

Draft: 7/20/21

Casualty Actuarial and Statistical (C) Task Force
Virtual Meeting
July 13, 2021

The Casualty Actuarial and Statistical (C) Task Force met July 13, 2021. The following Task Force members participated: Grace Arnold, Chair, represented by Phil Vigliaturo (MN); James J. Donelon, Vice Chair, represented by Nichole Torblaa (LA); Lori K. Wing-Heier represented by Sian Ng-Ashcraft (AK); Evan G. Daniels represented by Tom Zuppan (AZ); Ricardo Lara represented by Lynne Wehmuller (CA); Michael Conway represented by Mitchell Bronson (CO); Andrew N. Mais represented by Wanchin Chou (CT); Karima M. Woods represented by David Christhlf (DC); David Altmaier represented by Sandra Starnes (FL); Colin M. Hayashida represented by Randy Jacobson (HI); Doug Ommen represented by Travis Grassel (IA); Dana Popish Severinghaus represented by Judy Mottar (IL); Vicki Schmidt represented by Nicole Boyd (KS); Kathleen A. Birrane represented by Ron Coleman and Walter Dabrowski (MD); Eric A. Cioppa represented by Sandra Darby (ME); Anita G. Fox represented by Kevin Dyke (MI); Chlora Lindley-Myers represented by Cynthia Amann (MO); Troy Downing represented by Mari Kindberg (MT); Mike Causey represented by Kevin Conley and Arthur Schwartz (NC); Chris Nicolopoulos represented by Christian Citarella (NH); Marlene Caride represented by Carl Sornson (NJ); Russell Toal represented by Anna Krylova (NM); Barbara D. Richardson represented by Gennady Stolyarov (NV); Judith L. French represented by Tom Botsko (OH); Glen Mulready represented by Andrew Schallhorn (OK); Andrew R. Stolfi represented by Ying Liu (OR); Jessica K. Altman represented by Kevin Clark (PA); Raymond G. Farmer represented by Will Davis and Michael Wise (SC); Doug Slape represented by J'ne Byckovski (TX); Michael S. Picciak represented by Rosemary Raszka (VT); Mike Kreidler represented by Manabu Mizushima (WA); James A. Dodrill represented by Juanita Wimmer (WV); and Jeff Rude represented by Donna Stewart (WY).

1. Adopted Responses to Referrals from the Blanks (E) Working Group

Mr. Vigliaturo said the Task Force exposed the two referrals from the Blanks (E) Working Group and received comments (Attachment ____). State insurance regulators and interested parties presented highlights from their written comments. Birny Birnbaum (Center for Economic Justice—CEJ) referred to a July 12 letter responding to specific comments submitted (Attachment __) and proposed some changes to proposal 2021-11BWG. The revised proposal is attached (Attachment ____).

State regulatory discussion about proposal 2021-11BWG included: limitations on the use of average premiums (mostly to evaluate changes over time); a desire to get premium and exposure data earlier than the NAIC statistical reports; a question whether statistical reports could be published with more recent data; a question whether market data should be in the statutory financial statements; a question whether data compilation would be costly for insurers; a comment that states have the ability to issue data calls to get this type of information; a comment that data is not vital from a solvency standpoint so should not be in the statutory financial statements; and a desire to improve methods for reporting statistical data to the NAIC.

Mr. Birnbaum explained that the statistical reports cannot be sped up because the statistical agents collect claims data in addition to premium and exposures. He said claims need to develop some before reporting. He added there are four statistical agents and two states that submit data, and then there is a significant amount of NAIC staff time taken to evaluate the data and fix reporting errors. He said use of data calls would result in a greater expense to insurers, and the reporting would not be uniform from one state to another.

Ms. Torblaa made a motion, seconded by Mr. Davis, to inform the Blanks (E) Working Group that the Task Force does not support proposal 2021-11BWG, but if the proposal does move forward for adoption, then the Task Force would offer additional guidance on the content. Discussion included it being premature to decide whether to support the proposal. Mr. Stolyarov requested a roll call vote. The motion failed 9-17 with four abstentions.

Mr. Schwartz made a motion, seconded by Mr. Jacobson, to request NAIC staff provide documentation to see sources of data for the auto and home reports and the time frames it takes to collect each of those pieces of data. The motion passed unanimously.

Mr. Stolyarov made a motion, seconded by Ms. Darby, to inform the Blanks (E) Working Group that the Task Force is ready to provide guidance regarding the implementation of proposal 2021-11BWG if that proposal moves forward. Furthermore, the Task Force requests that Mr. Birnbaum submit the most current up-to-date version of the proposal for further consideration and suggestions from the Task Force. The motion passed unanimously.

Discussion about proposal 2021-13BWG included: a desire to have the proposed additional other liability data; a potential to add foster care other liability; a comment that the number of pieces seems too detailed; and a comment that incurred but not reported (IBNR) reserves are likely not available at this level of detail for most companies.

Ms. Torblaa made a motion, seconded by Mr. Davis, to inform the Blanks (E) Working Group that the Task Force supports proposal 2021-13BWG (with or without modification to the proposed lines of business), but it recommends that the reporting of IBNR be modified to be reporting of case reserves because the IBNR is likely not available at this level of detail. The motion passed unanimously.

2. Discussed Exposure of the Academy's U.S. Qualification Standards

Mr. Vigliaturo said the Task Force commented on the first exposure draft of the American Academy of Actuaries (Academy) U.S. Qualification Standards. A second exposure has been released. Mr. Stolyarov and Mr. Schwartz volunteered to draft a comment letter for the Task Force's consideration.

Having no further business, the Casualty Actuarial and Statistical (C) Task Force adjourned.

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Draft: 7/6/21

Casualty Actuarial and Statistical (C) Task Force
Virtual Meeting
June 8, 2021

The Casualty Actuarial and Statistical (C) Task Force met June 8, 2021. The following Task Force members participated: Grace Arnold, Chair, represented by Phil Vigliaturo (MN); James J. Donelon, Vice Chair, represented by Rich Piazza (LA); Lori K. Wing-Heier represented by Katie Hegland (AK); Jim L. Ridling represented by Daniel Davis (AL); Evan G. Daniels represented by Tom Zuppan (AZ); Ricardo Lara represented by Mitra Sanandajifar and Lynne Wehmueller (CA); Michael Conway represented by Mitchell Bronson (CO); Andrew N. Mais represented by Wanchin Chou (CT); Colin M. Hayashida represented by Randy Jacobson (HI); Doug Ommen represented by Travis Grassel (IA); Dana Popish Severinghaus represented by Judy Mottar (IL); Vicki Schmidt represented by Nicole Boyd (KS); Kathleen A. Birrane represented by Robert Baron and Walter Dabrowski (MD); Eric A. Cioppa represented by Sandra Darby (ME); Anita G. Fox represented by Kevin Dyke (MI); Chlora Lindley-Myers represented by Cynthia Amann and Jo LeDuc (MO); Troy Downing represented by Mari Kindberg (MT); Mike Causey represented by Kevin Conley and Arthur Schwartz (NC); Marlene Caride represented by Carl Sornson (NJ); Russell Toal represented by Anna Krylova (NM); Barbara D. Richardson represented by Gennady Stolyarov (NV); Judith L. French represented by Tom Botsko (OH); Glen Mulready represented by Andrew Schallhorn (OK); Andrew R. Stolfi represented by TK Keen (OR); Jessica K. Altman represented by Kevin Clark, Jim DiSanto, and Michael McKenney (PA); Raymond G. Farmer represented by Will Davis (SC); Doug Slape represented by Miriam Fisk (TX); Michael S. Pieciak represented by Rosemary Raszka (VT); Mike Kreidler represented by Eric Slavich (WA); James A. Dodrill represented by Juanita Wimmer (WV); and Jeff Rude represented by Donna Stewart (WY).

1. Exposed the Referrals from Blanks (E) Working Group

Mr. Vigliaturo said the Blanks (E) Working Group sent the Task Force two referrals (Attachment ____).

Birny Birnbaum (Center for Economic Justice—CEJ) described his proposal, 2021-11BWG; its purpose; and its benefits (Attachment ____). He said his proposal would add a new annual statement supplement to capture exposure data for specific lines of business and add a column to the Quarterly Part 1 and Part 2 to capture exposure data for the same lines of business. He stated the Task Force's *Auto Insurance Database Report* and *Dwelling Fire, Homeowners Owner-Occupied, and Homeowners Tenant and Condominium/Cooperative Unit Owner's Insurance Report* (Homeowners Report) include similar information but are published so late that its data is old. He asked the Task Force to provide suggestions for improvement to the proposal, support the proposal, and support implementation for annual statement 2021 reporting. Mr. Birnbaum said the reporting should not be difficult for companies or cost much.

Mr. Stolyarov said he supports the proposal to gain insights earlier. Mr. Jacobson said the definition of "exposure" may vary across different parties. Mr. Chou said homeowner averages are affected by the distribution of companies' issued owners or others forms. Typical contract types and average premiums would not be comparable from one company to another. He also asked whether the Best's Aggregate & Averages could be used instead of this proposal. Mr. Conley asked about the exposure definition for auto physical damage. Mr. Birnbaum verified that if an auto had comprehensive and collision coverage, one exposure would be reported; if it only had comprehensive coverage, the number of exposures would still be one. Mr. Schwartz said there are issues with the requested data not being homogeneous to produce useable information. Mr. McKenney said reporting on the new flood insurance supplement was fraught with errors and that he feared similar reporting issues with this proposal because it would need to be verified by someone. Mr. Birnbaum said this proposal should be easier for companies to complete accurately because it flows with information already reported. Mr. Will Davis said from a solvency perspective, he does not believe having this data in the annual statement would be useful. He said he can obtain information from the actuarial report and other sources already. He said the state can issue a data call if there is need for market information. Ralph Blanchard (Travelers) expressed concerns about the timing and accuracy and said that if the proposal passes, the reporting should be delayed until 2023. He said statistical information should not be in the annual statement. Mr. Birnbaum said the averages resulting from this reporting would be similar to what is produced by the Statistical Data (C) Working Group when it reports average home insurance or auto insurance premium by state.

Mr. Chou made a motion, seconded by Mr. Piazza, to exposed proposal 2021-11BWG for a 30-day public comment period ending July 7, 2021.

