

Capital Adequacy (E) Task Force

RBC Proposal Form

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|---|--|--|
| <input type="checkbox"/> Capital Adequacy (E) Task Force | <input checked="" 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"/> SMI RBC (E) Subgroup |
| <input type="checkbox"/> C3 Phase II/ AG43 (E/A) Subgroup | <input type="checkbox"/> P/C RBC (E) Working Group | <input type="checkbox"/> Stress Testing (E) Subgroup |

<p style="text-align: right;">DATE: <u>3-20-18</u></p> <p>CONTACT PERSON: <u>Crystal Brown</u></p> <p>TELEPHONE: <u>816-783-8146</u></p> <p>EMAIL ADDRESS: <u>cbrown@naic.org</u></p> <p>ON BEHALF OF: <u>Health RBC (E) Working Group</u></p> <p>NAME: <u>Patrick McNaughton</u></p> <p>TITLE: <u>Chief Financial Examiner/Chair</u></p> <p>AFFILIATION: <u>WA Office of Insurance Commissioner</u></p> <p>ADDRESS: <u>PO Box 40255</u> <u>Olympia, WA 98504-0255</u></p>	<p style="text-align: center;"><u>FOR NAIC USE ONLY</u></p> <p>Agenda Item # <u>2018-07-H</u></p> <p>Year <u>2018</u></p> <hr/> <p style="text-align: center;"><u>DISPOSITION</u></p> <p><input checked="" type="checkbox"/> ADOPTED <u>6-28-18</u></p> <p><input type="checkbox"/> REJECTED _____</p> <p><input type="checkbox"/> DEFERRED TO _____</p> <p><input type="checkbox"/> REFERRED TO OTHER NAIC GROUP _____</p> <p><input checked="" type="checkbox"/> EXPOSED <u>4-24-18</u></p> <p><input type="checkbox"/> OTHER (SPECIFY) _____</p>
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IDENTIFICATION OF SOURCE AND FORM(S)/INSTRUCTIONS TO BE CHANGED

- | | | |
|---|---|---|
| <input checked="" type="checkbox"/> Health RBC Blanks | <input type="checkbox"/> Property/Casualty RBC Blanks | <input type="checkbox"/> Life RBC Instructions |
| <input type="checkbox"/> Fraternal RBC Blanks | <input type="checkbox"/> Health RBC Instructions | <input type="checkbox"/> Property/Casualty RBC Instructions |
| <input type="checkbox"/> Life RBC Blanks | <input type="checkbox"/> Fraternal RBC Instructions | <input type="checkbox"/> OTHER _____ |

DESCRIPTION OF CHANGE(S)

Correct the All Other Low Income Housing Tax Credit line factor to .1500 from .0150.

REASON OR JUSTIFICATION FOR CHANGE **

The original proposal had a typo in the factor so when the factor was implemented into the formula the wrong factor was used. The proposal would correct the factor the intended factor based on the Oct. 25, 2012 memo to Capital Adequacy (E) Task Force.

Additional Staff Comments:

- 3-25-18 cgb The WG agreed to expose proposal 2018-07-H for a 30-day comment period ending on April 24, 2018.
 4-25-18 cgb No comments were received.
 5-18-18 cgb The WG adopted the proposal .
 6-28-18 cgb The Capital Adequacy (E) Task Force adopted the proposal.

