Net (C-4b) - Post-Tax	Line (66) - Line (67)	=====
<u>Total Risk-Based Capital After Covariance Before Basic Operational Risk</u>		
(69) $C-0 + C-4a + \text{Square Root of } [(C-1o + C-3a)^2 + (C-1cs + C-3c)^2 + (C-2)^2 + (C-3b)^2 + (C-4b)^2]$	REPORT AMOUNT ON PARENT COMPANY'S RBC IF APPLICABLE L(12)+L(65) + Square Root of [(L(44) + L(54))² + (L(21) + L(60))² + L(51)² + L(57)² + L(68)²]	=====
(70) Gross Basic Operational Risk	0.03 x L(69)	_____
(71) C-4a of U.S. Life Insurance Subsidiaries	Company Records	_____
(72) Net Basic Operational Risk	Line (70) - (Line (65) + Line (71)) (Not less than zero)	_____
(73) Primary Security Shortfall Calculated in Accordance With Actuarial Guideline XLVIII Multiplied by 2	LR036 XXX/AXXX Reinsurance Primary Security Shortfall by Cession Column (7) Line (9999999) Multiplied by 2	_____
(74) Total Risk-Based Capital After Covariance (Including Basic Operational Risk and Primary Security Shortfall multiplied by 2)	Line (69) + Line (72) + Line (73)	=====
<u>Authorized Control Level Risk-Based Capital (After Covariance Adjustment and Shortfall)</u>		
(75) Total Risk-Based Capital After Covariance Times Fifty Percent	Line (74) x 0.50	=====
<u>Tax Sensitivity Test</u>		
(76) Tax Sensitivity Test: Total Risk-Based Capital After Covariance	L(10)+L(63) + Square Root of [(L(42) + L(52))² + (L(19) + L(58))² + L(49)² + L(55)² + L(66)²]	_____
(77) Tax Sensitivity Test: Authorized Control Level Risk-Based Capital	Line (76) x 0.50	_____

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

Company Name

Confidential when Completed

NAIC Company Code

SUMMARY FOR AFFILIATED/SUBSIDIARY INVESTMENTS STOCKS

		(1)	(2)	(3)	(4)			
	Affiliate Type	Affiliate Code	Book / Adjusted Carrying Value	Book Value †	Difference Col. (1) - (2)	RBC Basis	RBC Requirement	Number of Companies
(1)	Directly Owned Health Insurance Companies or Health Entities	1a		XXX	XXX	Subsidiaries' Total Risk-Based Capital After Covariance / 0.79		
(2)	Directly Owned Property and Casualty Insurance Affiliates	1b		XXX	XXX	Subsidiaries' Total Risk-Based Capital After Covariance / 0.79		
(3)	Directly Owned Life Insurance Affiliates	1c		XXX	XXX	Subsidiaries' Total Risk-Based Capital After Covariance / 0.79		
(4)	Indirectly Owned Health Insurance Companies or Health Entities	2a		XXX	XXX	Subsidiaries' Total Risk-Based Capital After Covariance / 0.79		
(5)	Indirectly Owned Property and Casualty Insurance Affiliates	2b		XXX	XXX	Subsidiaries' Total Risk-Based Capital After Covariance / 0.79		
(6)	Indirectly Owned Life Insurance Affiliates	2c		XXX	XXX	Subsidiaries' Total Risk-Based Capital After Covariance / 0.79		
(7)	Holding Company in Excess of Indirect Subs	3		XXX	XXX	X 0.300 =		
(8)	Investment Subsidiary	4		XXX	XXX	Subsidiaries' Total Risk-Based Capital After Covariance / 0.79		
(9)	Directly Owned Alien Health Insurance Companies or Health Entities	5a		XXX	XXX	X 1.000 =		
(10)	Directly Owned Alien Property and Casualty Insurance Affiliates	5b		XXX	XXX	X 1.000 =		
(11)	Directly Owned Alien Life Insurance Affiliates	5c		XXX	XXX	X 1.000 =		
(12)	Indirectly Owned Alien Health Insurance Companies or Health Entities	6a		XXX	XXX	X 1.000 =		
(13)	Indirectly Owned Alien Property and Casualty Insurance Affiliates	6b		XXX	XXX	X 1.000 =		
(14)	Indirectly Owned Alien Life Insurance Affiliates	6c		XXX	XXX	X 1.000 =		
(15)	Investment in Upstream Affiliate (Parent)	7		XXX	XXX	X 0.300 =		
(16)	Directly Owned Health Insurance Companies or Health Entities Not Subject to RBC	8a		XXX	XXX	X 0.300 =		
(17)	Directly Owned Property and Casualty Insurance Companies Not Subject to RBC	8b		XXX	XXX	X 0.300 =		
(18)	Directly Owned Life Insurance Companies Not Subject to RBC	8c		XXX	XXX	X 0.300 =		
(19)	Non-Insurance Entities with a Capital Requirement Imposed by a Regulatory Body	9a		XXX	XXX	X 0.300 =		
(20)	Non-Insurance Other Financial Entities without Regulatory Capital Requirements	9b		XXX	XXX	X 0.300 =		
(21)	Other Non-financial Entities	9c		XXX	XXX	X 0.300 =		
(22)	Publicly Traded Insurance Affiliates	10				X 0.346 =		
(23)	Total (Sum of Lines (1) through (22))	XXX		XXX		XXX		

† If different than book / adjusted carrying value.

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

CROSSCHECKING FOR AFFILIATED/SUBSIDIARY INVESTMENTS STOCKS

Affiliated Preferred Stock

		(1)	(2)	(3)
	Schedule D Part 6 Section 1 Type	Annual Statement Line Number	Annual Statement Total Preferred Stock†	Total from Life and Fraternal Risk-Based Capital Report‡
				Difference
(1)	Parent	0199999		
(2)	U.S. Property and Casualty Insurer	0299999		
(3)	U.S. Life Insurer	0399999		
(4)	U.S. Health Entity	0499999		
(5)	Alien Insurer	0599999		
(6)	Non-Insurer Which Controls Insurer	0699999		
(7)	Investment Subsidiary	0799999		
(8)	Other Affiliates	0899999		
(9)	Total (Sum of Lines (1) through (8))			

Affiliated Common Stock

		(1)	(2)	(3)
	Schedule D Part 6 Section 1 Type	Annual Statement Line Number	Annual Statement Total Common Stock†	Total from Life and Fraternal Risk-Based Capital Report§
				Difference
(10)	Parent	1099999		
(11)	U.S. Property and Casualty Insurer	1199999		
(12)	U.S. Life Insurer	1299999		
(13)	U.S. Health Entity	1399999		
(14)	Alien Insurer	1499999		
(15)	Non-Insurer Which Controls Insurer	1599999		
(16)	Investment Subsidiary	1699999		
(17)	Other Affiliates	1799999		
(18)	Total (Sum of Lines (10) through (17))			

† Column (1) Lines (1) through (8) and (10) through (17) come from Schedule D Part 6 Section 1 Column 7 of the annual statement.
 ‡ Column (2) Lines (1) through (8) come from LR044 Details for Affiliated Investments Column (7).
 § Column (2) Lines (10) through (17) come from LR044 Details for Affiliated Investments Column (5).