Mr. Vigliaturo said the second proposal referred to the Task Force, 2021-13BWG, would add an exhibit to provide more granular detail for the diverse lines of business reported as “other liability.” He said this proposal from a New Hampshire state insurance regulator would not affect any of the Task Force’s statistical reports. Mr. Schwartz asked how the data would be used. He said he is interested in adding another line to report liability for foster parents. Mr. Slavich said the proposal would capture most data required to be reported in an annual data call for Washington. He said he would like to see the report expanded in a couple of places. Mr. Blanchard said the biggest issue is that asking for incurred but not reported (IBNR) reserves at the proposed level of detail is problematic. He suggested a focus on case reserves instead.

Mr. Piazza made a motion, seconded by Mr. Slavich, to expose proposal 2021-13BWG for a 30-day public comment period ending July 7, 2021.

Having no further business, the Casualty Actuarial and Statistical (C) Task Force adjourned.

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Draft: 5/27/21

Casualty Actuarial and Statistical (C) Task Force
Virtual Meeting
May 11, 2021

The Casualty Actuarial and Statistical (C) Task Force met May 11, 2021. The following Task Force members participated: Grace Arnold, Chair, represented by Phil Vigliaturo (MN); James J. Donelon, Vice Chair, represented by Rich Piazza (LA); Lori K. Wing-Heier represented by Katie Hegland (AK); Jim L. Ridling represented by Daniel Davis (AL); Evan G. Daniels represented by Vanessa Darrah and Tom Zuppan (AZ); Ricardo Lara represented by Giovanni Muzzarelli, Mitra Sanandajifar and Lynne Wehmueller (CA); Michael Conway represented by Mitchell Bronson and Sydney Sloan (CO); Andrew N. Mais represented by George Bradner, Wanchin Chou and Qing He (CT); Karima M. Woods represented by David Christhlf (DC); Colin M. Hayashida represented by Randy Jacobson (HI); Doug Ommen, Travis Grassel and Andria Seip (IA); Dana Popish Severinghaus represented by Anthony Bredel and Reid McClintock (IL); Vicki Schmidt represented by Nicole Boyd (KS); Kathleen A. Birrane represented by Ron Coleman (MD); Eric A. Cioppa represented by Sandra Darby (ME); Anita G. Fox represented by Kevin Dyke (MI); Chlora Lindley-Myers represented by Cynthia Amann and LeAnn Cox (MO); Troy Downing represented by Mari Kindberg (MT); Mike Causey represented by Kevin Conley and Arthur Schwartz (NC); Chris Nicolopoulos represented by Christian Citarella (NH); Russell Toal represented by Anna Krylova (NM); Judith L. French represented by Tom Botsko (OH); Glen Mulready represented by Andrew Schallhorn (OK); Jessica K. Altman represented by Michael McKenney (PA); Raymond G. Farmer represented by Karl Bitzky (SC); Doug Slape represented by J'ne Byckovski, Miriam Fisk, Eric Hintikka and Bethany Sims (TX); Michael S. Pieciak represented by Rosemary Raszka (VT); Mike Kreidler represented by Eric Slavich (WA); and Jeff Rude represented by Donna Stewart (WY). Also participating was: Halina Smosna (NY).

1. Discussed the CAS's Rescission of the SOP

Mr. Vigliaturo said there has been a development at the Casualty Actuarial Society (CAS) regarding its rescission of the Statement of Principles (SOP). Jessica Leong (CAS) said the CAS Board decided to reinstate the "Statement of Principles Regarding Property and Casualty Insurance Ratemaking" as it relates to U.S. regulated ratemaking.

Many Task Force members and interested parties expressed contentment with this action and do not desire to move forward with any further action. Mr. Schwartz said there was consideration by members of the Society of Actuaries (SOA) in the 1980s of copying the document for life and health insurance; he encouraged that action to be taken. Gennady Stolyarov (NV) issued a written statement, saying the immediate need for action is resolved. In the longer term, Mr. Schwartz said he is supportive of the NAIC adopting a similar statement of principles that would not be subject to the unilateral decisions of a private organization. Mr. Bradner said he would not support the NAIC having a competing document with the CAS principles. J. Robert Hunter (Consumer Federation of America—CFA) said he plans to present issues to address in the future.

Mr. Davis questioned whether the initial rescindment was made because of a desire to use price optimization. Ms. Leong said the actions were in no way due to a desire to do price optimization. She said the topic was never discussed by the Board in making its decisions. She said the rescindment action was taken to "clean up shop" because of the duplication with actuarial standards of practice (ASOPs). Mr. Hunter said the decision to rescind the SOP occurred at the same time as much debate on price optimization, and they seemed linked.

Birny Birnbaum (Center for Economic Justice—CEJ) suggested that the CAS reflect on the need for transparency and inclusion. He said CAS processes should be improved in relation to public policy and social issues. Ms. Smosna said Article 9 of the CAS's constitution states that no opinion with respect to public interest shall be publicly expressed except in matters in the professional competence for actuaries, and only then with a two-thirds vote of the Board. Mr. Hunter said the CAS has begun to address some public issues. He said a paper was issued on rating factors, coauthored with the Insurance Information Institute (III), which was discussed for two years without anyone knowing. He said it was a biased and inaccurate statement, and it misconstrued his position on the impact of some rating variables on the poor.

The Task Force decided to take no immediate action to develop ratemaking principles. Mr. Vigliaturo said if members want to have the NAIC develop something in the future, suggestions should be submitted to NAIC staff.

Having no further business, the Casualty Actuarial and Statistical (C) Task Force adjourned.

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Draft: 3/30/21

Casualty Actuarial and Statistical (C) Task Force
Virtual Meeting (*in lieu of meeting at the 2021 Spring National Meeting*)
March 9, 2021

The Casualty Actuarial and Statistical (C) Task Force met March 9, 2021. The following Task Force members participated: Grace Arnold, Chair, represented by Phil Vigliaturo (MN); James J. Donelon, Vice Chair, represented by Rich Piazza and Nichole Torblaa (LA); Lori K. Wing-Heier represented by Katrina Kelly and Michael Ricker (AK); Jim L. Ridling represented by Daniel Davis (AL); Evan G. Daniels represented by Vanessa Darrah and Tom Zuppan (AZ); Ricardo Lara represented by Anna Chou, Giovanni Muzzarelli, Mitra Sanandajifar and Lynne Wehmueller (CA); Michael Conway represented by Mitchell Bronson and Sydney Sloan (CO); Andrew N. Mais represented by Susan Andrews, Wanchin Chou and Qing He (CT); Karima M. Woods represented by David Christhif, Monica Dyson and Monica Myers (DC); David Altmaier represented by Sandra Starnes (FL); Colin M. Hayashida represented by Randy Jacobson (HI); Doug Ommen and Travis Grassel (IA); Dana Popish Severinghaus represented by Judy Mottar (IL); Vicki Schmidt represented by Nicole Boyd and Heather Droge (KS); Kathleen A. Birrane represented by Robert Baron, Ron Coleman and Walter Dabrowski (MD); Eric A. Cioppa represented by Sandra Darby (ME); Anita G. Fox represented by Kevin Dyke (MI); Chlora Lindley-Myers represented by Cynthia Amann, Preston Nilges and LeAnn Cox (MO); Troy Downing represented by Mari Kindberg and Ashley Perez (MT); Mike Causey represented by Arthur Schwartz (NC); Chris Nicolopoulos represented by Christian Citarella (NH); Marlene Caride represented by Mark McGill (NJ); Russell Toal represented by Anna Krylova (NM); Barbara D. Richardson represented by Gennady Stolyarov (NV); Judith L. French represented by Tom Botsko (OH); Glen Mulready represented by Andrew Schallhorn (OK); Andrew R. Stolfi represented by TK Keen (OR); Jessica K. Altman represented by Kevin Clark, James DiSanto and Michael McKenney (PA); Raymond G. Farmer represented by Michael Wise (SC); Doug Slape represented by Monica Avila, J'ne Byckovski, Brock Childs, Nicole Elliott, Miriam Fisk, Eric Hintikka and Bethany Sims (TX); Michael S. Pieciak represented by Rosemary Raszka (VT); Mike Kreidler represented by Eric Slavich (WA); and Jeff Rude represented by Donna Stewart (WY). Also participating was: Tomasz Serbinowski (UT).

1. Adopted its Feb. 17, 2021; Feb. 9, 2021; Feb. 2, 2021; Dec. 30, 2020; and Nov. 10, 2020, Minutes

Mr. Vigliaturo said the Task Force met Feb. 17, 2021; Feb. 9, 2021; Feb. 2, 2021; and Dec. 30, 2020. During these meetings, the Task Force adopted statistical reports presented by the Statistical Data (C) Working Group.

The Task Force also met Feb. 16, 2021, in regulator-to-regulator session, pursuant to paragraph 3 (specific companies, entities or individuals) of the NAIC Policy Statement on Open Meetings, to discuss rate filing issues.

The Task Force held its Predictive Analytics Book Club conference calls Feb. 23, 2021; Feb. 2, 2021; and Dec. 15, 2020. During its Feb. 23, 2021, meeting, Dorothy L. Andrews, Roosevelt Mosley and Lauren Cavanaugh (American Academy of Actuaries—Academy) presented on race and underwriting. During its Feb. 2, 2021, meeting, David Heppen and Jennifer Balester (Risk & Regulatory Consulting LLC) presented on acceptable rating variables. During its Dec. 15, 2020, meeting, Howard A. Kunst and Daniel Betten (CoreLogic) presented on parametric hail insurance.

Mr. Piazza made a motion, seconded by Mr. Botsko, to adopt the Task Force's Feb. 17, 2021 (Attachment One), Feb. 9, 2021 (Attachment Two), Feb. 2, 2021 (Attachment Three), Dec. 30, 2020 (Attachment Four), and Nov. 10, 2020 (*see NAIC Proceedings – Fall 2020, Casualty Actuarial and Statistical (C) Task Force*) minutes. The motion passed unanimously.

2. Adopted the Report of the Statistical Data (C) Working Group

Mr. McGill said all the statistical reports have been approved, posted on the website, and released to the public.

