

Draft date: 4/20/26

*Virtual Meeting*

**JOINT MEETING OF THE PROPERTY AND CASUALTY RISK-BASED CAPITAL (E) WORKING GROUP  
AND CATASTROPHE RISK (E) SUBGROUP**

**Tuesday, May 12, 2026**

**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**

**ROLL CALL**

**PROPERTY AND CASUALTY RISK-BASED CAPITAL (E) WORKING GROUP**

Tom Botsko, Chair	Ohio	Melissa Robertson	New Mexico
Wanchin Chou, Vice Chair	Connecticut	Ni Qin	New York
Charles Hale	Alabama	Will Davis	South Carolina
Rolf Kaumann/Eric Unger	Colorado	Rebecca Armon	Texas
Jane Nelson	Florida	Adrian Jaramillo	Wisconsin
Sandra Darby	Maine		

NAIC Support Staff: Eva Yeung

**CATASTROPHE RISK (E) SUBGROUP**

Wanchin Chou, Chair	Connecticut	Alexander Vajda	New York
Jane Nelson, Vice Chair	Florida	Tom Botsko	Ohio
Rolf Kaumann/Eric Unger	Colorado	Andrew Schallhorn	Oklahoma
Travis Grassel	Iowa	Will Davis	South Carolina
Sandra Darby	Maine	Rebecca Armon	Texas
Melissa Robertson/Elouisa Tyler	New Mexico		

NAIC Support Staff: Eva Yeung

**AGENDA**

1. Consider Adoption of Proposal 2026-08-CR (PRO27INT Item D Modification)—*Wanchin Chou (CT)* Attachment A
2. Consider Exposure of Proposal 2026-11-P (Underwriting Risk Line 1 Factors)—*Tom Botsko (OH)* Attachment B
3. Consider Exposure of Proposal 2025-21-P (Premium and Loss Concentration Factors)—*Tom Botsko (OH)* Attachment C

4. Hear Updates on the Severe Convective Storms Impact Analysis—  
*Wanchin Chou (CT)*
5. Discuss Climate Impact Disclosures —*Wanchin Chou (CT)*
6. Discuss Any Other Matters Brought Before the Working Group—*Tom  
Botsko (OH) and Wanchin Chou (CT)*
7. Adjournment

## Capital Adequacy (E) Task Force

### RBC Proposal Form

- |   |  |   |
|---|--|---|
| <input type="checkbox"/> Capital Adequacy (E) Task Force                      | <input type="checkbox"/> Health RBC (E) Working Group      | <input type="checkbox"/> Life RBC (E) Working Group                         |
| <input checked="" type="checkbox"/> Catastrophe Risk (E) Subgroup             | <input type="checkbox"/> P/C RBC (E) Working Group         | <input type="checkbox"/> Longevity Risk (A/E) Subgroup                      |
| <input type="checkbox"/> Variable Annuities Capital. & Reserve (E/A) Subgroup | <input type="checkbox"/> Economic Scenarios (E/A) Subgroup | <input type="checkbox"/> RBC Investment Risk & Evaluation (E) Working Group |

<p style="text-align: right; margin: 0;"><b>DATE:</b> <u>2/23/26</u></p> <p><b>CONTACT PERSON:</b> <u>Eva Yeung</u></p> <p><b>TELEPHONE:</b> <u>816-783-8407</u></p> <p><b>EMAIL ADDRESS:</b> <u>eyeung@naic.org</u></p> <p><b>ON BEHALF OF:</b> <u>Catastrophe Risk (E) Subgroup</u></p> <p><b>NAME:</b> <u>Wanchin Chou</u></p> <p><b>TITLE:</b> <u>Chair</u></p> <p><b>AFFILIATION:</b> <u>Connecticut Department of Insurance</u></p> <p><b>ADDRESS:</b> <u>153 Market St., Hartford CT 06103</u></p>	<p style="text-align: center; margin: 0;"><b>FOR NAIC USE ONLY</b></p> <hr/> <p>Agenda Item #<u>2026-08-CR</u> Year <u>2026</u></p> <hr/> <p style="text-align: center;"><b>DISPOSITION</b></p> <p><b>ADOPTED:</b></p> <p><input type="checkbox"/> TASK FORCE (TF) _____</p> <p><input type="checkbox"/> WORKING GROUP (WG) _____</p> <p><input type="checkbox"/> SUBGROUP (SG) _____</p> <p><b>EXPOSED:</b></p> <p><input type="checkbox"/> TASK FORCE (TF) _____</p> <p><input checked="" type="checkbox"/> WORKING GROUP (WG) <u>2026/03/23</u></p> <p><input checked="" type="checkbox"/> SUBGROUP (SG) <u>2026/03/23</u></p> <p><b>REJECTED:</b></p> <p><input type="checkbox"/> TF <input type="checkbox"/> WG <input type="checkbox"/> SG _____</p> <p><b>OTHER:</b></p> <p><input type="checkbox"/> DEFERRED TO _____</p> <p><input type="checkbox"/> REFERRED TO OTHER NAIC GROUP _____</p> <p><input type="checkbox"/> (SPECIFY) _____</p>
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#### IDENTIFICATION OF SOURCE AND FORM(S)/INSTRUCTIONS TO BE CHANGED