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

DETAILS FOR AFFILIATED/SUBSIDIARY INVESTMENTS STOCKS

<u>Affiliate Type</u>	<u>Affiliate Code for</u>	<u>RBC Basis</u>	<u>Affiliate Type</u>	<u>Affiliate Code for</u>	<u>RBC Basis</u>
Direct U.S. Property and Casualty Subsidiaries	1	Subs ² RBC After Covariance / 0.79	Alien Insurance Subsidiaries – Canadian Life	8	Subsidiaries ² MCCSR / 0.79
Direct U.S. Life Subsidiaries	2	Subs ² RBC After Covariance / 0.79	Alien Insurance Subsidiaries – Other	9	1.000 x Book/Adj. Carrying Value
Direct and Indirect U.S. Health Subsidiaries	3	Subs ² RBC After Covariance / 0.79	Investment in Parents	10	0.300 x Book/Adj. Carrying Value
Indirect U.S. Property and Casualty Subsidiaries	4	Subs ² RBC After Covariance / 0.79	Other Affiliate – P&C Insurers not subject to RBC	11	0.300 x Book/Adj. Carrying Value
Indirect U.S. Life Subsidiaries	5	Subs ² RBC After Covariance / 0.79	Other Affiliate – Life Insurers not subject to RBC	12	0.300 x Book/Adj. Carrying Value
Investment Subsidiaries	6	Subs ² RBC After Covariance / 0.79	Other Affiliate – All Other	13	0.300 x Book/Adj. Carrying Value
Holding Company in Excess of Indirect Subsidiaries	7	0.300 x Book/Adj. Carrying Value			

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
Name of Affiliate	Affiliate Code (1 to 21)	NAIC Company Code or Alien ID Number†	Affiliate's RBC After Covariance‡ LR031, Lines (67)+(71), PR032, Line (67), XR025, Line (37)	Book / Adjusted Carrying Value of Affiliate's Common Stock	Total Value of Affiliate's Outstanding Common Stock	Book / Adjusted Carrying Value of Affiliate's Preferred Stock	Total Value of Affiliate's Outstanding Preferred Stock	Percent Owned	RBC Requirement*
(0000001)									
(0000002)									
(0000003)									
(0000004)									
(0000005)									
(0000006)									
(0000007)									
(0000008)									
(0000009)									
(0000010)									
(0000011)									
(0000012)									
(0000013)									
(0000014)									
(0000015)									
(0000016)									
(0000017)									
(0000018)									
(0000019)									
(0000020)									
(9999999) Total	XXXXX	XXXXX			XXXXX		XXXXX	XXXXX	

† If applicable.
‡ If applicable. For Canadian life subsidiaries, the Minimum Continuing Capital and Surplus Requirement (MCCSR) should be used.
* The RBC Requirement column is calculated on a pre-tax basis.

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

#REF!

AFFILIATED/SUBSIDIARY STOCKS
PR003 – PR005

There are nine categories of affiliated/subsidiary investments that are subject to Risk-Based Capital requirement for common stock and preferred stock holdings. Those nine categories are:

1. Directly Owned U.S. Insurance Affiliates/Subsidiaries Subject to a Risk-Based Capital (RBC)-Look-Through Calculation
 - a. Health Insurance Company or Health Entity
 - b. Property and Casualty Insurance Company
 - c. Life Insurance Company
2. Indirectly Owned U.S. Insurance Affiliates/Subsidiaries Subject to RBC-Look-Through Calculation
 - a. Health Insurance Company or Health Entity
 - b. Property and Casualty Insurance Company
 - c. Life Insurance Company
3. Holding Company Value in Excess of Indirectly Owned Insurance Affiliates/Subsidiaries
4. Investment Subsidiaries
5. Directly Owned Alien Insurance Affiliates/Subsidiaries
 - a. Health Insurance Company or Health Entity
 - b. Property and Casualty Insurance Company
 - c. Life Insurance Company
6. Indirectly Owned Alien Insurance Affiliates/Subsidiaries
 - a. Health Insurance Company or Health Entity
 - b. Property and Casualty Insurance Company
 - c. Life Insurance Company
7. Investments in Upstream Affiliate (Parent)
8. Directly Owned U.S. Insurance Affiliates/Subsidiaries Not Subject to RBC
 - a. Health Insurance Companies or Health Entities Not Subject to RBC
 - b. Property and Casualty Insurance Companies Not Subject to RBC
 - c. Life Insurance Companies Not Subject to RBC
9. Non-Insurance Affiliates/Subsidiaries Not Subject to RBC
 - a. Entities with a capital requirement imposed by a regulatory body
 - b. Other Financial Entities without regulatory capital requirements
 - c. Other Non-financial entities

Enter applicable items for each affiliate/subsidiary in the Details for Affiliated/Subsidiary Stocks worksheet. The program will automatically calculate the risk-based capital charge for each affiliate/subsidiary. When the data is uploaded to the NAIC database, it will be cross-checked and the company will be required to correct any discrepancies and refile a corrected version with the NAIC and/or any state that requires the company to file RBC with its department. The RBC report will display the number of affiliates/subsidiaries. These numbers should be reviewed to ensure that all affiliates/subsidiaries are appropriately reported.

The total of all reported affiliate/subsidiary stock should equal the amounts reported on Schedule D, Part 2, Section 1, Line 440999999 plus Schedule D, Part 2, Section 2, Line 597999999 and should also equal Schedule D, Part 6, Section 1, Line 0999999 plus Line 1899999.

