What RBC Pages Should be Submitted?

For year-end 2012 Health RBC, submit hard copies of pages **XR001 through XR025** to any state that requests a hard copy in addition to the electronic filing. Starting with the year-end 2007 RBC, a hard copy was not required to be submitted to the NAIC.

Other pages, such as the capitations worksheet, do not need to be submitted. Those pages would need to be retained by the company as documentation.

Schedule S Line Changes Made to XR019 Credit Risk

As a result of the adoption of 2012-20BWG by the Blanks (E) Working Group on a June 14, 2012, conference call, changes were made to the line references of page XR019 Credit Risk.

2012-20BWG added new lines to the annual statement Schedule S for “certified” reinsurers. These new line references were added to XR019 lines 9, 10, 11, 13, 14 and 15.

Further study may potentially be undertaken in the future to determine if different RBC factors may be needed for the certified reinsurers.

Deferred Tax Asset Proposal

A proposal to make changes for deferred tax assets was adopted by e-mail vote after the June 12, 2012, Capital Adequacy (E) Task Force conference call.

**Page XR005 Changes:**
New lines 15, 16, and 17 were added to page XR005 Off-Balance Sheet and Other Items. In addition, a new column for “Yes/No Response” to page XR005 was added.

These new lines add RBC charges for deferred tax asset amounts as follows:

- (15) Is the entity responsible for filing the U.S. Federal income tax return for the reporting insurer a regulated insurance company? (Answer “Yes”, “No” or “N/A”)
  - If line (15) = “Yes” then factor = 0.005
  - If line (15) = “No” then factor = 0.010
  - If line (15) = “N/A” then factor = 0.000

- (16) SSAP No. 101 Paragraph 11a DTA (taken from Note 9 Col. 3 Line 9A2(a))
  - Factor = 0.010

- (17) SSAP No. 101 Paragraph 11b DTA (taken from Note 9 Col. 3 Line 9A2(b))
  - Factor = 0.010

A “Yes” for line (15) means the entity which files the U.S. Federal income tax return which includes the reporting entity is a regulated insurance company (including where the reporting entity is the direct filer of the tax return).

A “No” for line (15) means the entity which files the U.S. Federal income tax return which includes the reporting entity is not a regulated insurance company (e.g. a non-insurance entity or holding company makes the filing).

An “N/A” for line (15) means the entity is exempt from filing a U.S. Federal income tax return; lines (16) and (17) should be zero in this case.
Deferred Tax Asset Proposal (Continued)

Page XR024 Changes:
As a result of the adoption of SSAP No. 101 by the Statutory Accounting Principles (E) Working Group, the line descriptions for one of the tax sensitivity tests on page XR024 Calculation of Total Adjusted Capital were adjusted for lines 12, 13 and 15. The sensitivity test is now referred to as the “Ex DTA ACL RBC Ratio Sensitivity Test.”

The main change made to the sensitivity test is that the full amount of the deferred tax asset (DTA) reported on the annual statement assets page line 18.2 column 3 is now subtracted from total adjusted capital rather than just the expanded DTA amount as was the case for year-end 2011 health RBC.