Mr. McGill made a motion, seconded by Mr. Chou, to adopt the report of the Statistical Data (C) Working Group. The motion passed unanimously.

3. Discussed the CAS's Rescission of its SoPs

Mr. Vigliaturo said the Casualty Actuarial Society's (CAS's) rescission of its collection of Statements of Principles (SoPs) was discussed on the Task Force's Feb. 9 call. Some members of the Task Force volunteered to draft a letter to the CAS Board of Directors. Mr. Citarella said he, Ms. Krylova, Mr. Schwartz and Mr. McKenney drafted a letter for the Task Force to consider adopting and sending to the CAS. Mr. Citarella briefly described the letter's content.

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Ken Williams (CAS) provided a comparison of the SoPs on Ratemaking and the Actuarial Standards of Practice (ASOPs) (Attachment Five).

Jessica Leong (CAS), president of the CAS, said the CAS is hearing a lot of feedback on the CAS Board's rescission of the SoPs. She said the CAS takes the concerns being expressed and the professionalism of members seriously. She said given feedback to date, the CAS opened a formal comment period until March 15. The CAS Board will consider the feedback.

J. Robert Hunter (Consumer Federation of America—CFA) said he and other consumer groups support the draft letter (Attachment Six). He said there should be a linkage between final rates and cost. He said if the CAS rejects reinstatement of the principles, then he would suggest that the state insurance regulators would need to address the loss of the principles. He also supplied comments on the CAS's comparison of the SoPs on Ratemaking and the ASOPs (Attachment Seven).

Mr. Stolyarov asked whether rescission of the SoPs means the document can no longer be cited or republished. He also asked if the CAS would be amenable to gifting the principles to the public domain. Ms. Leong said she would find out and respond at a later date. Mr. Stolyarov said knowledge, in general, is objective irrespective of whether a specific organization considers it to be true. He said having the knowledge formulated in some way to be accessible to practitioners and those seeking to learn about the discipline would be useful. He said he believes the SoPs were useful in communicating the key areas. He said the principles should remain somewhere, either at the CAS or documented in some other way.

Peter Kochenburger (University of Connecticut School of Law) supported the letter, and he said a missing word might be "transparency" because it helps non-actuaries understand what the rules are. Ralph Blanchard (Travelers) clarified that the principles are not rules. He said "excessive, inadequate and unfairly discriminatory" are defined by each state's statutes. For example, he said some states only consider rates to be "inadequate" if the rates would cause the insurer to be insolvent.

Mr. Citarella made a motion, seconded by Mr. Botsko, to adopt the attached letter and send it to the CAS (Attachment Eight). The motion passed unanimously.

4. Received a Report on the NAIC Rate Model Reviews

Kris DeFrain (NAIC) said in April 2018, the Executive (EX) Committee agreed with the Big Data (EX) Working Group's recommendation to direct NAIC management to "conduct research on the appropriate skills and potential number of resources for the organization to help NAIC members in coordinating their reviews of predictive models." NAIC senior management conducted the research and recommended gradual build-up of expertise at the NAIC to aid state insurance regulators' review of property/casualty (P/C) rate models.

In 2019 with existing actuarial, legal and information technology (IT) staff, the NAIC did three things: 1) drafted a contractual agreement called the Rate Review Support Services Agreement (Agreement) to be used so a state can gain access to the shared model database and can request a rate model technical review from the NAIC; 2) developed the initial NAIC rate model technical review process with a consulting actuary, and 3) created a shared model database for confidential regulatory communication.

As of today, there are 28 states contracted with the NAIC using the Agreement. Of those 28 states, there is diverse participation from small states without P/C actuaries on staff to large states with actuarial teams. Twenty of the states are members of the Task Force.

The Agreement is set so the NAIC will review a rate model at the request of a state when resources are available. The NAIC's technical review is consistent with the Task Force's white paper, and it includes information such as what documentation is included or missing in the filing, any actuarial or statistical errors, and any potentially questionable support.

Ms. DeFrain said the NAIC does not assume any regulatory authority, create objections to be sent to the company, recommend acceptance or rejection of the model or any specific rating variable, or do separate modeling to determine any correlation with unlawful characteristics or assess disparate impact. The process and the report are subject to improvement over time, and suggestions are welcome.

In August 2020, the NAIC hired Sam Kloese (NAIC) to work with the rate model review team to implement the project. In total as of today, we have reviewed 31 rate filings and objection responses for nine states. The volume of requests is increasing. At the beginning of February, the team was already booked into March for reviews. NAIC staff is currently analyzing the

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potential workload for this year and evaluating the need for additional resources. NAIC staff will soon be sending information to commissioners about potential resource needs to meet the demands for assistance.

Mr. Piazza asked if there is a list of filings that have been reviewed. Ms. DeFrain said the reviews are uploaded to the shared model database. She said she could also provide a list if desired. Mr. Piazza and Mr. Vigliaturo agreed that periodic communication to the state insurance regulators would be helpful.

Mr. Serbinowski asked if the NAIC review team would do presentations to the state insurance regulators to highlight the issues. Ms. DeFrain said Mr. Kloese presents case studies in months when the Task Force does not have a Book Club. She said the periodic communication requested by Mr. Piazza could also include a high-level overview of each model. She added that states can sign the Agreement with the NAIC and be under no obligation to do anything or ask the NAIC to conduct any reviews. She said the Agreement provides access to the database and case studies.

Birny Birnbaum (Center for Economic Justice—CEJ) asked for a copy of the Agreement, the processes and procedures for the shared model database, and the processes and procedures for the NAIC rate model reviews. Ms. DeFrain said parties can ask the states for a copy of the signed Agreement through their request for documents. She said there are no manuals for processes and procedures because it is a fairly simple process. She said there are instructions for use of the database, but they cover how to use the functions in the NAIC and do not describe processes and procedures. She said she would be happy to answer any direct questions. Mr. Birnbaum said this is a black box at the NAIC. He said he wants to know: 1) what provisions are in the Agreement, such as what confidentiality is promised; 2) what is included in the rate model review other than what has been said on this call; and 3) who can access the shared model database and what use it can be put to. He said he has been asking for this information at the NAIC for more than a year, and he believes this information should be public. He said he does not need content of the reviews. He asked if the NAIC's report is available to the filers. Ms. DeFrain said this is a state decision. She said the NAIC does not provide actuarial opinions or step into the state insurance regulators' role. He asked if the state is limited in its use of the review. Ms. DeFrain said she does not recall the Agreement restricting the use by the state insurance regulator.

Mr. Blanchard asked how long the reviews take. Ms. DeFrain said the reviews can take up to two weeks.

Robert Curry (Insurance Services Office—ISO) asked whether the filer would be notified that the NAIC is reviewing the model. He said the companies are notified when a consultant is involved. Ms. DeFrain said there is no notification process that is required. The state can inform you that they have requested an NAIC review. The state can list the NAIC as a reviewer if they choose. Ms. DeFrain said consultants provide opinions and write objections, putting themselves in the place of state insurance regulators. She said the NAIC does not do this.

5. Heard Reports from Professional Actuarial Associations

Ms. Cavanaugh said the Committee on Property and Liability Financial Reporting (COPLFR) produced its annual law manual and practice note on annual statement reserves and updated its COVID-19 frequently asked questions (FAQ). The Academy's P/C Risk-Based Capital Committee produced a report on updated underwriting factors. The Academy's Cyber Risk Task Force in cooperation with the Academy's research team published individual states' reporting requirements for cyber breaches. A paper is expected on COVID-19's impact on auto ratemaking and a consumer-oriented paper to describe basic insurance concepts and rating for auto insurance. The Academy's Casualty Practice Council formed a racial equity task force to address P/C race and insurance as it relates to public policy. Additional topics being monitored include the Pandemic Risk Insurance Act, flood insurance, the Terrorism Risk Insurance Program, and presumptive benefits for COVID-19. The Academy will assist with the NAIC Insurance Summit.

Mr. Blanchard provided the CAS's research report (Attachment Nine). Dale Hall (Society of Actuaries—SOA) provided the SOA's research report (Attachment Ten).

6. Discussed Other Matters

Mr. Vigliaturo said the Task Force's white paper, *Regulatory Review of Rate Models*, will be considered for adoption by the Executive (EX) Committee and Plenary at the Spring National Meeting.

Having no further business, the Casualty Actuarial and Statistical (C) Task Force adjourned.

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Draft: 8/9/21

Actuarial Opinion (C) Working Group
Virtual Meeting
July 22, 2021

The Actuarial Opinion (C) Working Group of the Casualty Actuarial and Statistical (C) Task Force met July 1, 2021. The following Working Group members participated: Anna Krylova, Chair (NM); Susan Andrews and Amy Waldhauer (CT); David Christhif (DC); Judy Mottar (IL); Brock Bubar (ME); Gordon Hay (NE); Tom Botsko (OH); Andrew Schallhorn (OK); and James DiSanto (PA). Also participating were: Kevin Dyke (MI); and Arthur Schwartz (NC).

1. Discussed SAO Instructions

Ms. Krylova said two proposals were introduced during the Working Group's July 1 meeting. One is to set a deadline for providing qualification documentation to the Board. The second is to require additional language that asserts the actuary's compliance with respect to the qualification documentation provided to the Board. She said both changes would require changes to the Statement of Actuarial Opinion (SAO) instructions. She said the deadline to propose instruction changes for 2021 has passed, but the Working Group could propose these changes for 2022 instructions. Ms. Krylova said she will draft proposed instructions for the Working Group's consideration.

Ms. Krylova said the Working Group previously discussed the Casualty Actuarial Society (CAS) Board's rescission of its Statements of Principles and subsequent reinstatement of the Statement of Principles on Ratemaking with the caveat that it is for reference for U.S. regulated ratemaking. The SAO instructions mention the group of Statements of Principles, but the Statement of Principles on Reserving was not reinstated. Mr. Dyke said the SAO instructions also mention "principles" generally in another section, but he said he interprets that as referring to the CAS principles. The Working Group decided both should be removed. The Blanks (E) Working Group is expected to make these editorial changes for the 2021 instructions.

