



## LFV-C Sample Flashcards

You have downloaded a sample of our LFV-C flashcards. The flashcards are designed to help you memorize key material for the SOA's LFV-C exam.

The flashcards are in a "Q&A" format that is well-suited for reviewing the material at a high level after you complete section of the online seminar. The cards are sequenced in exactly the same order as the rest of the online seminar. Practicing your ability to recall the material in the form of an answer to a question is a great way to get ready for the actual exam.

### Flashcard Formats Available

The same cards are in each format below. Only the format of the cards differs, as explained below.

1. **"Singles"**. This version contains alternating front/back sides of each card in sequence. This format is well suited for PDF viewers on your computer, tablet, or phone. Simply flip through the pages.
2. **"FrontBack"**. This version has 3 cards per page. If you print this PDF double-sided on U.S. Letter (8.5" x 11") paper, the front and back of each card will be aligned. This format also works well on Avery 5388 3x5" index cards, which can be [purchased on Amazon](#). Printing instructions are included with the full flashcard set available in the online seminar.
3. **Mobile version**. TIA's free Flashcards app for [iPhone](#), [Android](#), and the web (see Flashcards tab in online seminar) lets you study, filter, and shuffle your flashcards wherever you are. All cards are fully integrated with the online seminar, and your progress syncs across all apps. No printing or manual effort on your part to load the cards. Simply sign in, and get started.

Samples of the "front back" format are included in this PDF. You can see samples of the mobile flashcards by simply downloading the app for free.

If you have any questions, email me anytime.

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What are the ways a company can improve its RBC ratio?

List the 5 RBC risk categories.

What is the formula for authorized control level RBC?

Source: VLIL Ch. 16 – Risk-Based Capital

1. Emphasize products with low RBC requirements
2. Redesign products
3. Lower expenses or increase prices
4. Invest in assets with lower RBC requirements
5. Use reinsurance
6. Move subsidiaries to a holding company
7. Raise capital by issuing surplus notes or equity securities

Source: VLIL Ch. 16 – Risk-Based Capital

- **C-0: Asset Risk – Affiliates**
  - If affiliate is an insurance company, C-0 requirement = affiliate's RBC
- **C-1: Asset Risk – Other (Default Risk)**
  - Asset value × Factor
  - Factors vary with class based on quality
  - Asset concentration: Double the factor for 10 largest holdings
- **C-2: Insurance Risk**
  - Risk of under-estimating liabilities, inadequate pricing, excessive claims
  - NAR × Factor
- **C-3: Interest Rate Risk, Health Risk, and Market Risk**
  - Reserves × Factor
  - Factors vary by type of liability
- **C-4: Business Risk**
  - General business risks: fraud, mismanagement, litigation
  - Premium × Factor

Source: VLIL Ch. 16 – Risk-Based Capital

Authorized Control Level RBC =

$$0.5 \times \left[ C_0 + C_{4a} + \sqrt{(C_{1o} + C_{3a})^2 + (C_{1cs} + C_{3c})^2 + C_2^2 + C_{3b}^2 + C_{4b}^2} \right]$$

- $C_{1cs}$  = common stock
- $C_{1o}$  = other assets
- $C_{3a}$  = interest rate risk
- $C_{3b}$  = health credit risk
- $C_{3c}$  = market risk
- $C_{4a}$  = business risk (non-health)
- $C_{4b}$  = business risk (health)