

Article - Insurance

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§4–304.

(a) (1) A life insurer's or fraternal benefit society's risk based capital shall be determined in accordance with the formula set forth in the RBC instructions.

(2) By applying the factors in the manner set forth in the RBC instructions, the formula shall take into account and may adjust for the covariance between:

(i) the risk with respect to the life insurer's or fraternal benefit society's assets;

(ii) the risk of adverse insurance experience with respect to the life insurer's or fraternal benefit society's liabilities and obligations;

(iii) the interest rate risk with respect to the life insurer's or fraternal benefit society's business; and

(iv) all other business risks and other relevant risks as set forth in the RBC instructions.

(b) (1) Except as provided in subsection (a) of this section, an insurer's risk based capital shall be determined in accordance with the formula set forth in the RBC instructions.

(2) By applying the factors in the manner set forth in the RBC instructions, the formula shall take into account and may adjust for the covariance between:

(i) asset risk;

(ii) credit risk;

(iii) underwriting risk; and

(iv) all other business risks and other relevant risks as set forth in the RBC instructions.

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