2. Discussed Schedule P Reconciliation

Ms. Krylova said the Working Group agreed during its July 1 meeting to add guidance about Schedule P reconciliation. Michelle Iarkowski (American Academy of Actuaries—Academy) said based on her reviews of reconciliations during regulatory financial examinations, she compiled the following issues: 1) a reconciliation showed data from the company's systems reconciled to Schedule P, but there was no reconciliation of the data used for the actuarial analysis to Schedule P; 2) guidance is needed regarding whether the Schedule P reconciliation should be for direct and assumed or net of reinsurance amounts. Mr. Botsko said the choice of the reconciliation data (direct and assumed vs. net) could be left to the actuary, but state insurance regulators should require the actuary explain why he or she chose one over the other; 3) guidance is needed regarding the manner that loss adjustment expenses (LAEs) need to be reconciled. Adjusting and other (A&O) expenses are usually reconciled separately. Sometimes defense and cost containment (DCC) expenses are reconciled separately; 4) reconciliation for claim counts and earned premiums is optional, but there is no requirement to document why the reconciliation was not done. She said she has never seen a reconciliation for claim counts and suggests state insurance regulators consider removing reference to claims counts in the Regulatory Guidance on Property and Casualty Statutory Statements of Actuarial Opinion (Regulatory Guidance). Mr. Hay said he has never seen an actuary's letter to the auditor saying claim counts were a material part of the actuarial review. Ralph Blanchard (Travelers) said flexibility is needed, so dictating a specific approach does not make sense. He said the claim counts were initially put into Schedule P so when a company needed to be taken over, the receiver would have an idea of the amount of claims handling needed. Mr. Schwartz agreed that claim count definitions vary by company and line of business, and he does not believe reconciliation would be useful; and 5) the actuary needs to explain "material" differences in the reconciliation, but there is no requirement to state that differences are deemed immaterial when the amount is more than rounding differences. Mr. Botsko said the word "material" is vague, and state insurance regulators might need to add clarity.

Ms. Iarkowski said the Regulatory Guidance could include these topics with an aim for the actuary to communicate that the data used is reconciled to Schedule P. She said a reconciliation of all data in total, all coverages and loss elements combined, does not give her confidence in the financial examination that the actuary used the correct data. Ms. Krylova said she would draft some language for the Regulatory Guidance to add clarity on the issues mentioned and remove the claim count reference in the Schedule P reconciliation section.

3. Discussed Board Review of Qualification Documentation

Ms. Krylova said Connecticut submitted some proposed language regarding review of actuarial qualification documentation. The proposed wording is: “If the Board of the holding company reviews the qualification documents of the appointed actuary who signs the opinion of all companies in a specific pool, the Board minutes of the statutory entity have to say that they reviewed that holding company’s assessment regarding the qualification documents and find it appropriate for their statutory entity.”

Mr. Blanchard said for Travelers, that means there would be 40 responses to say “yes.” He said he does not see a value with such a statement, and the holding company’s assessment should be sufficient. Ms. Andrews said the wording would address the need of a specific entity being reviewed in a financial analysis and would address corporate governance for an individual entity. Mr. Blanchard asked whether the holding company’s assessment could be reviewed instead because this just creates paperwork without additional value. Mr. Hay wondered if the holding company’s Board would provide such information to the pool or affiliates and said he does not believe he needs any prescribed language from the individual entity. He said he would review the pool as a statutory entity. Mr. Blanchard suggested the review should be conducted by who will receive the actuarial opinion and hear the report. Ms. Iarkowski said there are differences in practice and that she could not find guidance. Ms. Krylova said it would seem helpful to add some clarity to ensure fairness in financial exams.

Having no further business, the Actuarial Opinion (C) Working Group adjourned.

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Draft: 7/6/21

Actuarial Opinion (C) Working Group
Virtual Meeting
July 1, 2021

The Actuarial Opinion (C) Working Group of the Casualty Actuarial and Statistical (C) Task Force met July 1, 2021. The following Working Group members participated: Anna Krylova, Chair (NM); Miriam Fisk, Vice Chair (TX); Susan Andrews and Qing He (CT); David Christhlf (DC); Judy Mottar, Chantel Long, and Anthony Bredel (IL); Sandra Darby (ME); Gordon Hay (NE); Tom Botsko (OH); and Kevin Clark and James DiSanto (PA). Also participating was: Kevin Dyke (MI).

1. Discussed Reviews of 2020 SAO

The Working Group discussed financial reviews of insurance companies' Statements of Actuarial Opinion (SAO). Mr. Botsko said he had more than the average number of newly appointed actuaries. He said the new actuaries complied with the requirements and wrote good opinions with one exception. Ms. Fisk said this is the first year for more specific attestation and that a handful of actuaries in Texas did not provide the correct attestation. Ms. Andrews said some did not correctly attest on the Casualty Actuarial Society (CAS) website to meet both general and specific qualification standards. Mr. Hay said he had two actuaries who used language to address submission of documents to the Board of Directors. He suggested improving the SAO instructions, but the Working Group noted that the opportunity to change 2022 instructions has passed. Ms. Krylova said more guidance could be added to the 2021 *Regulatory Guidance on Property and Casualty Statutory Statements of Actuarial Opinion* (Regulatory Guidance).

Michelle Iarkowski (American Academy of Actuaries—Academy) said there is no deadline for providing the qualification documentation, so one could issue the opinion without having completed the documentation and/or submitted the documentation to the Board. Some actuaries provide it to the Audit Committee in March or April after the opinion is issued. Ms. Andrews questioned whether the document should be delivered to the Board before an opinion is issued. Mr. Hay said the qualification documents do not have to be with the Board when the Board makes its decision about continued appointment of the appointed actuary. Ms. Andrews said new actuaries must submit the document before initially appointed, so the issue occurs only with renewals. Ms. Andrews said the Board's governance responsibilities are to annually evaluate the qualifications of the appointed actuary. Mr. DiSanto said it gets complicated because in Pennsylvania, a Board is not required to reappoint an actuary each year; once appointed, the actuary remains until specifically unappointed. Mr. Dyke said it seems there are two separate issues: 1) whether the documentation is not being included in work papers; and 2) whether the Board is reviewing the documentation. Ms. Krylova said it seems there is consensus to consider setting a deadline for submission of qualification documentation to the Board. She said the Working Group would need to consider qualification standards allowing an actuary to document how continuing education (CE) will be completed by the end of March when writing the SAO.

2. Discussed Issues with Schedule P Reconciliation

Mr. Botsko said some opining actuaries did not follow the annual statement instructions about Schedule P reconciliation. For example, when pool percentages change, the actuary reconciled on a total basis versus by company by line. The actuary applied materiality for the reason to conduct the reconciliation on a total basis. Ms. Iarkowski said another reconciliation issue is some consulting actuaries have been reconciling to Schedule P based on the data provided to the actuary rather than the final actuarial exhibits. Mr. Hay said the actuary sometimes does not provide information such as who did the reconciliation and additional information. He has asked the actuary to be more specific, but the actuary has not done that. Mr. Dyke said some actuaries might be conflating the reliance on data requirement and the separate issue of Schedule P reconciliation. He said the Schedule P reconciliation is a higher bar. Ms. Andrews suggested the Working Group consider requiring documentation of who performed the Schedule P reconciliation. The Working Group agreed the problem is mostly a compliance issue, and they can consider additional guidance this year.

3. Discussed 2021 Regulatory Guidance

Ms. Krylova said the CAS Board rescinded its multiple Statements of Principles. The CAS Board subsequently decided to reinstate the Statement of Principles on Ratemaking with the caveat that it is for reference for U.S. regulated ratemaking. The SAO instructions mention the group of Statements of Principles. The Statement of Principles on Reserving was not reinstated. Ms. Krylova wondered if the caveat should be mentioned in the instructions even though it is a header and not part of the title. Mr. Dyke said the reason for reference to the Statements of Principles seems to be about the development of reserves using

“accepted” principles. The Statement of Principles on Reserving was not reinstated. The Working Group might need to make revisions.

Ms. Iarkowski asked whether state insurance regulators want the qualification documentation submitted to all companies in a group that use one appointed actuary. Ms. Andrews said the state insurance regulators have to review the companies in their state. The companies in a group can be domiciled in different states. Mr. Blanchard said it would seem the Board of the holding company should be involved rather than the individual entities where the Boards can be made up of senior management. Ms. Andrews said the financial review process does not have the appointed actuary analysis at a group level. Ms. Iarkowski said guidance would be helpful.

Having no further business, the Actuarial Opinion (C) Working Group adjourned.

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TO: Phil Vigliaturo, Chair; Rich Piazza, Vice Chair
Casualty Actuarial and Statistical (C) Task Force

FROM: Jake Garn, Utah Chief Financial Examiner, Chair
Blanks (E) Working Group

DATE: July 29, 2021

RE: 2021-11BWG – New Supplement to Detail Direct Exposures Written and Earned

The Blanks (E) Working Group met on July 22 to further discuss the attached proposal. There were interested parties that asked for the proposal to be rejected and others suggested improvements. Interested parties did agree to the deferral to allow more time for review and comment. They also requested that a copy of the modified proposal be sent to the Task Force for review and comment. In addition, a referral has been sent to the Financial Analysis Solvency Tools (E) Working Group and the Financial Analysis (E) Working Group for review and comment. Interested parties asked for the additional referrals to evaluate the regulatory need for the data and how it might be used in solvency monitoring.

In proposal 2021-11BWG, the sponsor requests the addition of a new Property and Casualty annual statement supplement to capture “Direct Exposures Written” and “Direct Exposures Earned,” which will be reported initially only for annual statement line 4 (homeowners excluding renters, condominiums and co-ops), line 19.1 (PPA No Fault), line 19.2 (PPA Liability) and line 21.1 (PPA Physical Damage). The modifications that were requested by the Task Force had been made in the attached proposal.