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

#### DESCRIPTION/REASON OR JUSTIFICATION OF CHANGE(S)

The purpose of this proposal is to eliminate questions D13 and D14 from PR027INT. This action is recommended because there are currently no clearly defined areas that are considered prone to convective storms. As a result, retaining these questions may lead to ambiguity and inconsistency in data collection and reporting.

#### Additional Staff Comments:

4/8/26 Additional modifications were made to the instructions in response to industry feedback indicating that the final sentence remains valid and helpful to include.

**\*\* This section must be completed on all forms.**

**Revised 2-2023**

**CALCULATION OF CATASTROPHE RISK CHARGE RCAT  
PR027A, PR027B, PR027BI, PR027BII, PR027BIII, PR027BIV PR027C, PR027CI, PR027CII, PR027CIII, PR027CIV, PR027D, PR027,  
PR027INT, AND PR027INTA**

↓ **====** **Detail Eliminated To Conserve Space** **====** ↓

The Interrogatory on page (PR027INT) supports an exemption from filing the catastrophe risk charge.

Any company qualifying for exemption from the earthquake risk charge must identify the particular criteria from among (1a), (1b), (2) and (3) that provides its qualification for exemption, and may leave the other three items from this group of four possible qualifications for exemption blank; except identification of criteria (3) as the basis for the exemption requires a further answer to (3a) and (3b). If an insurer does not write or assume earthquake risks leaving no gross exposure, enter an "X" in PR027INT interrogatory 3, with no need to fill in (3a) and (3b). If the company qualifies for exemption from the earthquake risk charge, page PR027A and line (1) on PR027 may be left blank.

Any company qualifying for exemption from the hurricane risk charge must identify the particular criteria from among (4a), (4b), (5) and (6) that provides its qualification for exemption, and may leave the other three items from this second group of four possible qualifications for exemption blank. If an insurer does not write or assume hurricane risks leaving no gross exposure, enter an "X" in PR027INT interrogatory 6. If the company qualifies for exemption from the hurricane risk charge, page PR027B and line (2) on PR027 may be left blank.

Any company qualifying for exemption from the wildfire risk charge must identify the particular criteria from among (7a), (7b), (8), (9), and (10) that provides its qualification for exemption and may leave the other four items from this third group of five possible qualifications for exemption blank. If an insurer does not write or assume wildfire risks leaving no gross exposure, enter an "X" in PR027INT interrogatory 9. If the company qualifies for exemption from the wildfire risk charge, page PR027C and line (3) on PR027 may be left blank.

Any company qualifying for exemption from the convective storms risk charge must identify the particular criteria from among (11a), (11b), and (12), ~~(13) and (14)~~ that provides its qualification for exemption and may leave the other ~~four~~ two items from this fourth group of ~~five~~ three possible qualifications for exemption blank. ~~If an insurer does not write or assume convective storms risks leaving no gross exposure, enter an "X" in PR027INT interrogatory 13.~~ If the company qualifies for exemption from the convective storms risk charge, page PR027D and line (4) on PR027 may be left blank.

↓ **====** **Detail Eliminated To Conserve Space** **====** ↓

INTERROGATORY TO SUPPORT EXEMPTION FROM COMPLETING PR027 (To be completed by companies reporting no RBC charge in either Lines 1 through 4) PR027INT

Place an "X" in the appropriate cell for the criteria under which the company is claiming an exemption

A Earthquake Exemption (To be completed by companies reporting no RBC charge in PR027 Line 1) -

- (1) The company has not entered into a reinsurance agreement covering earthquake exposure with a non-affiliate or a non-US affiliate and, either
  - (1a) the company participates in an inter-company pooling arrangement with 0% participation, leaving no net exposure for earthquake risks; Or
  - (1b) the company cedes 100% of its earthquake exposures to its US affiliate(s), leaving no net exposure for earthquake risks
- (2) The Company's Ratio of Insured Value - Property to surplus as regards policyholders is less than 50%
- (3) The company has written Insured Value - Property that includes earthquake coverage in the Earthquake-Prone areas representing less than 10% of its surplus as regards policyholders


For any company qualifying for the exemption under 3 provide details about how the "geographic areas in the New Madrid Seismic Zone" were determined.

