

General	
Reserve development that would <b>trigger</b> a change in RBC	<p><b>trigger:</b> <math>TAC - 2 * ACL</math></p> <ul style="list-style-type: none"> <li>TAC = Total Adjusted Capital</li> <li>ACL = Authorized Control Level (Capital)</li> <li><b>Note:</b> CAL = Company Action Level (Capital) = <math>2 * ACL</math></li> </ul>
Bright Line Indicator Test	<p>Regulators use this test to pursue comments from the AA about RMAD. The AA must comment if the following are true:</p> <ol style="list-style-type: none"> <li>AA believes there's no RMAD</li> <li><math>(10\% \text{ Loss and LAE Reserves}) &gt; TAC - 2 * ACL</math></li> </ol>

Exhibit A		
Loss and Loss Adjustment Expense Reserves		
1	(Net) Unpaid Losses	Schedule P, Part 1 Columns: $(13 - 14) + (15 - 16)$
2	(Net) Unpaid LAE	Schedule P, Part 1 Columns: $(17 - 18) + (19 - 20) + (21 - 22)$
3	Unpaid Losses, Direct and Assumed	Schedule P, Part 1 Columns: $13 + 15$
4	Unpaid LAE, Direct and Assumed	Schedule P, Part 1 Columns: $17 + 19 + 21$
5	Retroactive reinsurance reserves	
6	Other Loss Reserve items AA is opining on	
Premium Reserves		
7	Reserve for Direct and Assumed UEP for Long Duration Contracts	
8	Reserve for Net UEP for Long Duration Contracts	
9	Other Premium reserve items which AA in opining on	

Actuarial Opinion Summary		Net			Gross		
		Low	Mid	High	Low	Mid	High
A	Actuary's Range of Reasonable Reserves	$A_1$		$A_2$	$A_1$		$A_2$
B	Actuary's Point Estimate		$B_1$			$B_1$	
C	Company's Carried Reserves		$C_1$			$C_1$	
D	Difference	$C_1 - A_1$	$C_1 - B_1$	$C_1 - A_2$	$C_1 - A_1$	$C_1 - B_1$	$C_1 - A_2$
E	<p>Statement whether there has been one-year adverse development (relative to prior year surplus) of greater than 5% in 3 or more of last 5 years</p> <p><b>Note:</b> This is checking if at least 3 similarly colored <math>\frac{Y}{X} &gt; 5\%</math> in the sample below</p>						

Sample for Part E (Given on exam)	2015	2014	2013	2012	2011	2010
Surplus	•	X	X	X	X	X
One-Year Reserve Development	Y	Y	Y	Y	Y	•