Affiliated/Subsidiary investments fall primarily into two broad categories: (a) Insurance Affiliates/Subsidiaries that are Subject to risk-based capital; and (b) Affiliates/Subsidiaries that are Not Subject to risk-based capital. The risk-based capital for these two broad groups differs. A third category of Affiliates/Subsidiaries, publicly traded insurance affiliates/subsidiaries held at market value, has characteristics of both broader categories. As a result, it has a two-part RBC calculation. The general treatment for each is explained below.

Directly owned insurance and health entity affiliates/subsidiaries are affiliates/subsidiaries in which the reporting company owns the stock of the affiliate/subsidiary. Indirectly owned insurance affiliates/subsidiaries and health entities are those where the reporting company owns stock in a holding company, which in turn owns the stock of the insurance affiliate/subsidiary or health entity. Note that there could be multiple holding companies that control the downstream insurance company.

Enter the book/adjusted carrying value of: the common stock in Column (5), the preferred stock in Column (9), the total outstanding common stock in Column (7) and the total outstanding preferred stock of that affiliate/subsidiary in Column (10) of the appropriate worksheet. The percentage of ownership is calculated by summing the book/adjusted carrying values of the owned preferred and common stock and dividing that amount by the sum of all outstanding preferred and common stock.

Insurance Affiliates/Subsidiaries that are Subject to RBC

1. Directly Owned U.S. Affiliates/Subsidiaries:

The risk-based capital requirement for the reporting company for those insurance affiliates/subsidiaries that are subject to a risk-based capital requirement is based on the Total Risk-Based Capital After Covariance of the subsidiary, prorated for the percent of ownership of that affiliate/subsidiary.

For purposes of Affiliate/Subsidiary Risk all references to Total Risk-Based Capital After Covariance of the affiliate/subsidiary means:

- a. For a Health affiliate/subsidiary RBC filing, Total Risk-Based Capital After Covariance before Basic Operational Risk (XR025, Line (37)).
- b. For a P/C affiliate/subsidiary RBC filing, Total Risk-Based Capital After Covariance before Basic Operational Risk (PR032, Line (68)).
- c. For a Life affiliate/subsidiary RBC filing, the sum of
 - i. Total Risk-Based Capital After Covariance before Basic Operational Risk (LR031, Line (67)); and
 - ii. Primary Security shortfalls for all cessions covered by Actuarial Guideline XLVIII (AG 48) multiplied by two (LR031, Line (71)).

For RBC purposes, the reporting insurer must determine the carrying value and the RBC requirement of a directly owned RBC filing affiliate/subsidiary company, even if the RBC filing affiliate/subsidiary is non-admitted for financial reporting purposes. The value reported in annual statement Schedule D, Part 6, Section 1 will be used for RBC purposes. In addition to RBC, the carrying value of the RBC filer must be reported in total adjusted capital for RBC purposes, in order to appropriately balance the numerator with the addition to the denominator value. Enter the carrying value of the insurer on **Line XXX** of the Calculation of Total Adjusted Capital page to satisfy these instructions.

Equity method Insurance Affiliates/Subsidiaries: Equity method is defined in SSAP 97, Paragraph 8b. as the underlying audited statutory equity of the respective entity's financial statements, adjusted for any unamortized goodwill as provided for in SSAP No. 68—Business Combinations and Goodwill. For those insurance

Affiliates/Subsidiaries of the reporting company that are reported under the equity method, the R_0 charge of the ownership of the common and preferred stock in these Affiliates/Subsidiaries is limited to the lesser of:

- (a) the Total RBC After Covariance of the affiliate/subsidiary times the percentage of ownership, which is the total of common stock and preferred stock;
or
- (b) the common and preferred stock book/adjusted carrying value at which the affiliate/subsidiary is carried

Market Value (including discounted market value) Insurance Affiliates/Subsidiaries (See SSAP No. 97, Paragraph 8a.): If the affiliate/subsidiary's common stock is publicly traded and the reporting company carries the affiliate/subsidiary at market value, after any "discount," there are generally two components to the reporting company's RBC generated by the affiliate/subsidiary. The prorated portion is the percentage of ownership of the total common and preferred stock. The smaller of the prorated portion of the affiliate/subsidiary's own statutory surplus or the prorated portion of its RBC after covariance is added to the R_0 component of the reporting company. In the normal case, the common and preferred stock book/adjusted carrying value of the affiliate/subsidiary exceeds the prorated portion of the larger of its statutory surplus and its RBC after covariance. In this case, the addition to the R_2 component is the larger of a) 22.5 percent of the affiliate/subsidiary's common and preferred stock book/adjusted carrying value in excess of the prorated portion of the affiliate/subsidiary's statutory surplus or b) the prorated portion of the affiliate/subsidiary's RBC after covariance in excess of the prorated portion of its statutory surplus. If the affiliate/subsidiary's common and preferred stock book/adjusted carrying value is less than the prorated portion of its RBC after covariance, but greater than the prorated portion of its statutory surplus, 100 percent of the common and preferred stock book/adjusted carrying value in excess of the prorated portion of the affiliate/subsidiary's statutory surplus is added to the reporting company's R_2 component. If the affiliate/subsidiary's common and preferred stock book/adjusted carrying value is less than the prorated portion of the affiliate/subsidiaries' s statutory surplus, there is no addition to the R_2 component.

2. Indirectly Owned U.S. Insurance Affiliates/Subsidiaries

For Indirectly Owned U.S. Insurance Affiliates/Subsidiaries, the carrying value and RBC is calculated in the same manner as for directly owned U.S. Insurance Affiliates/Subsidiaries. The RBC for the indirect affiliates/subsidiaries must be calculated prior to completing this RBC report.

SSAP No. 97 provides guidance for the reporting and admittance requirements of SCAs. Accordingly, there may be cases where an indirectly owned RBC filer may not be separately reported in the statutory financial statements (e.g., they are captured within the carrying value of an intermediate holding company). The SSAP No. 97 guidance permits reporting SCAs at the directly owned holding company level or via look-through to the downstream entity (including where the downstream entity is an RBC filer), but an audit of the entity is required for admittance (i.e. if reporting is at the directly owned holding company level, the holding company must be audited, if the reporting is on a look-through basis then the downstream entity must be audited). Regardless of whether there is a look-through applied pursuant to Statutory Accounting Principles (SAP) for annual financial statement reporting, for RBC purposes the reporting insurer must "look-through" all intermediate holding and subsidiary companies to determine the carrying value and the RBC requirement of indirectly owned RBC filing affiliate/subsidiary companies. This involves drilling down to the first RBC filing insurance affiliate/subsidiary and adjusting for percentage ownership of the intermediate entity directly owning the RBC filing affiliate/subsidiary. Both RBC and carrying value of the RBC filer must be reported for RBC purposes, in order to appropriately balance the numerator with the addition to the denominator value. Enter the carrying value of the insurer on Line **XXX** of the Calculation of Total Adjusted Capital page to satisfy these instructions.