(3a) What resource was used to define the New Madrid Seismic Zone?

(3b) Was exposure determined based on zip codes or counties in the zone, was it based on all of the earthquake exposure in the identified states or was another methodology used? Describe any other methodology used.


Note: "Earthquake-Prone areas" include any of the following states or commonwealths: Alaska, Hawaii, Washington, Oregon, California, Idaho, Nevada, Utah, Arizona, Montana, Wyoming, Colorado, New Mexico, Puerto Rico, and geographic areas in the following states that are in the New Madrid Seismic Zone - Missouri, Arkansas, Mississippi, Tennessee, Illinois and Kentucky.

B Hurricane Exemption (To be completed by companies reporting no RBC charge in PR027 Line 2) -

- (4) The company has not entered into a reinsurance agreement covering hurricane exposure with a non-affiliate or a non-US affiliate and, either
  - (4a) the company participates in an inter-company pooling arrangement with 0% participation, leaving no net exposure for hurricane risks; Or
  - (4b) the company cedes 100% of its hurricane exposures to its US affiliate(s), leaving no net exposure for hurricane risks
- (5) The Company's Ratio of Insured Value - Property to surplus as regards policyholders is less than 50%
- (6) The company has written Insured Value - Property that includes hurricane coverage in the Hurricane-Prone areas representing less than 10% of its surplus as regards policyholders


Note: "Hurricane-Prone areas" include Hawaii, District of Columbia and states and commonwealths bordering on the Atlantic Ocean, and/or Gulf of Mexico including Puerto Rico.

C Wildfire Exemption (To be completed by companies reporting no RBC charge in PR027 Line 3) -

- (7) The company has not entered into a reinsurance agreement covering wildfire exposure with a non-affiliate or a non-US affiliate and, either
  - (7a) the company participates in an inter-company pooling arrangement with 0% participation, leaving no net exposure for wildfire risks; Or
  - (7b) the company cedes 100% of its wildfire exposures to its US affiliate(s), leaving no net exposure for wildfire risks
- (8) The Company's Ratio of Insured Value - Property to surplus as regards policyholders is less than 50%
- (9) The company has written Insured Value - Property that includes wildfire coverage in the wildfire-Prone areas representing less than 10% of its surplus as regards policyholders
- (10) The sum of the direct and assumed premium written in wildfire-prone areas across the following Annual Statement lines is less than \$50 million: Fire, Allied Lines, Earthquake, Farmowners, Homeowners, and Commercial Multi-Peril; and the company does not currently utilize NAIC approved third party commercial vendor wildfire catastrophe models.


Note: "Wildfire-Prone areas" include any of the following states: California, Idaho, Montana, Oregon, Nevada, Wyoming, Colorado, New Mexico, Washington, Arizona, and Utah.

D Convective Storms Exemption (To be completed by companies reporting no RBC charge in PR027 Line 4) -

- (11) The company has not entered into a reinsurance agreement covering Convective Storms exposure with a non-affiliate or a non-US affiliate and, either
  - (11a) the company participates in an inter-company pooling arrangement with 0% participation, leaving no net exposure for Convective Storms risks; Or
  - (11b) the company cedes 100% of its convective storms exposures to its US affiliate(s), leaving no net exposure for Convective Storms risks
- (12) The Company's Ratio of Insured Value - Property to surplus as regards policyholders is less than 50% for the following lines: Fire, Allied Lines, Earthquake, Farmowners, Homeowners, and Commercial Multi-Peril; and the company does not currently utilize NAIC approved third party commercial vendor convective storm catastrophe models.
- (13) The company has written Insured Value - Property that includes Convective Storms coverage in the Convective Storms-Prone areas representing less than 10% of its surplus as regards policyholders
- (14) The sum of the direct and assumed premium written in Convective Storms-prone areas across the following Annual Statement lines is less than \$50 million: Fire, Allied Lines, Earthquake, Farmowners, Homeowners, and Commercial Multi-Peril; and the company does not currently utilize NAIC approved third party commercial vendor convective storm catastrophe models.


Denotes items that must be manually entered on the filing software.

\* Items C and D are for informational purposes only.

