

Date: 3/22/22

Virtual Meeting

(in lieu of meeting at the 2022 Spring National Meeting)

CATASTROPHE RISK (E) SUBGROUP

Tuesday, March 22, 2022

11:00 a.m. – 12:00 p.m. ET / 10:00 – 11:00 a.m. CT / 9:00 – 10:00 a.m. MT / 8:00 – 9:00 a.m. PT

Meeting Summary Report

The Catastrophe Risk (E) Subgroup met March 22, 2022. During this meeting, the Subgroup:

1. Adopted its Feb. 22, 2022; Jan. 25, 2022; and Dec. 16, 2021 minutes, which included the following action:
 - A. Adopted proposal 2021-15-CR (Adding KCC Models), which the Subgroup exposed for a 30-day public comment period ending Nov. 26, 2021.
 - B. Adopted proposal 2021-17-CR (Adding Wildfire Peril for Informational Purposes Only), which the Subgroup exposed for a 60-day public comment period ending Feb. 13.
 - C. Heard an update from the Catastrophe Model Technical Review Ad Hoc Group. The update included the discussion of the survey questions created by the members within the group, which were based on *Actuarial Standard of Practice (ASOP) No. 38—Catastrophe Modeling (for All Practice Areas)*.
 - D. Discussed three different kinds of catastrophe models that deviate from the vendor models. The Subgroup will focus on discussing the vendor catastrophe models with adjustments or different weight first.
 - E. Discussed the issue of double counting in the R5 component. The Subgroup asked the interested parties to review the current methodology and provide comments in the upcoming meetings.
 - F. Discussed the possibility of adding flood peril in the Rcat component. Industry asked the Subgroup to consider the materiality issue with respect to whether the flood peril is warranted, given the exposure of the industry.
 - G. Heard a presentation from Milliman regarding the private flood market.
2. Discussed its 2022 working agenda.
3. Discussed the insured loss threshold for wildfire peril. The Subgroup considered following the same minimum 25 million insured losses per event threshold as the other perils.
4. Exposed proposal MOD 2021-17-CR (Wildfire Information-Only Reporting Exemption) for a 14-day public comment period ending April 5. This proposal allows an exemption for those companies where the modeling requirements would impose a cost and compliance burden during the for informational purposes only period.
5. Discussed the independent model review instruction in the Rcat component. Heard comments from the Missouri Department of Commerce and Insurance (DCI) regarding the Rcat instructions.

6. Discussed the issue of double counting in the R5 component.

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