The carrying value for each indirect insurance affiliate/subsidiary is established based on company records using the statutory value of the insurer as reported in the NAIC annual financial statement blank submitted by the affiliate/subsidiary or market value when applicable, and the RBC requirement as determined in its RBC Report adjusted for the ownership percentages (both the percentage of the indirectly owned RBC filing affiliate/subsidiary that is owned by the directly held

downstream holding company and the reporting insurer’s ownership percentage in that downstream entity). The value reported by the downstream holding company for the U.S. RBC filing insurer is the same as the statutory value established for the insurer on a look-through basis.

3. Holding Company Value in Excess of Indirectly Owned Insurance Affiliates/Subsidiaries

The carrying value of a U.S. Insurance Affiliate/Subsidiary that is subject to RBC is deducted from the value of the directly held holding company or other entity that in turn directly owns the U.S. Insurance Affiliate/Subsidiary that is subject to RBC, based on the value reported for each insurance subsidiary on the downstream immediate holding company or non-insurance owner’s balance sheet. That value is prescribed by the NAIC Accounting Practices and Procedures Manual (SSAP No. 97, paragraph 22.a.). A similar exercise is required for each RBC filing insurer and each non-U.S. insurer in order to determine the remaining excess value of the holding company.

The remaining value of the directly held holding company is then subject to a charge that is calculated in accordance with the instructions for Holding Company Value in Excess of Indirectly Owned Insurance Affiliates/Subsidiaries as specified in the RBC formula. If the holding company is not admitted, report the excess carrying value as zero and the corresponding RBC charge will also be zero. If a negative excess value for the downstream holding company results from removing the value of U.S. RBC filing insurers from the downstream holding company’s reported value, then the value of that holding company will be floored at zero and the corresponding RBC charge will also be zero.

The following hypothetical Balance Sheet indicates the view of a Holding Company - Holder, Inc. which is 100% owned by MEGA P&C Insurance Company (it assumes that the value reported by the downstream holding company for the U.S. RBC filing insurer is the same as the statutory value established for the insurer on a look-through basis):

Balance Sheet				
Holder, Inc.				
12/31/XXXX				
Cm Stk:	ABC Life Company	10,000,000	Long Term Debt	5,000,000
	XYZ Casualty Company	15,000,000	Other Liabilities	2,000,000
	ANH Health Company	3,000,000		
	Other Common Stock	17,000,000	Total Liabilities	7,000,000
	Cash	7,000,000		
	Other Assets	5,000,000	Equity	50,000,000
	Total Assets	57,000,000	Total Liabilities & Equity	57,000,000

The RBC calculation for Holder, Inc.'s value in excess of the indirectly owned insurance affiliates/subsidiaries is as follows:

<u>Company</u>	<u>Stat. Book</u> <u>value</u>	<u>Source:</u>
Holder, Inc.	50,000,000	MEGA P&C Sch D - Part 6, Section 1
<i>Holder, Inc. Aff/subs subject to RBC</i>		
ABC Life Company	10,000,000	Holder, Inc. Stat. balance sheet
XYZ Casualty Company	15,000,000	Holder, Inc. Stat. balance sheet
ANH Health Company	<u>3,000,000</u>	Holder, Inc. Stat. balance sheet
subtotal	28,000,000	
Holder, Inc. excl. RBC aff/subs	22,000,000	<i>(amount subject to the 22.5% factor for Holding Company Value in Excess of Indirectly Owned Insurance Affiliates/Subsidiaries)</i>

The following table shows the PR003 entries that MEGA P&C Insurance Company (which owns 100% owns of Holder, Inc.) would report for the indirectly owned insurance Affiliates/subsidiaries under Holder, Inc. This table assumes that Holder, Inc. owns 40%, 50% and 25% of ABC Life, XYZ Casualty, and ANH Health, respectively. The table also assumes that the RBC values shown for these affiliates/subsidiaries at the 100% level are the correct RBC After Covariance but Before Operational Risk.

		PR003 Column					
		4	5	7	8	9	13
Affiliates/Subsidiaries	Affiliates/Subsidiaries Type	100% RBC	Book Adjusted Carrying Value	Total Value of Affiliates/Subsidiaries	Statutory Surplus of Affiliates/Subsidiaries	% Owned	RBC Required
ABC Life Company	Indirect U.S. Life Aff/Sub	5,000,000	10,000,000	25,000,000	25,000,000	40%	2,000,000
XYZ Casualty Company	Indirect U.S. P&C Aff/Sub	12,000,000	15,000,000	30,000,000	30,000,000	50%	6,000,000
ANH Health Company	Indirect U.S. Health Aff/Sub	6,000,000	3,000,000	12,000,000	12,000,000	25%	1,500,000

The risk-based capital charge for the parent insurer preparing the calculation is a 22.5 percent charge against the holding company value in excess of the indirectly owned insurance affiliates/subsidiaries as calculated in the prior example. Enter information in the appropriate columns of the worksheet, omitting those columns that do not apply (Column (3) – NAIC Company Code or Alien ID Number and Column (4) Affiliate's RBC After Covariance).

Affiliates/Subsidiaries that are Not Subject to RBC

4. Investment Subsidiaries

An investment subsidiary is a subsidiary that exists only to invest the funds of the parent company. The term investment subsidiary is defined in the annual statement instructions as any subsidiary, other than a holding company, engaged or organized primarily to engage in the ownership and management of investments for the insurer. An investment subsidiary shall not include any broker-dealer or a money management fund managing funds other than those of the parent company. The risk-based capital for an investment in an investment subsidiary is 22.5 percent of the carrying value of the common and preferred stock.

5. Directly Owned Alien Insurance Affiliates/Subsidiaries

For purposes of this formula, the Risk-Based Capital (RBC) of each directly owned alien insurance affiliate/subsidiary is the annual statement book adjusted carrying value of the reporting company's interest in the affiliate multiplied by 0.500. Enter information for any non-U.S. insurance affiliate/subsidiary: life, property and casualty, and health insurers.