## Capital Adequacy (E) Task Force

### RBC Proposal Form

- |   |   |   |
|---|---|---|
| <input type="checkbox"/> Capital Adequacy (E) Task Force                      | <input 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"/> Longevity Risk (A/E) Subgroup                      |
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<p style="text-align: right;">DATE: <u>4/24/26</u></p> <p><b>CONTACT PERSON:</b> <u>Eva Yeung</u></p> <p><b>TELEPHONE:</b> <u>816-783-8407</u></p> <p><b>EMAIL ADDRESS:</b> <u>eyeung@naic.org</u></p> <p><b>ON BEHALF OF:</b> <u>P/C RBC (E) Working Group</u></p> <p><b>NAME:</b> <u>Tom Botsko</u></p> <p><b>TITLE:</b> <u>Chair</u></p> <p><b>AFFILIATION:</b> <u>Ohio Department of Insurance</u></p> <p><b>ADDRESS:</b> <u>50 West Town Street, Suite 300</u> <u>Columbus, OH 43215</u></p>	<p style="text-align: center;"><b>FOR NAIC USE ONLY</b></p> <hr/> <p>Agenda Item # <u>2026-11-P</u> Year <u>2026</u></p> <hr/> <p style="text-align: center;"><b>DISPOSITION</b></p> <p><b>ADOPTED:</b></p> <p><input type="checkbox"/> TASK FORCE (TF) _____</p> <p><input type="checkbox"/> WORKING GROUP (WF) _____</p> <p><input type="checkbox"/> SUBGROUP (SG) _____</p> <p><b>EXPOSED:</b></p> <p><input type="checkbox"/> TASK FORCE (TF) _____</p> <p><input type="checkbox"/> WORKING GROUP (WG) _____</p> <p><input type="checkbox"/> SUBGROUP (SG) _____</p> <p><b>REJECTED:</b></p> <p><input type="checkbox"/> TF <input type="checkbox"/> WG <input type="checkbox"/> SG _____</p> <p><b>OTHER:</b></p> <p><input type="checkbox"/> DEFERRED TO _____</p> <p><input type="checkbox"/> REFERRED TO OTHER NAIC GROUP _____</p> <p><input type="checkbox"/> (SPECIFY) _____</p>
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#### IDENTIFICATION OF SOURCE AND FORM(S)/INSTRUCTIONS TO BE CHANGED

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

#### DESCRIPTION/REASON OR JUSTIFICATION OF CHANGE(S)

The proposed change aims to deliver a routine annual update to the industry underwriting factors, including premium and reserve, within the PCRBC formula.

#### Additional Staff Comments:

\*\* This section must be completed on all forms.

Revised 2-2023

Schedule P Line of Business	LOB	Proposed for adoption - 2026 Industry Average Development Ratio	2025 Industry Average Development	2024 Industry Average Development	2023 Industry Average Development	2022 Industry Average Development	2021 Industry Average Development	2020 Industry Average Development	2019 Industry Average Development	2018 Industry Average Development	2017 Industry Average Development
H/F	A	<b>0.998</b>	0.997	1.020	0.999	1.001	0.998	0.993	0.989	0.989	0.984
PPA	B	<b>1.074</b>	1.072	1.061	1.047	1.022	1.025	1.035	1.026	1.022	1.012
CA	C	<b>1.114</b>	1.110	1.115	1.106	1.082	1.083	1.078	1.087	1.060	1.034
WC	D	<b>0.921</b>	0.912	0.882	0.873	0.906	0.912	0.916	0.955	0.952	0.971
CMP	E	<b>1.008</b>	1.018	1.024	1.026	1.037	0.999	1.016	0.992	0.967	0.956
MM Occurrence	F1	<b>0.923</b>	0.914	0.910	0.906	0.887	0.874	0.861	0.864	0.871	0.868
MM Clms Made	F2	<b>1.035</b>	1.024	0.996	0.984	0.983	0.973	0.940	0.907	0.886	0.854
SL	G	<b>0.989</b>	0.995	0.996	0.994	0.990	0.976	0.963	0.938	0.933	0.926
OL	H	<b>0.984</b>	0.995	0.993	0.969	0.995	0.964	0.968	0.971	0.966	0.952
Fidelity / Surety	K	<b>0.879</b>	0.875	0.875	0.852	0.842	0.915	0.907	0.995	0.996	1.016
Special Property/Pet Insurance Plan	I/U	<b>0.956</b>	0.985	0.989	0.983	0.993	0.978	0.977	0.972	0.971	0.982
Auto Physical Damage	J	<b>0.984</b>	1.002	0.999	1.016	1.011	0.989	0.993	0.996	1.000	1.001
Other (Credut, A&H)	L	<b>0.938</b>	0.938	0.942	0.946	0.955	0.965	0.971	0.973	0.976	0.981
Financial / Mortgage Guaranty	S	<b>0.525</b>	0.486	0.493	0.674	0.694	0.723	0.682	0.788	0.870	0.820
Intl	M	<b>1.579</b>	1.927	2.168	2.414	3.041	1.104	1.162	1.037	0.851	0.855
Rein. Property & Financial Lines	NP	<b>0.915</b>	0.925	0.930	0.924	0.917	0.893	0.886	0.872	0.834	0.814
Rein. Liability	O	<b>1.077</b>	1.090	1.054	1.024	1.008	0.989	0.985	0.955	0.945	0.914
PL	R	<b>0.897</b>	0.911	0.882	0.874	0.867	0.879	0.900	0.913	0.921	0.935
Warranty	T	<b>0.985</b>	0.978	0.991	0.995	0.998	1.007	1.013	1.017	1.015	0.989