If the Task Force has any additional questions, concerns or comments, please provide them to the Blanks (E) Working Group via NAIC staff. Comments should be provided by September 22 to Mary Caswell (NAIC) at mcaswell@naic.org and Cavin Ferguson (NAIC) at cferguson@naic.org.

cc: Kris DeFrain, NAIC, Director, Research and Actuarial Department

NAIC BLANKS (E) WORKING GROUP

Blanks Agenda Item Submission Form

<p align="right">DATE: <u>04/15/2021</u></p> <p>CONTACT PERSON: <u>Birny Birnbaum</u></p> <p>TELEPHONE: <u>512 784 7663</u></p> <p>EMAIL ADDRESS: <u>birny@cej-online.org</u></p> <p>ON BEHALF OF: <u>Center for Economic Justice</u></p> <p>NAME: <u>Birny Birnbaum</u></p> <p>TITLE: <u>Director</u></p> <p>AFFILIATION: <u>NAIC Designated Consumer Representative</u></p> <p>ADDRESS: <u>1701A South Second St</u> <u>Austin, TX 78704</u></p>	<p align="center">FOR NAIC USE ONLY</p> <p>Agenda Item # <u>2021-11BWG</u> Year <u>2022</u> Changes to Existing Reporting <input type="checkbox"/> [X] New Reporting Requirement <input type="checkbox"/> []</p> <p align="center">REVIEWED FOR ACCOUNTING PRACTICES AND PROCEDURES IMPACT</p> <p>No Impact <input checked="" type="checkbox"/> [X] Modifies Required Disclosure <input type="checkbox"/> []</p> <p align="center">DISPOSITION</p> <p>[] Rejected For Public Comment [X] Referred To Another NAIC Group <u>CASTF, FAWG and FAST</u> [] Received For Public Comment [] Adopted Date _____ [] Rejected Date _____ [X] Deferred Date <u>07/22/2021</u> [] Other (Specify) _____</p>
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BLANK(S) TO WHICH PROPOSAL APPLIES

- | | | |
|--|---|---|
| <input checked="" type="checkbox"/> ANNUAL STATEMENT | <input checked="" type="checkbox"/> INSTRUCTIONS | <input checked="" type="checkbox"/> CROSSCHECKS |
| <input checked="" type="checkbox"/> QUARTERLY STATEMENT | <input checked="" type="checkbox"/> BLANK | |
| <input type="checkbox"/> Life, Accident & Health/Fraternal | <input type="checkbox"/> Separate Accounts | <input type="checkbox"/> Title |
| <input checked="" type="checkbox"/> Property/Casualty | <input type="checkbox"/> Protected Cell | <input type="checkbox"/> Other _____ |
| <input type="checkbox"/> Health | <input type="checkbox"/> Health (Life Supplement) | |

Anticipated Effective Date: Annual 2022

IDENTIFICATION OF ITEM(S) TO CHANGE

Add a new annual statement supplement to capture exposure data for Annual Statement Lines 4, 19.1, 19.2 and 21.2. Add a column to the Quarterly Parts 1 and 2 to capture exposure data for these annual statement lines for the quarter.

See Next Page For More Details

REASON, JUSTIFICATION FOR AND/OR BENEFIT OF CHANGE**

See Next Page For Details

NAIC STAFF COMMENTS

Comment on Effective Reporting Date: _____

Other Comments:

** This section must be completed on all forms.

Revised 7/18/2018

IDENTIFICATION OF ITEM(S) TO CHANGE

Add a new annual statement supplement to the Property and Casualty annual statement to capture “Direct Exposures Written” and “Direct Exposures Earned” which will be reported, initially only for Annual Statement Lines 4 (Homeowners), 19.1 (PPA No Fault), 19.2 (PPA Liability) and 21.1 (PPA Physical Damage).

Add one column to property casualty quarterly statement Part 1 Loss experience between current columns 1 and 2 for “Direct Exposures Earned” only for Lines 4 (Homeowners), 19.1 (PPA No Fault), 19.2 (PPA Liability) and 21.1 (PPA Physical Damage).

Add one column to property casualty quarterly statement Part 2 Direct Premium Written between current columns 1 and 2 for “Direct Exposures Written” only for Lines 4 (Homeowners), 19.1 (PPA No Fault), 19.2 (PPA Liability) and 21.1 (PPA Physical Damage).

Add instructions for reporting the additional data elements, consisting of definitions and examples for the new data elements.

REASON, JUSTIFICATION FOR AND/OR BENEFIT OF CHANGE**

The average written and average earned premium per exposure is an important metric for a variety of regulatory and public policy purposes. The NAIC annually produces reports of average personal auto and homeowners premiums, but the data in these reports are old and stale for timely assessment of absolute average premium and changes in average premium over time. Both reports are typically produced 24 months after the end of the experience period and 36 months after the beginning of the experience period. Homeowners average premiums for 2018 was published in January 2021 in the “Dwelling Fire, Homeowners Owner-Occupied, and Homeowners Tenant and Condominium/Cooperative Unit Owners’ Insurance Report: Data for 2018.” Personal auto average premiums for 2018 was published in March 2021 in the “Auto Database Report.” While there are valid reasons for the length of time needed to produce these reports – primarily because these reports contain information beyond average premium – the average premium numbers lose significant relevance because of their age.

This AS and QS Blanks proposals would allow the calculation of average written and average earned premium for residential property and personal auto coverages in a far more timely fashion – within three to four months following the reporting year instead of 24 months and would provide timely and useful quarterly information. The benefits of timelier average premium data are considerable. Timely average premium data would permit financial analysts to utilize changes in average premium as part of financial analysis. Similarly, the more-timely average premium data would become a valuable tool for market regulation analysts, including, but not limited to, an added data point for use with the Market Conduct Annual Statement. Last, but not least, this proposal would allow the NAIC to calculate and publish average annual premium data for residential property and personal auto insurance by state in a time frame to both make the data meaningful for describing market conditions and to inform individual state regulators and policymakers of actual changes in personal lines average premiums – as opposed to expected changes gleaned from rate filings.

Consider how valuable timely average premium values would have been for personal lines as the pandemic unfolded. Consider also the value of quarterly data for average premium for personal lines versus only an annual average. The lack of timeliness of the average premium values means that these data have very limited or no use for either financial or market analysis. The lack of timeliness also means that the data are no use in informing public policy debates about personal lines insurance costs. In addition, the severe time lag between actual experience and reporting fails to inform the public or policymakers of recent trends or outcomes and can, consequently, mislead the public and policymakers.

ANNUAL STATEMENT INSTRUCTIONS – PROPERTY

DIRECT PREMIUM AND EXPOSURES
Annual Statement Lines 2.5, 4, 19.1, 19.2 and 21.1
Allocated by States and Territories

This supplement must be filed with the NAIC by March 1 each year.

This supplement should be completed by those reporting entities that write direct business reported on the Exhibit of Premiums and Losses for each Annual Statement Lines (ASL) listed below. A separate page will be completed for each ASL.

ASL 4 (Homeowners)

- Excluding Renters, Condominiums and Co-ops
- Renters, Condominiums and Co-ops

ASL 19.1 (Private Passenger Auto No-Fault – Personal Injury Protection)

ASL 19.2 (Other Private Passenger Auto Liability)

ASL 21.1 (Private Passenger Auto Physical Damage).

Column 1 – Direct Premiums Written

The amounts reported for each line should agree with the amounts reported for the corresponding Annual Statement Line in Column 1, Line 35 of the Exhibit of Premiums and Losses for that state.

Line 59 (Part 1 plus Part 2) should equal Line 4, Column 1, Line 35 of the Exhibit of Premiums and Losses (GT Page)

Line 59 (Part 3) should equal Line 19.1, Column 1, Line 35 of the Exhibit of Premiums and Losses (GT Page)

Line 59 (Part 4) should equal Line 19.2, Column 1, Line 35 of the Exhibit of Premiums and Losses (GT Page)

Line 59 (Part 5) should equal Line 21.1, Column 1, Line 35 of the Exhibit of Premiums and Losses (GT Page)

Column 2 – Direct Written Exposures

A Written Exposure for Annual Statement Lines 4 is defined as a single residential property for which coverage was written at any time during the calendar reporting period and remained in force through the end of the calendar reporting year. If the coverage was written and cancelled within the calendar reporting year, the written exposure is the fraction of the year the coverage was in force.

A Written exposure for Annual Statement Lines 19.1, 19.2 and 21.1 is defined as single motor vehicle for which coverage was written at any time during the calendar reporting year and remained in force through the end of the calendar reporting year. If the coverage was written and cancelled within the calendar reporting year, the written exposure is the fraction of the year the coverage was in force.

Examples. Assume a homeowners policy is written on July 1 during the reporting year and remains in force through the end of the reporting year. This activity would be reported as one (1.0) written exposure.

Assume a private passenger policy with No-Fault, Liability and Physical Damage coverages was written on April 1 and cancelled by the insured on July 1. This activity would be reported as 0.25 written exposure.

Column 3 – Direct Premiums Earned

The amounts reported for each line should agree with the amounts reported for the corresponding Annual Statement Line in Column 2, Line 35 of the Exhibit of Premiums and Losses for each state.

Line 59 (Part 1 plus Part 2) should equal Line 4, Column 2, Line 35 of the Exhibit of Premiums and Losses (GT Page)

Line 59 (Part 3) should equal Line 19.1, Column 2, Line 35 of the Exhibit of Premiums and Losses (GT Page)

Line 59 (Part 4) should equal Line 19.2, Column 2, Line 35 of the Exhibit of Premiums and Losses (GT Page)

Line 59 (Part 5) should equal Line 21.1, Column 2, Line 35 of the Exhibit of Premiums and Losses (GT Page)

Column 4 – Direct Earned Exposures

An Earned Exposure for Annual Statement Lines 4 is defined as the fraction of the calendar reporting year for which a single residential property had coverage in force.

An Earned Exposure for Annual Statement Lines 19.1, 19.2 and 21.2 is defined as the fraction of the calendar reporting year for which a single motor vehicle had coverage in force.

Examples. Assume a homeowners policy is written on July 1 during the reporting year and remains in force through the end of the reporting year. This activity would be reported as 0.5 earned exposure.

Assume a private passenger policy with No-Fault, Liability and Physical Damage coverages was written on April 1 and cancelled by the insured on July 1. This activity would be reported as 0.25 earned exposure.

QUARTERLY STATEMENT INSTRUCTIONS – PROPERTY

PART 1 – LOSS EXPERIENCE

Column 1 – Direct Premiums Earned

Display direct premiums earned by line of business. The total must agree with the Statement of Income Page 4, Direct Premiums Earned Line 1.1, Column 1.

Column 2 – Direct Earned Exposures

An Earned Exposure for Annual Statement Lines 4 is defined as the fraction of the calendar reporting year for which a single residential property had coverage in force.