For each affiliate/subsidiary, enter the following information:

- Company Name,
- Alien Insurer Identification Number,
- Book Adjusted carrying value of common and preferred stock,
- Total Outstanding value of common and preferred stock,
- Book/adjusted carrying value of the common and preferred stock from Schedule D, Part 6, Section 1, Line 1499999. If no value is reported in the Total Value of Affiliate's common and preferred stock columns (7) and (11), the program will assume 100 percent ownership.

6. Indirectly Owned Alien Insurance Affiliates/Subsidiaries

For Indirectly Owned Alien. Insurance Affiliates/Subsidiaries, the carrying value and RBC charge is calculated in a similar manner as for directly owned Alien Insurance Affiliates/Subsidiaries.

SSAP No. 97 provides guidance for the reporting and admittance requirements of SCAs. Accordingly, there may be cases where an indirectly owned Alien insurers may not be separately reported in the statutory financial statements (e.g., they are captured within the carrying value of an intermediate holding company). The SSAP No. 97 guidance permits reporting SCAs at the directly owned holding company level or via look-through to the downstream entity (including where the downstream entity is an Alien insurer), but an audit of the entity is required for admittance (i.e. if reporting is at the directly owned holding company level, the holding company must be audited, if the reporting is on a look-through basis then the downstream entity must be audited). Regardless of whether there is a look-through applied pursuant to Statutory Accounting Principles (SAP) for annual financial statement reporting, for RBC purposes the reporting insurer must "look-through" all intermediate holding and subsidiary companies to determine the carrying value and the RBC charge that would be imposed had the alien insurance affiliate/subsidiary companies been directly held by the reporting insurer. This involves looking down to the first alien insurer affiliate/subsidiary, unless there is an RBC filer in between and adjusting for percentage ownership of the intermediate entity directly owning the RBC filing affiliate/subsidiary. Both the RBC charge and carrying value of the alien insurer must be reported for RBC purposes, in order to appropriately balance the numerator with the addition to the denominator value. Enter the carrying value of the insurer on Line **XXXX** of the Calculation of Total Adjusted Capital page to satisfy these instructions.

The carrying value of an alien insurance Affiliate/Subsidiary is deducted from the value of the directly held holding company or other entity that in turn directly owns the U.S. Insurance Affiliate/Subsidiary that is subject to RBC, based on the value reported for each insurance subsidiary on the downstream immediate holding company or non-insurance owner's balance sheet. That value is prescribed by the NAIC Accounting Practices and Procedures Manual (SSAP No. 97, paragraph 22.a.). A similar exercise is required for each non-U.S. insurer in order to determine the remaining excess value of the holding company.

The RBC charge to be applied to each indirectly owned alien insurance affiliate/subsidiary is the annual statement book adjusted carrying value of the reporting company's interest in the affiliate/subsidiary multiplied by 0.500 and adjusted to reflect the reporting company's ownership on the holding company. For example, assume NEWBIE Insurance Company acquired 100 percent shares of Holder (a holding company), and Holder owns an Alien Insurance Company, which represents 50 percent of the book adjusted carrying value of Holder. If Holder has a book adjusted carrying value of \$20,000,000, NEWBIE Insurance Company would enter \$10,000,000 (1/2 of \$20,000,000) as the carrying value of the Alien Insurance Company and the RBC charge for the indirect ownership of the Alien insurance affiliate/subsidiary would be \$5,000,000 (0.500 times \$10,000,000). The risk-based capital charge for the parent insurer preparing the calculation is a 22.5 percent charge against the holding company value in excess of the indirectly owned insurance affiliates/subsidiaries.

If NEWBIE Insurance Company only acquired 50 percent shares of Holder, NEWBIE Insurance Company would enter \$5,000,000 (50 percent of 1/2 of \$20,000,000) as the carrying value of the Alien Insurance Company and the RBC charge for the indirect ownership of the Alien insurance affiliate/subsidiary would be \$2,500,000 (0.500 times \$5,000,000). Enter information for any indirectly owned alien insurance subsidiaries.

		PR003 Column				
		4	5	7	9	13
Affiliates/Subsidiaries	Affiliates/Subsidiaries Type	100% RBC	Book Adjusted Carrying Value	Total Value of Affiliates/Subsidiaries	% Owned	RBC Required
Alien Insurance Company	Indirect Alien Life Aff/Sub	5,000,000	10,000,000	20,000,000	50%	2,500,000

For each affiliate/subsidiary enter the following information:

- Company Name,
- Alien Insurer Identification Number,
- Book Adjusted carrying value of common and preferred stock,
- Total Outstanding value of common and preferred stock,
- Book/adjusted carrying value of the common and preferred stock from Schedule D, Part 6, Section 1, Line 1499999. If no value is reported in the Total Value of Affiliate's Common and preferred stock column.

7. Investment in Upstream Affiliate (Parent)

The Risk-Based Capital (RBC) for an investment in an upstream parent is 22.5 percent of the book/adjusted carrying value of the common and preferred stock, regardless of whether that upstream parent is subject to RBC. Report the appropriate information from Schedule D, Part 6, Section 1, Lines 0199999 and 1099999 in Columns (1) through (10).

For each affiliate, enter the following information:

- Company Name,
- Affiliate Type Code,
- NAIC Company Code,
- Book Adjusted carrying value of common stock
- Book Adjusted carrying value of preferred stock,
- Total Outstanding value of common and preferred stock.

8. Directly Owned U.S. Insurance Affiliates/Subsidiaries Not Subject to RBC

- a. Health Insurance Companies and Health Entities Not Subject to RBC
- b. Property and Casualty Insurance Companies Not Subject to RBC, such as title insurers, monoline financial guaranty insurers, and monoline mortgage guarantee insurers
- c. Life Insurance Companies Not Subject to RBC, such as life insurance subsidiary exempted from RBC

The risk-based capital for insurers not subject to RBC is based on the underlying statute, regulation, or rule governing capital requirements for such entities. If not otherwise specified by statute regulation or rule, the risk-based capital for an investment in a U.S. insurer that is not required to file an RBC formula is 22.5 percent of the book/adjusted carrying value of the common and preferred stock.

9. Non-Insurance Affiliates/Subsidiaries Not Subject to RBC

- a. Financial entities with a capital requirement imposed by a regulatory body (e.g., a bank)
- b. Other financial entities without regulatory capital requirements
- c. Other Non-financial entities

The risk-based capital for entity types a, b, and c is 22.5 percent of the book/adjusted carrying value of the common and preferred stock. The affiliate/subsidiary code for Non-Insurance Affiliates/Subsidiaries Not Subject to RBC is “9”. Reported amounts use Schedule D, part 6, Schedule 1, Line 0899999, and Line 1799999 as the basis of reporting.