Schedule P Line of Business	LOB	Proposed 2026 Industry Average Loss & Expense Ratio	2025 Industry Average Loss & Expense Ratio	2024 Industry Average Loss & Expense Ratio	2023 Industry Average Loss & Expense Ratio	2022 Industry Average Loss & Expense Ratio	2021 Industry Average Loss & Expense Ratio	2020 Industry Average Loss & Expense Ratio	2019 Industry Average Loss & Expense Ratio	2018 Industry Average Loss & Expense Ratio	2017 Industry Average Loss & Expense Ratio
H/F	A	<b>0.698</b>	0.700	0.695	0.679	0.665	0.681	0.678	0.681	0.687	0.688
PPA	B	<b>0.805</b>	0.807	0.799	0.791	0.793	0.795	0.810	0.810	0.806	0.800
CA	C	<b>0.805</b>	0.792	0.787	0.777	0.761	0.761	0.759	0.737	0.724	0.706
WC	D	<b>0.657</b>	0.649	0.646	0.651	0.664	0.682	0.705	0.726	0.744	0.751
CMP	E	<b>0.677</b>	0.683	0.684	0.671	0.661	0.673	0.672	0.666	0.664	0.647
MM Occurrence	F1	<b>0.763</b>	0.763	0.752	0.767	0.750	0.731	0.726	0.730	0.780	0.777
MM Clms Made	F2	<b>0.844</b>	0.840	0.828	0.815	0.829	0.821	0.797	0.768	0.747	0.722
SL	G	<b>0.562</b>	0.565	0.583	0.578	0.585	0.593	0.603	0.593	0.569	0.567
OL	H	<b>0.675</b>	0.664	0.649	0.641	0.637	0.635	0.639	0.638	0.633	0.629
Fidelity / Surety	K	<b>0.376</b>	0.374	0.375	0.363	0.366	0.394	0.384	0.399	0.417	0.430
Special Property/Pet Insurance Plan	I/U	<b>0.552</b>	0.552	0.552	0.550	0.547	0.559	0.553	0.554	0.563	0.555
Auto Physical Damage	J	<b>0.715</b>	0.731	0.733	0.727	0.718	0.726	0.732	0.730	0.732	0.727
Other (Credit, A&H)	L	<b>0.714</b>	0.714	0.711	0.702	0.698	0.693	0.684	0.682	0.709	0.712
Financial / Mortgage Guaranty	S	<b>0.181</b>	0.159	0.158	0.209	0.203	0.252	0.513	0.811	1.099	1.175
Intl	M	<b>0.994</b>	1.184	1.153	1.136	1.166	0.769	0.758	0.795	0.584	0.565
Rein. Property & Financial Lines	NP	<b>0.601</b>	0.597	0.587	0.578	0.566	0.558	0.534	0.522	0.486	0.459
Rein. Liability	O	<b>0.842</b>	0.788	0.760	0.743	0.725	0.713	0.708	0.679	0.666	0.609
PL	R	<b>0.611</b>	0.609	0.594	0.597	0.601	0.617	0.645	0.656	0.671	0.670
Warranty	T	<b>0.653</b>	0.641	0.641	0.652	0.665	0.681	0.691	0.695	0.732	0.645