An Earned Exposure for Annual Statement Lines 19.1, 19.2 and 21.2 is defined as the fraction of the calendar reporting year for which a single motor vehicle had coverage in force.

Examples. Assume a homeowners policy is written on July 1 during the reporting year and remains in force through the end of the reporting year. This activity would be reported as 0.5 earned exposure.

Assume a private passenger policy with No-Fault, Liability and Physical Damage coverages was written on April 1 and cancelled by the insured on July 1. This activity would be reported as 0.25 earned exposure.

Column 23 – Direct Losses Incurred

Display direct losses incurred by line of business. The total must agree with the Statement of Income Page 4, Direct Losses Incurred Line 2.1, Column 1.

Column 34 – Direct Loss Percentage

Column 2-3 (Direct Losses Incurred)/Column 1 (Direct Premiums Earned) multiplied by 100.

Column 45 – Prior Year to Date Direct Loss Percentage

Display year-to-date direct loss percentages by line of business for the same quarter of the prior year.

Line 30 – Warranty

Data for this line should be reported prospectively (i.e., Prior year amounts need not be restated) starting with the 2008 reporting year.

PART 2 – DIRECT PREMIUMS WRITTEN

Column 1 – Current Quarter

Display current quarter direct premiums written by line of business.

Column 2 – Direct Written Exposures

A Written Exposure for Annual Statement Lines 4 is defined as a single residential property for which coverage was written at any time during the calendar reporting period and remained in force through the end of the calendar reporting year. If the coverage was written and cancelled within the calendar reporting year, the written exposure is the fraction of the year the coverage was in force.

A Written exposure for Annual Statement Lines 19.1, 19.2 and 21.1 is defined as single motor vehicle for which coverage was written at any time during the calendar reporting year and remained in force through the end of the calendar reporting year. If the coverage was written and cancelled within the calendar reporting year, the written exposure is the fraction of the year the coverage was in force.

Examples. Assume a homeowners policy is written on July 1 during the reporting year and remains in force through the end of the reporting year. This activity would be reported as one (1.0) written exposure.

Assume a private passenger policy with No-Fault, Liability and Physical Damage coverages was written on April 1 and cancelled by the insured on July 1. This activity would be reported as 0.25 written exposure.

Column 23 – Current Year to Date

Display year-to-date direct premiums written.

Column 34 – Prior Year, Year to Date

Display year-to-date direct premiums written from the same quarter of the prior year.

Line 30 – Warranty

Data for this line should be reported prospectively (i.e., Prior year amounts need not be restated) starting with the 2008 reporting year.

ANNUAL STATEMENT BLANK – PROPERTY

DIRECT PREMIUM AND EXPOSURES

Allocated by States and Territories

For The Year Ended December 31, 20

(To Be Filed by March 1)

Part 1 – Homeowners (Excluding Renters, Condominiums and Co-ops)
Annual Statement Line 4

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	<u>1</u> Direct Premiums Written	<u>2</u> Direct Exposures Written	<u>3</u> Direct Premiums Earned	<u>4</u> Direct Exposures Earned
1. Alabama.....AL				
2. Alaska.....AK				
3. Arizona.....AZ				
4. Arkansas.....AR				
5. California.....CA				
6. Colorado.....CO				
7. Connecticut.....CT				
8. Delaware.....DE				
9. District of Columbia.....DC				
10. Florida.....FL				
11. Georgia.....GA				
12. Hawaii.....HI				
13. Idaho.....ID				
14. Illinois.....IL				
15. Indiana.....IN				
16. Iowa.....IA				
17. Kansas.....KS				
18. Kentucky.....KY				
19. Louisiana.....LA				
20. Maine.....ME				
21. Maryland.....MD				
22. Massachusetts.....MA				
23. Michigan.....MI				
24. Minnesota.....MN				
25. Mississippi.....MS				
26. Missouri.....MO				
27. Montana.....MT				
28. Nebraska.....NE				
29. Nevada.....NV				
30. New Hampshire.....NH				
31. New Jersey.....NJ				
32. New Mexico.....NM				
33. New York.....NY				
34. North Carolina.....NC				
35. North Dakota.....ND				
36. Ohio.....OH				
37. Oklahoma.....OK				
38. Oregon.....OR				
39. Pennsylvania.....PA				
40. Rhode Island.....RI				
41. South Carolina.....SC				
42. South Dakota.....SD				
43. Tennessee.....TN				
44. Texas.....TX				
45. Utah.....UT				
46. Vermont.....VT				
47. Virginia.....VA				
48. Washington.....WA				
49. West Virginia.....WV				
50. Wisconsin.....WI				
51. Wyoming.....WY				
52. American Samoa.....AS				
53. Guam.....GU				
54. Puerto Rico.....PR				
55. US Virgin Islands.....VI				
56. Northern Mariana Islands.....MP				
57. Canada.....CAN				
58. Aggregate Other Alien.....OT				
59. Total				

Part 2 – Homeowners (Renters, Condominiums and Co-ops)
Annual Statement Line 4

Formatted: Tab stops: Not at 1" + 8.5"

	1 Direct Premiums Written	2 Direct Exposures Written	3 Direct Premiums Earned	4 Direct Exposures Earned
1. Alabama.....AL				
2. Alaska.....AK				
3. Arizona.....AZ				
4. Arkansas.....AR				
5. California.....CA				
6. Colorado.....CO				
7. Connecticut.....CT				
8. Delaware.....DE				
9. District of Columbia.....DC				
10. Florida.....FL				
11. Georgia.....GA				
12. Hawaii.....HI				
13. Idaho.....ID				
14. Illinois.....IL				
15. Indiana.....IN				
16. Iowa.....IA				
17. Kansas.....KS				
18. Kentucky.....KY				
19. Louisiana.....LA				
20. Maine.....ME				
21. Maryland.....MD				
22. Massachusetts.....MA				
23. Michigan.....MI				
24. Minnesota.....MN				
25. Mississippi.....MS				
26. Missouri.....MO				
27. Montana.....MT				
28. Nebraska.....NE				
29. Nevada.....NV				
30. New Hampshire.....NH				
31. New Jersey.....NJ				
32. New Mexico.....NM				
33. New York.....NY				
34. North Carolina.....NC				
35. North Dakota.....ND				
36. Ohio.....OH				
37. Oklahoma.....OK				
38. Oregon.....OR				
39. Pennsylvania.....PA				
40. Rhode Island.....RI				
41. South Carolina.....SC				
42. South Dakota.....SD				
43. Tennessee.....TN				
44. Texas.....TX				
45. Utah.....UT				
46. Vermont.....VT				
47. Virginia.....VA				
48. Washington.....WA				
49. West Virginia.....WV				
50. Wisconsin.....WI				
51. Wyoming.....WY				
52. American Samoa.....AS				
53. Guam.....GU				
54. Puerto Rico.....PR				
55. US Virgin Islands.....VI				
56. Northern Mariana Islands.....MP				
57. Canada.....CAN				
58. Aggregate Other Alien.....OT				
59. Total				

Part 3 – Private Passenger Auto No-Fault (Personal Injury Protection)
Annual Statement Line 19.1

	1	2	3	4
	Direct Premiums Written	Direct Exposures Written	Direct Premiums Earned	Direct Exposures Earned
1. Alabama.....AL
2. Alaska.....AK
3. Arizona.....AZ
4. Arkansas.....AR
5. California.....CA
6. Colorado.....CO
7. Connecticut.....CT
8. Delaware.....DE
9. District of Columbia.....DC
10. Florida.....FL
11. Georgia.....GA
12. Hawaii.....HI
13. Idaho.....ID
14. Illinois.....IL
15. Indiana.....IN
16. Iowa.....IA
17. Kansas.....KS
18. Kentucky.....KY
19. Louisiana.....LA
20. Maine.....ME
21. Maryland.....MD
22. Massachusetts.....MA
23. Michigan.....MI
24. Minnesota.....MN
25. Mississippi.....MS
26. Missouri.....MO
27. Montana.....MT
28. Nebraska.....NE
29. Nevada.....NV
30. New Hampshire.....NH
31. New Jersey.....NJ
32. New Mexico.....NM
33. New York.....NY
34. North Carolina.....NC
35. North Dakota.....ND
36. Ohio.....OH
37. Oklahoma.....OK
38. Oregon.....OR
39. Pennsylvania.....PA
40. Rhode Island.....RI
41. South Carolina.....SC
42. South Dakota.....SD
43. Tennessee.....TN
44. Texas.....TX
45. Utah.....UT
46. Vermont.....VT
47. Virginia.....VA
48. Washington.....WA
49. West Virginia.....WV
50. Wisconsin.....WI
51. Wyoming.....WY
52. American Samoa.....AS
53. Guam.....GU
54. Puerto Rico.....PR
55. US Virgin Islands.....VI
56. Northern Mariana Islands.....MP
57. Canada.....CAN
58. Aggregate Other Alien.....OT
59. Total				

Part 4 – Other Private Passenger Auto Liability
Annual Statement Line 19.2

	1	2	3	4
	Direct Premiums Written	Direct Exposures Written	Direct Premiums Earned	Direct Exposures Earned
1. Alabama.....AL
2. Alaska.....AK
3. Arizona.....AZ
4. Arkansas.....AR
5. California.....CA
6. Colorado.....CO
7. Connecticut.....CT
8. Delaware.....DE
9. District of Columbia.....DC
10. Florida.....FL
11. Georgia.....GA
12. Hawaii.....HI
13. Idaho.....ID
14. Illinois.....IL
15. Indiana.....IN
16. Iowa.....IA
17. Kansas.....KS
18. Kentucky.....KY
19. Louisiana.....LA
20. Maine.....ME
21. Maryland.....MD
22. Massachusetts.....MA
23. Michigan.....MI
24. Minnesota.....MN
25. Mississippi.....MS
26. Missouri.....MO
27. Montana.....MT
28. Nebraska.....NE
29. Nevada.....NV
30. New Hampshire.....NH
31. New Jersey.....NJ
32. New Mexico.....NM
33. New York.....NY
34. North Carolina.....NC
35. North Dakota.....ND
36. Ohio.....OH
37. Oklahoma.....OK
38. Oregon.....OR
39. Pennsylvania.....PA
40. Rhode Island.....RI
41. South Carolina.....SC
42. South Dakota.....SD
43. Tennessee.....TN
44. Texas.....TX
45. Utah.....UT
46. Vermont.....VT
47. Virginia.....VA
48. Washington.....WA
49. West Virginia.....WV
50. Wisconsin.....WI
51. Wyoming.....WY
52. American Samoa.....AS
53. Guam.....GU
54. Puerto Rico.....PR
55. US Virgin Islands.....VI
56. Northern Mariana Islands.....MP
57. Canada.....CAN
58. Aggregate Other Alien.....OT
59. Total