** This section must be completed on all forms.

Revised 11-2013

FIXED INCOME ASSETS

	<u>Annual Statement Source</u>	(1) <u>Bk/Adj Carrying Value</u>	(2) <u>Factor</u>	<u>RBC Requirement</u>
BONDS				
(1)	NAIC 01 - U.S. Government - Direct and Guaranteed	Sch D, Pt 1A, Sn 1, Col 7, Line 1.1		
(2)	Total NAIC 01 Bonds	Sch D, Pt 1A, Sn 1, Col 7, Line 10.1 - Line 7.1	0.000	
(3)	Other NAIC 01 Bonds	L(2) - L(1)		0.0030
(4)	Total NAIC 02 Bonds	Sch D, Pt 1A, Sn 1, Col 7, Line 10.2 - Line 7.2	0.0100	
(5)	Total NAIC 03 Bonds	Sch D, Pt 1A, Sn 1, Col 7, Line 10.3 - Line 7.3	0.0200	
(6)	Total NAIC 04 Bonds	Sch D, Pt 1A, Sn 1, Col 7, Line 10.4 - Line 7.4	0.0450	
(7)	Total NAIC 05 Bonds	Sch D, Pt 1A, Sn 1, Col 7, Line 10.5 - Line 7.5	0.1000	
(8)	Total NAIC 06 Bonds	Sch D, Pt 1A, Sn 1, Col 7, Line 10.6 - Line 7.6	0.3000	
(9)	Total Bonds			
MISCELLANEOUS FIXED INCOME ASSETS				
(10)	Cash	Page 2, Line 5, inside amount 1	0.0030	
(11)	Cash Equivalents	Page 2, Line 5, inside amount 2		
(12)	Less: Cash Equivalent, Bonds included in Schedule D, Part 1A	Sch E Pt 2, C7, L8399999, in part		
(13)	Less: Exempt Money Market Mutual Funds*	Sch E Pt 2, C7, L8599999		
(14)	Net Cash Equivalents	L (11) - L (12) - L(13)	0.0030	
(15)	Short-Term Investments	Page 2, Line 5, inside amount 3		
(16)	Short-Term Bonds *	Sch DA, Pt 1, Col 7, L8399999		
(17)	Total Other Short-Term Investments	L(15) - L(16)	0.0030	
(18)	Mortgage Loans - First Liens	Page 2, Col 3, Line 3.1	0.0500	
(19)	Mortgage Loans - Other Than First Liens	Page 2, Col 3, Line 3.2	0.0500	
(20)	Receivable for Securities	Page 2, Col 3, Line 9	0.0240	
(21)	Aggregate write-ins for invested assets	Page 2, Col 3, Line 11	0.0500	
(22)	Collateral Loans	Included in Page 2, Col 3, Line 8	0.0500	
(23)	NAIC 01 Working Capital Finance Investments	Notes to Financial Statement 5M(01a), Col. 3	0.0038	
(24)	NAIC 02 Working Capital Finance Investments	Notes to Financial Statement 5M(01b), Col. 3	0.0125	
(25)	Other Long-Term Invested Assets Excluding Collateral Loans and Working Capital Finance Investments	Included in Page 2, Col 3, Line 8	0.2000	
(26)	Federal Guaranteed Low Income Housing Tax Credits	Schedule BA Part 1, Column 12 Lines 3199999 + 3299999	0.0014	
(27)	Federal Non-Guaranteed Low Income Housing Tax Credits	Schedule BA Part 1, Column 12 Lines 3399999 + 3499999	0.0260	
(28)	State Guaranteed Low Income Housing Tax Credits	Schedule BA Part 1, Column 12 Lines 3599999 + 3699999	0.0014	
(29)	State Non-Guaranteed Low Income Housing Tax Credits	Schedule BA Part 1, Column 12 Lines 3799999 + 3899999	0.0260	
(30)	All Other Low Income Housing Tax Credits	Schedule BA Part 1, Column 12 Lines 3999999 + 4099999	0.1500	
(31)	Total Other Long-Term Invested Assets (Page 2, Col 3, Line 8)	L(22)+L(23)+L(24)+L(25)+L(26)+L(27)+L(28)+L(29)+ L(30)		
(32)	Derivatives	Page 2, Col 3, Line 7	0.0500	
(33)	Total Fixed Income Assets RBC	L(9)+L(10)+L(14)+L(17)+L(18)+L(19)+L(20)+L(21)+L(31)+L(32)		

Denotes items that must be manually entered on filing software.

* These bonds appear in Schedule D Part 1A Section 1 and are already recognized in the Bond portion of the formula.