## Capital Adequacy (E) Task Force

### RBC Proposal Form

- |   |   |   |
|---|---|---|
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<p style="text-align: right;"><b>DATE:</b> <u>4/24/26</u></p> <p><b>CONTACT PERSON:</b> <u>Eva Yeung</u></p> <p><b>TELEPHONE:</b> <u>816-783-8407</u></p> <p><b>EMAIL ADDRESS:</b> <u>eyeung@naic.org</u></p> <p><b>ON BEHALF OF:</b> <u>P/C RBC (E) Working Group</u></p> <p><b>NAME:</b> <u>Tom Botsko</u></p> <p><b>TITLE:</b> <u>Chair</u></p> <p><b>AFFILIATION:</b> <u>Ohio Department of Insurance</u></p> <p><b>ADDRESS:</b> <u>50 West Town Street, Suite 300</u> <u>Columbus, OH 43215</u></p>	<p style="text-align: center;"><b><u>FOR NAIC USE ONLY</u></b></p> <p>Agenda Item # <u>2025-21-P</u> Year <u>2026</u></p> <p style="text-align: center;"><b><u>DISPOSITION</u></b></p> <p><b>ADOPTED:</b></p> <p><input type="checkbox"/> TASK FORCE (TF) _____</p> <p><input type="checkbox"/> WORKING GROUP (WF) _____</p> <p><input type="checkbox"/> SUBGROUP (SG) _____</p> <p><b>EXPOSED:</b></p> <p><input type="checkbox"/> TASK FORCE (TF) _____</p> <p><input type="checkbox"/> WORKING GROUP (WG) _____</p> <p><input type="checkbox"/> SUBGROUP (SG) _____</p> <p><b>REJECTED:</b></p> <p><input type="checkbox"/> TF <input type="checkbox"/> WG <input type="checkbox"/> SG _____</p> <p><b>OTHER:</b></p> <p><input type="checkbox"/> DEFERRED TO _____</p> <p><input type="checkbox"/> REFERRED TO OTHER NAIC GROUP _____</p> <p><input type="checkbox"/> (SPECIFY) _____</p>
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#### IDENTIFICATION OF SOURCE AND FORM(S)/INSTRUCTIONS TO BE CHANGED

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| <input type="checkbox"/> OTHER _____             |   |  |

#### DESCRIPTION/REASON OR JUSTIFICATION OF CHANGE(S)

The proposed change would update the loss and premium concentration factors in the P/C RBC formula based on the Academy's findings. The Academy concluded that Maximum Diversification Credits (MDCs) of 45% for premium and 65% for reserves are reasonable and are better supported by current data than the existing 30% MDC.

#### Additional Staff Comments:

**\*\* This section must be completed on all forms.**

**Revised 2-2023**

UNDERWRITING RISK - RESERVES PR017

		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	#REF! (10)
	SCH P LINE OF BUSINESS	H/F	PPA	CA	WC	CMP	MPL OCCURRENCE	MPL CLMS MADE	SL	OL	FIDELITY / SURETY
(1)	INDUSTRY AVERAGE DEVELOPMENT	0.997	1.072	1.110	0.912	1.018	0.914	1.024	0.995	0.995	0.875
(2)	COMPANY DEVELOPMENT	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
(3)	(2)/(1)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
(4)	INDUSTRY LOSS & EXPENSE RBC %	0.226	0.205	0.360	0.382	0.475	0.271	0.172	0.401	0.496	0.586
(5)	COMPANY RBC % (4)*(3)*.5+(4)*.5	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
(6)	LOSS & LOSS ADJUSTMENT EXPENSE UNPAID SCH. P PART 1 (in 000s)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
(7)	OTHER DISCOUNT AMOUNT NOT INCLUDED IN LOSS & LOSS ADJUSTMENT EXPENSE UNPAID IN SCH. P PART 1 (in 000s)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
(8)	ADJUSTMENT FOR INVESTMENT INCOME	0.951	0.937	0.926	0.783	0.898	0.861	0.896	0.884	0.864	0.908
(9)	BASE LOSS & LOSS ADJUSTMENT EXPENSE RESERVE RISK-BASED CAPITAL (000's) MAX {0,[(5)+1]*(8)-1}*[(6)+(7)] zero if Line [(6)+(7)] is negative	0	0	0	0	0	0	0	0	0	0
(10)	% DIRECT LOSS SENS	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
(11)	% ASSUMED LOSS SENS	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
(12)	LOSS SENSITIVE DISCOUNT (in 000s)	0	0	0	0	0	0	0	0	0	0
(13)	LOSS & LOSS ADJUSTMENT EXPENSE RBC AFTER DSCT (in 000s) L(09) - L(12)	0	0	0	0	0	0	0	0	0	0
(14)	LOSS CONCEN FACTOR										
(15)	TOTAL NET RESERVE RBC x1000 (converted to whole dollars)										