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 9) by the percentage of ownership (found in Schedule D – Part 6 – Section 1, Column 12). For example:

<u>Subsidiary Insurance Company</u>	<u>Owner's Book / Adjusted Carrying Value</u>	<u>Percentage Ownership</u>	<u>Total Stock Outstanding</u>
Subsidiary #1	\$1,000,000	100%	\$1,000,000
Subsidiary #2	\$1,000,000	75%	\$1,333,333
Subsidiary #3	\$1,000,000	50%	\$2,000,000
Subsidiary #4	\$1,000,000	25%	\$4,000,000
Subsidiary #5	\$1,000,000	10%	\$10,000,000

DETAILS FOR AFFILIATED STOCKS PR003

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
Name of Affiliate	Affil Type	NAIC Company Code or Alien ID Number	Affiliate's RBC After Covariance before Basic Operational Risk* LR031 L67 + L71 PR032 L67 XR025 L37	Book/Adjusted Carrying Value (statement value) of Affiliate's Common Stock**	Valuation Basis of Column (5) M - Market Value after any "discount" A - All Other	Total Value of Affiliate's Outstanding Common Stock	Statutory Surplus of Affiliate Subject to RBC (Adjusted for % Owned)	Book/Adjusted Carrying Value (statement value) of Affiliate's Preferred Stock	Total Value of Affiliate's Outstanding Preferred Stock	Percent Owned	RBC Required (R0 Component)	Market Value Excess Component Affiliate Common Stock RBC Required (R2 Component)
0000001										100.000%	0	0
0000002										100.000%	0	0
0000003										100.000%	0	0
0000004										100.000%	0	0
0000005										100.000%	0	0
0000006										100.000%	0	0
0000007										100.000%	0	0
0000008										100.000%	0	0
0000009										100.000%	0	0
0000010										100.000%	0	0
0000011										100.000%	0	0
0000012										100.000%	0	0
0000013										100.000%	0	0
0000014										100.000%	0	0
0000015										100.000%	0	0
0000016										100.000%	0	0
0000017										100.000%	0	0
0000018										100.000%	0	0
0000019										100.000%	0	0
0000020										100.000%	0	0
0000021										100.000%	0	0
0000022										100.000%	0	0
0000023										100.000%	0	0
0000024										100.000%	0	0
0000025										100.000%	0	0
0000026										100.000%	0	0
0000027										100.000%	0	0
0000028										100.000%	0	0
0000029										100.000%	0	0
0000030										100.000%	0	0
0000031										100.000%	0	0
0000032										100.000%	0	0
0000033										100.000%	0	0
0000034										100.000%	0	0
0000035										100.000%	0	0
0000036										100.000%	0	0
0000037										100.000%	0	0
0000038										100.000%	0	0
0000039										100.000%	0	0
0000040										100.000%	0	0
0000041										100.000%	0	0
0000042										100.000%	0	0
0000043										100.000%	0	0
0000044										100.000%	0	0
0000045										100.000%	0	0
0000046										100.000%	0	0
0000047										100.000%	0	0
0000048										100.000%	0	0
0000049										100.000%	0	0
0000050										100.000%	0	0
(9999999)	XXX	XXX	0	0	XXX	XXX	XXX	0	XXX	100.000%	0	0

Remark: Subcategory 8a, 8b and 8c are referring to the directly owned insurance affiliates not subject to RBC look-through
Indirectly owned insurance affiliate not subject to RBC will be included Category 4

Note: PR007 L12 should now refers to PR003 C(13) L9999999

#REF!

SUBSIDIARY, CONTROLLED AND AFFILIATED INVESTMENTS PR004

Affiliate Types		Affil Code	RBC Basis	(1) <u>Number of Companies</u>	(2) <u>Total RBC Required</u>
(1)	Directly Owned Health Insurance Companies or Health Entities	1a	Sub's RBC After Covariance	0	0
(2)	Directly Owned Property and Casualty Insurance Affiliates	1b	Sub's RBC After Covariance	0	0
(3)	Directly Owned Life Insurance Affiliates	1c	Sub's RBC After Covariance	0	0
(4)	Indirectly Owned Health Insurance Companies or Health Entities	2a	Sub's RBC After Covariance	0	0
(5)	Indirectly Owned Property and Casualty Insurance Affiliates	2b	Sub's RBC After Covariance	0	0
(6)	Indirectly Owned Life Insurance Affiliates	2c	Sub's RBC After Covariance	0	0
(7)	Holding Company in Excess of Indirect Subs	3	0.225	0	0
(8)	Investment Subsidiary	4	0.225	0	0
(9)	Directly Owned Alien Health Insurance Companies or Health Entities	5a	0.5	0	0
(10)	Directly Owned Alien Property and Casualty Insurance Affiliates	5b	0.5	0	0
(11)	Directly Owned Alien Life Insurance Affiliates	5c	0.5	0	0
(12)	Indirectly Owned Alien Health Insurance Companies or Health Entities	6a	0.5	0	0
(13)	Indirectly Owned Alien Property and Casualty Insurance Affiliates	6b	0.5	0	0
(14)	Indirectly Owned Alien Life Insurance Affiliates	6c	0.5	0	0
(15)	Investment in Upstream Affiliate (Parent)	7	0.225	0	0
(16)	Directly Owned Health Insurance Companies or Health Entities Not Subject to RBC	8a	0.225	0	0
(17)	Directly Owned Property and Casualty Insurance Companies Not Subject to RBC	8b	0.225	0	0
(18)	Directly Owned Life Insurance Companies Not Subject to RBC	8c	0.225	0	0
(19)	Non-Insurance Entities with a Capital Requirement Imposed by a Eegulatory Body	9a	0.225	0	0
(20)	Non-Insurance Other Financial Entities without Regulatory Capital Requirements	9b	0.225	0	0
(21)	Other Non-financial Entites	9c	0.225	0	0
(22)	Total			0	0


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

Affiliated Preferred Stock		(1)	(2)	(3)
Schedule D Part 6 Section 1 C7	Annual Statement Line Number	<u>Annual Statement Total Preferred Stock</u>	<u>Total From RBC Report</u>	<u>Difference</u>
(1) Parent	0199999	0	0	0
(2) U.S. P&C Insurer	0299999	0	0	0
(3) U.S. Life Insurer	0399999	0	0	0
(4) U.S. Health Insurer	0499999	0	0	0
(5) Alien Insurer	0599999	0	0	0
(6) Non-Insurer Which Controls Insurer	0699999	0	0	0
(7) Investment Subsidiary	0799999	0	0	0
(8) Other Affiliates	0899999	0	0	0
(9) Subtotal	0999999	0	0	0