Part 5 – Private Passenger Auto Physical Damage
Annual Statement Line 21.1

	1 Direct Premiums Written	2 Direct Exposures Written	3 Direct Premiums Earned	4 Direct Exposures Earned
1. Alabama.....	AL			
2. Alaska.....	AK			
3. Arizona.....	AZ			
4. Arkansas.....	AR			
5. California.....	CA			
6. Colorado.....	CO			
7. Connecticut.....	CT			
8. Delaware.....	DE			
9. District of Columbia.....	DC			
10. Florida.....	FL			
11. Georgia.....	GA			
12. Hawaii.....	HI			
13. Idaho.....	ID			
14. Illinois.....	IL			
15. Indiana.....	IN			
16. Iowa.....	IA			
17. Kansas.....	KS			
18. Kentucky.....	KY			
19. Louisiana.....	LA			
20. Maine.....	ME			
21. Maryland.....	MD			
22. Massachusetts.....	MA			
23. Michigan.....	MI			
24. Minnesota.....	MN			
25. Mississippi.....	MS			
26. Missouri.....	MO			
27. Montana.....	MT			
28. Nebraska.....	NE			
29. Nevada.....	NV			
30. New Hampshire.....	NH			
31. New Jersey.....	NJ			
32. New Mexico.....	NM			
33. New York.....	NY			
34. North Carolina.....	NC			
35. North Dakota.....	ND			
36. Ohio.....	OH			
37. Oklahoma.....	OK			
38. Oregon.....	OR			
39. Pennsylvania.....	PA			
40. Rhode Island.....	RI			
41. South Carolina.....	SC			
42. South Dakota.....	SD			
43. Tennessee.....	TN			
44. Texas.....	TX			
45. Utah.....	UT			
46. Vermont.....	VT			
47. Virginia.....	VA			
48. Washington.....	WA			
49. West Virginia.....	WV			
50. Wisconsin.....	WI			
51. Wyoming.....	WY			
52. American Samoa.....	AS			
53. Guam.....	GU			
54. Puerto Rico.....	PR			
55. US Virgin Islands.....	VI			
56. Northern Mariana Islands.....	MP			
57. Canada.....	CAN			
58. Aggregate Other Alien.....	OT			
59. Total.....				

**SUPPLEMENTAL EXHIBITS AND SCHEDULES
INTERROGATORIES**

The following supplemental reports are required to be filed as part of your statement filing unless specifically waived by the domiciliary state. However, in the event that your domiciliary state waives the filing requirement, your response of WAIVED to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason, enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

MARCH FILING	RESPONSES
1. Will an actuarial opinion be filed by March 1?
2. Will the Supplemental Compensation Exhibit be filed with the state of domicile by March 1?
3. Will the confidential Risk-based Capital Report be filed with the NAIC by March 1?
4. Will the confidential Risk-based Capital Report be filed with the state of domicile, if required, by March 1?
APRIL FILING	
5. Will the Insurance Expense Exhibit be filed with the state of domicile and the NAIC by April 1?
6. Will Management's Discussion and Analysis be filed by April 1?
7. Will the Supplemental Investment Risks Interrogatories be filed by April 1?
MAY FILING	
8. Will this company be included in a combined annual statement that is filed with the NAIC by May 1?
JUNE FILING	
9. Will an audited financial report be filed by June 1?
10. Will Accountants Letter of Qualifications be filed with the state of domicile and electronically with the NAIC by June 1?

The following supplemental reports are required to be filed as part of your statement filing if your company is engaged in the type of business covered by the supplement. However, in the event that your company does not transact the type of business for which the special report must be filed, your response of NO to the specific interrogatory will be accepted in lieu of filing a "NONE" report and a bar code will be printed below. If the supplement is required of your company but is not being filed for whatever reason, enter SEE EXPLANATION and provide an explanation following the interrogatory questions.

MARCH FILING	
11. Will Schedule SIS (Stockholder Information Supplement) be filed with the state of domicile by March 1?	.....
12. Will the Financial Guaranty Insurance Exhibit be filed by March 1?	.....
13. Will the Medicare Supplement Insurance Experience Exhibit be filed with the state of domicile and the NAIC by March 1?	.....
14. Will Supplement A to Schedule T (Medical Professional Liability Supplement) be filed by March 1?	.....
15. Will the Trusteed Surplus Statement be filed with the state of domicile and the NAIC by March 1?	.....
16. Will the Premiums Attributed to Protected Cells Exhibit be filed by March 1?	.....
17. Will the Reinsurance Summary Supplemental Filing for General Interrogatory 9 be filed with the state of domicile and the NAIC by March 1?	.....
18. Will the Medicare Part D Coverage Supplement be filed with the state of domicile and the NAIC by March 1?	.....
19. Will the confidential Actuarial Opinion Summary be filed with the state of domicile, if required, by March 15 (or the date otherwise specified)?	.....
20. Will the Reinsurance Attestation Supplement be filed with the state of domicile and the NAIC by March 1?	.....
21. Will the Exceptions to the Reinsurance Attestation Supplement be filed with the state of domicile by March 1?	.....
22. Will the Bail Bond Supplement be filed with the state of domicile and the NAIC by March 1?	.....
23. Will the Director and Officer Insurance Coverage Supplement be filed with the state of domicile and the NAIC by March 1?	.....
24. Will an approval from the reporting entity's state of domicile for relief related to the five-year rotation requirement for lead audit partner be filed electronically with the NAIC by March 1?	.....
25. Will an approval from the reporting entity's state of domicile for relief related to the one-year cooling off period for independent CPA be filed electronically with the NAIC by March 1?	.....
26. Will an approval from the reporting entity's state of domicile for relief related to the Requirements for Audit Committees be filed electronically with the NAIC by March 1?	.....
27. Will the Supplemental Schedule for Reinsurance Counterparty Reporting Exception – Asbestos and Pollution contracts be filed with the state of domicile and the NAIC by March 1?	.....
28. Will the Direct Premium and Exposures Supplement be filed with NAIC by March 1?	.....
APRIL FILING	
2829. Will the Credit Insurance Experience Exhibit be filed with the state of domicile and the NAIC by April 1?	.....
2930. Will the Long-term Care Experience Reporting Forms be filed with the state of domicile and the NAIC by April 1?	.....
3031. Will the Accident and Health Policy Experience Exhibit be filed by April 1?	.....
3132. Will the Supplemental Health Care Exhibit (Parts 1, 2 and 3) be filed with the state of domicile and the NAIC by April 1?	.....
3233. Will the regulator-only (non-public) Supplemental Health Care Exhibit's Allocation Report be filed with the state of domicile and the NAIC by April 1?	.....
3334. Will the Cybersecurity and Identity Theft Insurance Coverage Supplement be filed with the state of domicile and the NAIC by April 1?	.....
3435. Will the Life, Health & Annuity Guaranty Association Assessable Premium Exhibit – Parts 1 and 2 be filed with the state of domicile and the NAIC by April 1?	.....
3536. Will the Private Flood Insurance Supplement be filed with the state of domicile and the NAIC by April 1?	.....
AUGUST FILING	
3637. Will Management's Report of Internal Control Over Financial Reporting be filed with the state of domicile by August 1?	.....

Explanation:

Bar Code:

QUARTERLY STATEMENT BLANK – PROPERTY

PART 1 – LOSS EXPERIENCE

Line of Business	Current Year to Date				45 Prior Year to Date Direct Loss Percentage
	1 Direct Premiums Earned	2 Direct Earned Exposures	23 Direct Losses Incurred	24 Direct Loss Percentage	
1. Fire		XXX			
2.1 Allied Lines		XXX			
2.2 Multiple Peril Crop		XXX			
2.3 Federal Flood		XXX			
2.4 Private Crop		XXX			
2.5 Private Flood		XXX			
3. Farmowners Multiple Peril		XXX			
4. Homeowners Multiple Peril		XXX			
5.1 Commercial Multiple Peril (Non-Liability Portion)		XXX			
5.2 Commercial Multiple Peril (Liability Portion)		XXX			
6. Mortgage Guaranty		XXX			
8. Ocean Marine		XXX			
9. Inland Marine		XXX			
10. Financial Guaranty		XXX			
11.1 Medical Professional Liability—Occurrence		XXX			
11.2 Medical Professional Liability—Claims-Made		XXX			
12. Earthquake		XXX			
13.1 Comprehensive Individual Accident and Health		XXX			
13.2 Comprehensive Group Accident and Health		XXX			
14. Credit A&H (Group and Individual)		XXX			
15.1 Vision Only		XXX			
15.2 Dental Only		XXX			
15.3 Disability Income		XXX			
15.4 Medicare Supplement		XXX			
15.5 Medicaid Title XIX		XXX			
15.6 Medicare Title XVIII Exempt from State Taxes or Fees		XXX			
15.7 Long-Term Care		XXX			
15.8 Federal Employees Health Benefits Plan Premium		XXX			
15.9 Other Health		XXX			
16. Workers' Compensation		XXX			
17.1 Other Liability—Occurrence		XXX			
17.2 Other Liability—Claims-Made		XXX			
17.3 Excess Workers' Compensation		XXX			
18.1 Products Liability—Occurrence		XXX			
18.2 Products Liability—Claims-Made		XXX			
19.1 Private Passenger Auto No-Fault (Personal Injury Protection) ..		XXX			
19.2 Other Private Passenger Auto Liability		XXX			
19.3 Commercial Auto No-Fault (Personal Injury Protection)		XXX			
19.4 Other Commercial Auto Liability		XXX			
21.1 Private Passenger Auto Physical Damage		XXX			
21.2 Commercial Auto Physical Damage		XXX			
22. Aircraft (all perils)		XXX			
23. Fidelity		XXX			
24. Surety		XXX			
26. Burglary and Theft		XXX			
27. Boiler and Machinery		XXX			
28. Credit		XXX			
29. International		XXX			
30. Warranty		XXX			
31. Reinsurance-Nonproportional Assumed Property	XXX	XXX	XXX	XXX	XXX
32. Reinsurance-Nonproportional Assumed Liability	XXX	XXX	XXX	XXX	XXX
33. Reinsurance-Nonproportional Assumed Financial Lines	XXX	XXX	XXX	XXX	XXX
34. Aggregate Write-Ins for Other Lines of Business		XXX			
35. TOTALS		XXX			
DETAILS OF WRITE-INS					
3401.		XXX			
3402.		XXX			
3403.		XXX			
3498. Sum. of remaining write-ins forLine 34 from overflow page		XXX			
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)		XXX			