This worksheet is to show the results of the calculation of Underwriting Risk - Reserves  
Enter data in PR035 through PR039, PR100 through PR701 and PROTH

UNDERWRITING RISK - RESERVES PR017

	(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
SCH P LINE OF BUSINESS	SPECIAL PROPERTY/PET INSURANCE PLANS	AUTO PHYSICAL DAMAGE	OTHER (INCLUDE CREDIT,A&H)	FINANCIAL / MORTGAGE GUARANTY	INTL	REIN. PROPERTY & FINANCIAL LINES	REIN. LIABILITY	PL	WARRANTY	TOTAL
(1) INDUSTRY AVERAGE DEVELOPMENT	0.985	1.002	0.938	0.486	1.927	0.925	1.090	0.911	0.978	XXX
(2) COMPANY DEVELOPMENT	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	XXX
(3) (2)/(1)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	XXX
(4) INDUSTRY LOSS & EXPENSE RBC %	0.272	0.137	0.225	0.146	0.669	0.319	0.596	1.226	0.355	XXX
(5) COMPANY RBC % (4)*(3)*.5+(4)*.5	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	XXX
(6) LOSS & LOSS ADJUSTMENT EXPENSE UNPAID SCH. P PART 1 (in 000s)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0
(7) OTHER DISCOUNT AMOUNT NOT INCLUDED IN LOSS & LOSS ADJUSTMENT EXPENSE UNPAID IN SCH. P PART 1 (in 000s)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0
(8) ADJUSTMENT FOR INVESTMENT INCOME	0.954	0.978	0.936	0.916	0.881	0.913	0.793	0.844	0.961	XXX
(9) BASE LOSS & LOSS ADJUSTMENT EXPENSE RESERVE RISK-BASED CAPITAL (000's) MAX {0,[(5)+1]*(8)-1}*[(6)+(7)] zero if Line [(6)+(7)] is negative	0	0	0	0	0	0	0	0	0	0
(10) % DIRECT LOSS SENS	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	XXX
(11) % ASSUMED LOSS SENS	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	XXX
(12) LOSS SENSITIVE DISCOUNT (in 000s)	0	0	0	0	0	0	0	0	0	0
(13) LOSS & LOSS ADJUSTMENT EXPENSE RBC AFTER DSCT (in 000s) L(09) - L(12)	0	0	0	0	0	0	0	0	0	0
(14) LOSS CONCEN FACTOR										1.000
(15) TOTAL NET RESERVE RBC x1000 (converted to whole dollars)										0

This worksheet is to show the results of the calculation of Underwriting Risk - Reserves  
 Enter data in PR035 through PR039, PR100 through PR701 and PROTH

=ROUND(MIN(1,IF(E92>0,MAX(E69,E70,E71,E72,E73,E74,E75,E76,(E77+E78),(E79+E91),E80,E81,E82,E83,E84,E85,E86,(E87+E88),E89,E90)/E92,1)))\*0.65+0.35,3)

**UNDERWRITING RISK - NET WRITTEN PREMIUMS PR018**

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	#REF! (10)
SCH P LINE OF BUSINESS	H/F	PPA	CA	WC	CMP	MPL OCCURRENCE	MPL CLMS MADE	SL	OL	FIDELITY / SURETY
(1) INDUSTRY AVERAGE LOSS & LOSS ADJUSTMENT EXPENSE RATIO	0.700	0.807	0.792	0.649	0.683	0.763	0.840	0.565	0.664	0.374
(2) COMPANY AVERAGE LOSS & LOSS ADJUSTMENT EXPENSE RATIO	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
(3) (2)/(1)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
(4) INDUSTRY LOSSES & LOSS ADJUSTMENT EXPENSE RATIO	0.930	0.970	1.014	1.037	0.873	1.394	1.146	0.894	0.993	0.657
(5) COMPANY RBC LOSSES & LOSS ADJUSTMENT EXPENSE RATIO (3)*(4)*0.5+(4)*0.5	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
(6) COMPANY UNDERWRITING EXPENSE RATIO	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
(7) ADJUSTMENT FOR INVESTMENT INCOME	0.966	0.937	0.903	0.833	0.921	0.795	0.863	0.924	0.837	0.922
(8) C/Y NET WRITTEN PREMIUM (in 000s)	0	0	0	0	0	0	0	0	0	0
(9) BASE WRITTEN PREMIUM RISK-BASED CAPITAL (in 000s) MAX {0,(8)*[(5)*(7)+(6)-1]} zero if Line (8) is negative	0	0	0	0	0	0	0	0	0	0
(10) % DIRECT LOSS SENS WP	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
(11) % ASSUMED LOSS SENS WP	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
(12) LOSS SENSITIVE DSCT - WP (in 000s)	0	0	0	0	0	0	0	0	0	0
(13) NWP RBC AFTER DSCT (in 000s)	0	0	0	0	0	0	0	0	0	0
(14) PREMIUM CONCENTRATION FACTOR										
(15) NET WRITTEN PREMIUM RBC x 1000 (converted to whole dollars)										