Affiliated Common Stock		(1)	(2)	(3)
Schedule D Part 6 Section 1 C7	Annual Statement Line Number	<u>Annual Statement Total Common Stock</u>	<u>Total From RBC Report</u>	<u>Difference</u>
(10) Parent	1099999	0	0	0
(11) U.S. P&C Insurer	1199999	0	0	0
(12) U.S. Life Insurer	1299999	0	0	0
(13) U.S. Health Insurer	1399999	0	0	0
(14) Alien Insurer	1499999	0	0	0
(15) Non-Insurer Which Controls Insurer	1599999	0	0	0
(16) Investment Subsidiary	1699999	0	0	0
(17) Other Affiliates	1799999	0	0	0
(18) Subtotal	1899999	0	0	0

UNAFFILIATED PREFERRED AND COMMON STOCK PR007

		(1)	(2)
		<u>Book/Adjusted</u>	
		<u>Carrying Value</u>	<u>Factor</u> <u>RBC Requirement</u>
Unaffiliated Preferred Stock			
(1)	NAIC 01 Preferred Stock	Sch D Pt 2 Sn 1	0.003
(2)	NAIC 02 Preferred Stock	Sch D Pt 2 Sn 1	0.010
(3)	NAIC 03 Preferred Stock	Sch D Pt 2 Sn 1	0.020
(4)	NAIC 04 Preferred Stock	Sch D Pt 2 Sn 1	0.045
(5)	NAIC 05 Preferred Stock	Sch D Pt 2 Sn 1	0.100
(6)	NAIC 06 Preferred Stock	Sch D Pt 2 Sn 1	0.300
(7)	TOTAL - UNAFFILIATED PREFERRED STOCK (should equal P2 L2.1 C3 less Sch D-Sum C1 L18)	Sum of Ls (1) through (6)	
		0	0
Unaffiliated Common Stock			
(8)	Total Common Stock	Sch D - Summary C1 L25	0
(9)	Affiliated Common Stock	Sch D - Summary C1 L24	0
(10)	Non-Admitted Unaffiliated Common Stock	P2 C2 L2.2 - Sch D Pt6 Sn1 C9 L1899999	0
(11)	Admitted Unaffiliated Common Stock	L(8) - L(9) - L(10)	0.150
(12)	Market Value Excess Affiliated Common Stock	PR003 C(13) L(9999999)	0
(13)	Total Unaffiliated Common Stock	L(11) + L(12)	0

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

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CALCULATION OF TOTAL ADJUSTED CAPITAL

PR029

	Annual Statement Reference	(1) Statement Value*	Factor	(2) Adjusted Capital
(1)	Capital and Surplus	P3 C1 L37	1.000	0
(2)	Non-Tabular Discount - Losses	Sch P P1-Sum C32 L12	1.000	0
(3)	Non-Tabular Discount - Expense	Sch P P1-Sum C33 L12	1.000	0
(4)	Discount on Medical Loss Reserves Reported as Tabular in Schedule P	Company Records	1.000	0
(5)	Discount on Medical Expense Reserves Reported as Tabular in Schedule P	Company Records	1.000	0
(6)	P&C Subs Non-Tabular Discount - Losses	Subs' Sch P Pt1-Sum C32 L12	1.000	0
(7)	P&C Subs Non-Tabular Discount - Expense	Subs' Sch P Pt1-Sum C33 L12	1.000	0
(8)	P&C Subs Discount on Medical Loss Reserves Reported as Tabular in Schedule P	Subs' Company Records	1.000	0
(9)	P&C Subs Discount on Medical Expense Reserves Reported as Tabular in Schedule P	Subs' Company Records	1.000	0
(10)	AVR - Life Subs §	Subs P3 C1 L24.01 §	1.000	0
(11)	Dividend Liability - Life Subs	Subs P3 C1 L6.1 + L6.2	0.500	0
(12)	Carrying Value of Non-Admitted Insurance Affiliates	Included in PR003 Column 5 and Column 9	1.000	0
(13)	Total Adjusted Capital Before Capital Notes	L(1)-L(2)-L(3)-L(4)-L(5)-L(6)-L(7)-L(8)-L(9)+L(10)+L(11)+L(12)		0
Credit for Capital Notes				
(14.1)	Surplus Notes	Page 3 Column 1 Line 33		0
(14.2)	Limitation on Capital Notes	0.5x[Line(13)-Line(14.1)]-Line 14.1, but not less than zero		0
(14.3)	Capital Notes Before Limitation	PR028 Column (4) Line (18)		#REF!
(14.4)	Credit for Capital Notes	Lesser of Column (1) Line(14.2) or Line (14.3)		#REF!
(15)	Total Adjusted Capital (Post-Deferred Tax)	Line (13) + Line (14.4)		#REF!
Sensitivity Test :				
(16)	Deferred Tax Assets	Page 2, Column 3, Line 18.2	1.000	0
(16.1)	Deferred Tax Liabilities	Page 3, Column 1, Line 7.2	1.000	0
(17)	Deferred Tax Assets for Subsidiary	Company Record	1.000	0
(17.1)	Deferred Tax Liabilities for Subsidiary	Company Record	1.000	0
(18)	Total Adjusted Capital For Sensitivity Test	Line (15) - Line (16)+(16.1)-(17)+(17.1)		#REF!
Ex DTA ACL RBC Ratio Sensitivity Test				
(19)	Deferred Tax Asset	Page 2 Column 3 Line 18.2	1.000	0
(20)	Total Adjusted Capital Less Deferred Tax Asset	Line (15) less Line (19)		#REF!
(21)	Authorized Control Level RBC	PR034 Comparison of Total Adjusted Capital to Risk-Based Capital Line (4)		#REF!
(22)	Ex DTA ACL RBC Ratio	Line (20) / Line (21)		#REF!

* Report amounts in this column as whole dollars.

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

§ The portion of the AVR that can be counted as capital is limited to the amount not utilized in asset adequacy testing in support of the Actuarial Opinion for reserves.

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)	Affiliated US P&C Insurers - Directly Owned	PR004 L(2)C(2)	0
(2)	Affiliated US P&C Insurers - Indirectly Owned	PR004 L(5)C(2)	0
(3)	Affiliated US Life Insurers - Directly Owned	PR004 L(3)C(2)	0
(4)	Affiliated US Life Insurers - Indirectly Owned	PR004 L(6)C(2)	0
(5)	Affiliated US Health Insurer - Directly Owned	PR004 L(1)C(2)	0
(6)	Affiliated US Health Insurer - Indirectly Owned	PR004 L(4)C(2)	0
(7)	Affiliated Alien Insurers - Directly Owned	PR004 L(9)+L(10)+L(11)C(2)	0
(8)	Affiliated Alien Insurers - Indirectly Owned	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)C(5)	0
(16)	Bond Size Factor RBC	PR006 L(30)C(5)	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 & WCFI	PR008 L(10)+L(13)+L(14)+L(15)+L(16)+L(17)+L(20)+L(21)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

#REF!

CALCULATION OF TOTAL RISK-BASED CAPITAL AFTER COVARIANCE PR031 R2-R3

R2 - Asset Risk - Equity		PRBC O&I Reference	RBC Amount
(27)	Common & Preferred- Affiliate Investment Subsidiary	PR004 L(8)C(2)	0
(28)	Common & Preferred- Affiliate Hold. Company. in excess of Ins. Subs.	PR004 L(7)C(2)	0
(29)	Common & Preferred- Investment in Parent	PR004 L(15)C(2)	0
(30)	Common & Preferred- Aff'd US P&C Not Subj to RBC	PR004 L(17)C(2)	0
(31)	Common & Preferred- Affil US Life Not Subj to RBC	PR004 L(18)C(2)	0
(32)	Common & Preferred- Affil US Health Insurer Not Subj to RBC	PR004 L(16)C(2)	0
(33)	Common & Preferred- Aff'd Non-insurer	PR004 L(19)+L(20)+L(21)C(2)	0
(34)	Preferred - Aff'd Invest Sub	PR004 L(7)C(3)	0
(35)	Preferred - Aff'd Hold. Co. in excess of Ins. Subs.	PR004 L(10)C(3)	0
(36)	Preferred - Investment in Parent	PR004 L(11)C(3)	0
(37)	Preferred - Affil US P&C Not Subj to RBC	PR004 L(12)C(3)	0
(38)	Preferred - Affil US Life Not Subj to RBC	PR004 L(13)C(3)	0
(39)	Preferred - Affil US Health Insurer Not Subj to RBC	PR004 L(14)C(3)	0
(40)	Preferred - Affil Non-insurer	PR004 L(15)C(3)	0
(34)	Unaffiliated Preferred Stock	PR007 L(7)C(2)+PR015 L(34)C(4)	0
(35)	Unaffiliated Common Stock	PR007 L(13)C(2)+PR015 L(35)C(4)	0
(36)	Other Long -Term Assets - Real Estate	PR008 L(7)C(2)	0
(37)	Other Long-Term Assets - Schedule BA Assets	PR008 L(19)C(2)+PR015 L(36)+L(37)C(4)	0
(38)	Misc Assets - Receivable for Securities	PR009 L(1)C(2)	0
(39)	Misc Assets - Aggregate Write-ins for Invested Assets	PR009 L(2)C(2)	0
(40)	Misc Assets - Derivatives	PR009 L(14)C(2)	0
(41)	Replication - Synthetic Asset: One Half	PR010 L(9999999)(7)	0
(42)	Asset Concentration RBC - Equity	PR011 L(33)C(3) Grand Total Page	0
(43)	Total R2	L(27)+L(28)+L(29)+L(30)+L(31)+L(32)+L(33)+L(34) +L(35)+L(36)+L(37)+L(38)+L(39)+L(40)+L(41)+L(42) +L(43)+L(44)+L(45)+L(46)+L(47)+L(48)+L(49)	0
R3 - Asset Risk - Credit			
(44)	Other Credit RBC	PR012 L(8)-L(1)-L(2)C(2)	0
(45)	One half of Rein Recoverables	0.5 x (PR012 L(1)+L(2)C(2))	0
(46)	Other half of Rein Recoverables	If R4 L(51)>(R3 L(45) + R3 L(46)), 0, otherwise, R3 L(46)	0
(47)	Health Credit Risk	PR013 L(12)C(2)	0
(48)	Total R3	L(45) + L(46) + L(47) + L(48)	0

CALCULATION OF TOTAL RISK-BASED CAPITAL AFTER COVARIANCE PR032 R4-Rcat

(1)

R4 - Underwriting Risk - Reserves		PRBC O&I Reference	RBC Amount
(49)	One half of Reinsurance RBC	If R4 L(51)>(R3 L(45) + R3 L(46)), R3 L(46), otherwise, 0	0
(50)	Total Adjusted Unpaid Loss/Expense Reserve RBC	PR0017 L(15)C(20)	0
(51)	Excessive Premium Growth - Loss/Expense Reserve	PR016 L(13) C(8)	0
(52)	A&H Claims Reserves Adjusted for LCF	PR024 L(5) C(2) + PR023 L(6) C(4)	0
(53)	Total R4	L(50)+L(51)+L(52)+L(53)	0
R5 - Underwriting Risk - Net Written Premium			
(54)	Total Adjusted NWP RBC	PR018 L(15)C(20)	0
(55)	Excessive Premium Growth - Written Premiums Charge	PR016 L(14)C(8)	0
(56)	Total Net Health Premium RBC	PR022 L(21)C(2)	0
(57)	Health Stabilization Reserves	PR025 L(8)C(2) + PR023 L(3) C(2)	0
(58)	Total R5	L(551)+L(56)+L(57)+L(58)	0
Rcat- Catastrophe Risk			
(59)	Total Rcat	PR027 L(3) C(1)	0
(60)	Total RBC After Covariance Before Basic Operational Risk = $R0 + \text{SQRT}(R1^2 + R2^2 + R3^2 + R4^2 + R5^2 + Rcat^2)$		0
(61)	BasicOperational Risk = $0.030 \times L(61)$		0
(62)	C-4a of U.S. Life Insurance Subsidiaries (from Company records)		0
(63)	Net Basic Operational Risk = Line (62) - Line (63) (Not less than zero)		0
(64)	Total RBC After Covariance including Basic Operational Risk = $L(61) + L(64)$		0
(65)	Authorized Control Level RBC including Basic Operational Risk = $.5 \times L(65)$		0