This worksheet is to show the results of the calculation of Underwriting Risk - Net Written Premiums

Enter data in PR035 through PR039, PR100 through PR701 and PROTH

UNDERWRITING RISK - NET WRITTEN PREMIUMS PR018

		(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	#REF! (19)	(20)
SCH P LINE OF BUSINESS		SPECIAL PROPERTY/PET INSURANCE PLANS	AUTO PHYSICAL DAMAGE	OTHER (INCLUDE CREDIT,A&H)	FINANCIAL / MORTGAGE GUARANTY	INTL	REIN. PROPERTY & FINANCIAL LINES	REIN. LIABILITY	PL	WARRANTY	TOTAL
(1)	INDUSTRY AVERAGE LOSS & LOSS ADJUSTMENT EXPENSE RATIO	0.552	0.731	0.714	0.159	1.184	0.597	0.788	0.609	0.641	XXX
(2)	COMPANY AVERAGE LOSS & LOSS ADJUSTMENT EXPENSE RATIO	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	XXX
(3)	(2)/(1)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	XXX
(4)	INDUSTRY LOSSES & LOSS ADJUSTMENT EXPENSE RATIO	0.795	0.835	0.926	2.012	1.476	0.973	1.183	1.194	0.985	XXX
(5)	COMPANY RBC LOSSES & LOSS ADJUSTMENT EXPENSE RATIO (3)*(4)*0.5+(4)*0.5	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	XXX
(6)	COMPANY UNDERWRITING EXPENSE RATIO	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	XXX
(7)	ADJUSTMENT FOR INVESTMENT INCOME	0.957	0.979	0.958	0.891	0.925	0.919	0.811	0.801	0.972	XXX
(8)	C/Y NET WRITTEN PREMIUM (in 000s)	0	0	0	0	0	0	0	0	0	0
(9)	BASE WRITTEN PREMIUM RISK-BASED CAPITAL (in 000s) MAX {0,(8)*[(5)*(7)+(6)-1]} zero if Line (8) is negative	0	0	0	0	0	0	0	0	0	0
(10)	% DIRECT LOSS SENS WP	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	XXX
(11)	% ASSUMED LOSS SENS WP	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	XXX
(12)	LOSS SENSITIVE DSCT - WP (in 000s)	0	0	0	0	0	0	0	0	0	0
(13)	NWP RBC AFTER DSCT (in 000s)	0	0	0	0	0	0	0	0	0	0
(14)	PREMIUM CONCENTRATION FACTOR										1.000
(15)	NET WRITTEN PREMIUM RBC x 1000 (converted to whole dollars)										0

This worksheet is to show the results of the calculation of Underwriting Risk - Net Written Premiums

=ROUND(MIN(1,IF(E54>0,MAX(E31,E32,E33,E34,E35,E36,E37,E38,(E39+E40),(E41+E53),E42,E43,E44,E45,E46,E47,E48,(E49+E50),E51,E52)/E54,1))\*0.45+0.55,3)

Enter data in PR035 through PR039, PR100 through PR701 and PROTH

P&C RBC - Comparison of RBC Action Level between Current RBC Formula and RBC Formula with suggested 45% for premium and 65% for loss concentration Factors

(All Companies)

		2024 RBC Action Level under Current RBC Formula						Total
		MCL	ACL	RAL	CAL	Trend Test	No Action	
2024 RBC Action Level with Academy suggested 45% for premium and 65% for loss concentration factors	MCL	21						21
	ACL		1					1
	RAL		1	15				16
	CAL			1	13			14
	Trend Test				1		2494	2,495
	No Action				1	19		20
Total		21	2	16	15	19	2,494	2,567

(All Companies)

		2025 RBC Action Level under Current RBC Formula						Total
		MCL	ACL	RAL	CAL	Trend Test	No Action	
2025 RBC Action Level with Academy suggested 45% for premium and 65% for loss concentration factors	MCL	12						12
	ACL		5					5
	RAL			6				6
	CAL			1	11			12
	Trend Test					10		10
	No Action					2	2,408	2,410
Total		12	5	7	11	12	2,408	2,455