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PART 2 – DIRECT PREMIUMS WRITTEN

Line of Business	Current Quarter		³³	³⁴
	1 Direct Premiums Written	2 Direct Written Exposures	Current Year to Date Direct Premiums Written	Prior Year to Date
1. Fire		XXX		
2.1 Allied Lines		XXX		
2.2 Multiple Peril Crop		XXX		
2.3 Federal Flood		XXX		
2.4 Private Crop		XXX		
2.5 Private Flood		XXX		
3. Farmowners Multiple Peril		XXX		
4. Homeowners Multiple Peril		XXX		
5.1 Commercial Multiple Peril (Non-Liability Portion)		XXX		
5.2 Commercial Multiple Peril (Liability Portion)		XXX		
6. Mortgage Guaranty		XXX		
8. Ocean Marine		XXX		
9. Inland Marine		XXX		
10. Financial Guaranty		XXX		
11.1 Medical Professional Liability—Occurrence		XXX		
11.2 Medical Professional Liability—Claims-Made		XXX		
12. Earthquake		XXX		
13.1 Comprehensive Individual Accident and Health		XXX		
13.2 Comprehensive Group Accident and Health		XXX		
14. Credit A&H (Group and Individual)		XXX		
15.1 Vision Only		XXX		
15.2 Dental Only		XXX		
15.3 Disability Income		XXX		
15.4 Medicare Supplement		XXX		
15.5 Medicaid Title XIX		XXX		
15.6 Medicare Title XVIII Exempt from State Taxes or Fees		XXX		
15.7 Long-Term Care		XXX		
15.8 Federal Employees Health Benefits Plan Premium		XXX		
15.9 Other Health		XXX		
16. Workers' Compensation		XXX		
17.1 Other Liability—Occurrence		XXX		
17.2 Other Liability—Claims-Made		XXX		
17.3 Excess Workers' Compensation		XXX		
18.1 Products Liability—Occurrence		XXX		
18.2 Products Liability—Claims-Made		XXX		
19.1 Private Passenger Auto No-Fault (Personal Injury Protection)		XXX		
19.2 Other Private Passenger Auto Liability		XXX		
19.3 Commercial Auto No-Fault (Personal Injury Protection)		XXX		
19.4 Other Commercial Auto Liability		XXX		
21.1 Private Passenger Auto Physical Damage		XXX		
21.2 Commercial Auto Physical Damage		XXX		
22. Aircraft (all perils)		XXX		
23. Fidelity		XXX		
24. Surety		XXX		
26. Burglary and Theft		XXX		
27. Boiler and Machinery		XXX		
28. Credit		XXX		
29. International		XXX		
30. Warranty		XXX		
31. Reinsurance-Nonproportional Assumed Property	XXX	XXX	XXX	XXX
32. Reinsurance-Nonproportional Assumed Liability	XXX	XXX	XXX	XXX
33. Reinsurance-Nonproportional Assumed Financial Lines	XXX	XXX	XXX	XXX
34. Aggregate Write-Ins for Other Lines of Business		XXX		
35. TOTALS		XXX		
DETAILS OF WRITE-INS				
3401.		XXX		
3402.		XXX		
3403.		XXX		
3498. Sum. of remaining write-ins for ...Line 34 from overflow page		XXX		
3499. Totals (Lines 3401 through 3403 plus 3498) (Line 34 above)		XXX		

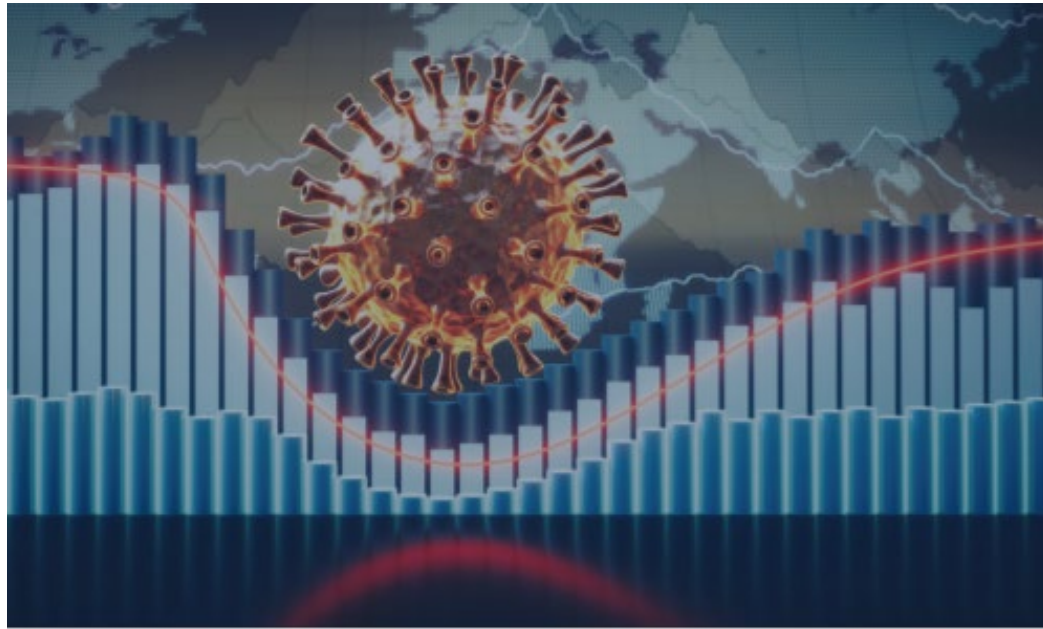
NAIC CASTF
CAS Research
& Professional
Education
Update

AUGUST 10, 2021





Research



● On Insurability and Transfer of Pandemic Business Interruption Risk

Aditya Khanna, FCAS; Brian A. Fannin, ACAS, CSPA; and Tim Wei, FCAS

CAS Actuarial Technology Survey

QUESTION SUMMARIES

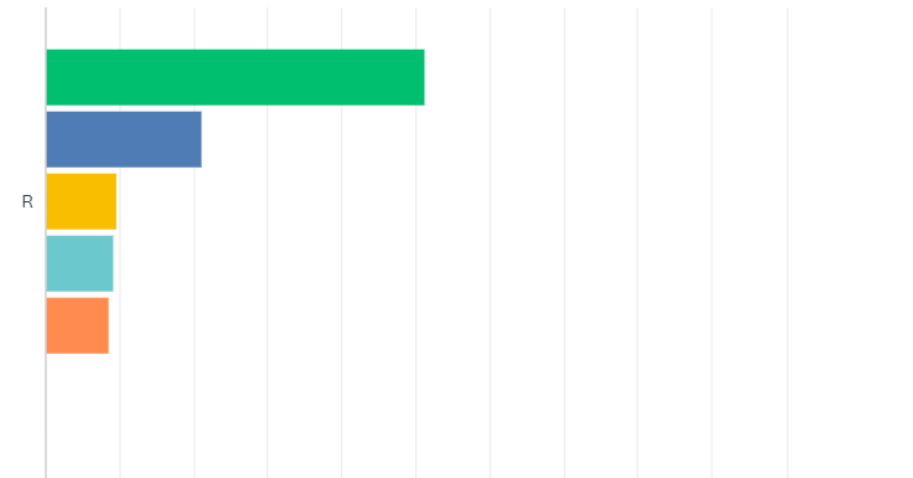
DATA TRENDS

INDIVIDUAL RESPONSES

Q1

How often do you use each of the following tools?

Answered: 1,294 Skipped: 0



2021 Individual Grants Competition

“Modeling claims reserving on individual data” by Gian Paolo Clemente, Gabriele Pittarello and Diego Zappa

“Assessing cyber risk via network theory” by Alessandra Cornaro and G.P Clemente,

“Applications of Gaussian Process Regression Models in Claims Reserving” by Marco De Virgilis and Giulio Ercole Carnevale

“Compositional Data Regression in Insurance with Exponential Family PCA” by Guojun Gan and Emiliano A. Valdez

“NLP and other AI Techniques for Applications in Actuarial Science” by Dr. Don Hong, Vajira A Manathunga, QiangWu, and Lu Xiong

“Matrix Variate Distributions as a Tool for Insurers and their Application to Natural Hazard Loss Modeling” by Petar Jevtic and Luca Regis

“Pandemic, Infection Disease Models and Insurance Applications” by Runhuan Feng and Sooie-Hoe Loke;

“Statistical Modeling of Data Breach Risks: Time to Identification and Notification” by Maochao Xu, PhD.;

“A conformal prediction credibility interval” by Liang Hong with the SOA.

Hachemeister Prize (2021): [AGLM: A Hybrid Modeling Method of GLM and Data Science Techniques](#)

E-Forum COVID-19 essays

Disparate impact

Social inflation

New Python package for reserving

Cannabis research w/CIA

CASCOR IFRS 17



Professional Education

Recent and Future PE Events

- [R Bootcamp](#)
- [Python workshop](#)
- [Casualty Loss Reserve Seminar](#)
- [CAS International Webinar: New Thinking for Pricing Climate Risk](#)
- [CAS International Webinar: On Insurability and Transfer of Pandemic Business Interruption Risk](#)
- [2021 In Focus Virtual Seminar, Bridging the Gap: Technical Analysis vs Business Strategy for Tomorrow's Culturally Empowered Actuary](#)

CASUALTY ACTUARIAL AND STATISTICAL (C) TASK FORCE

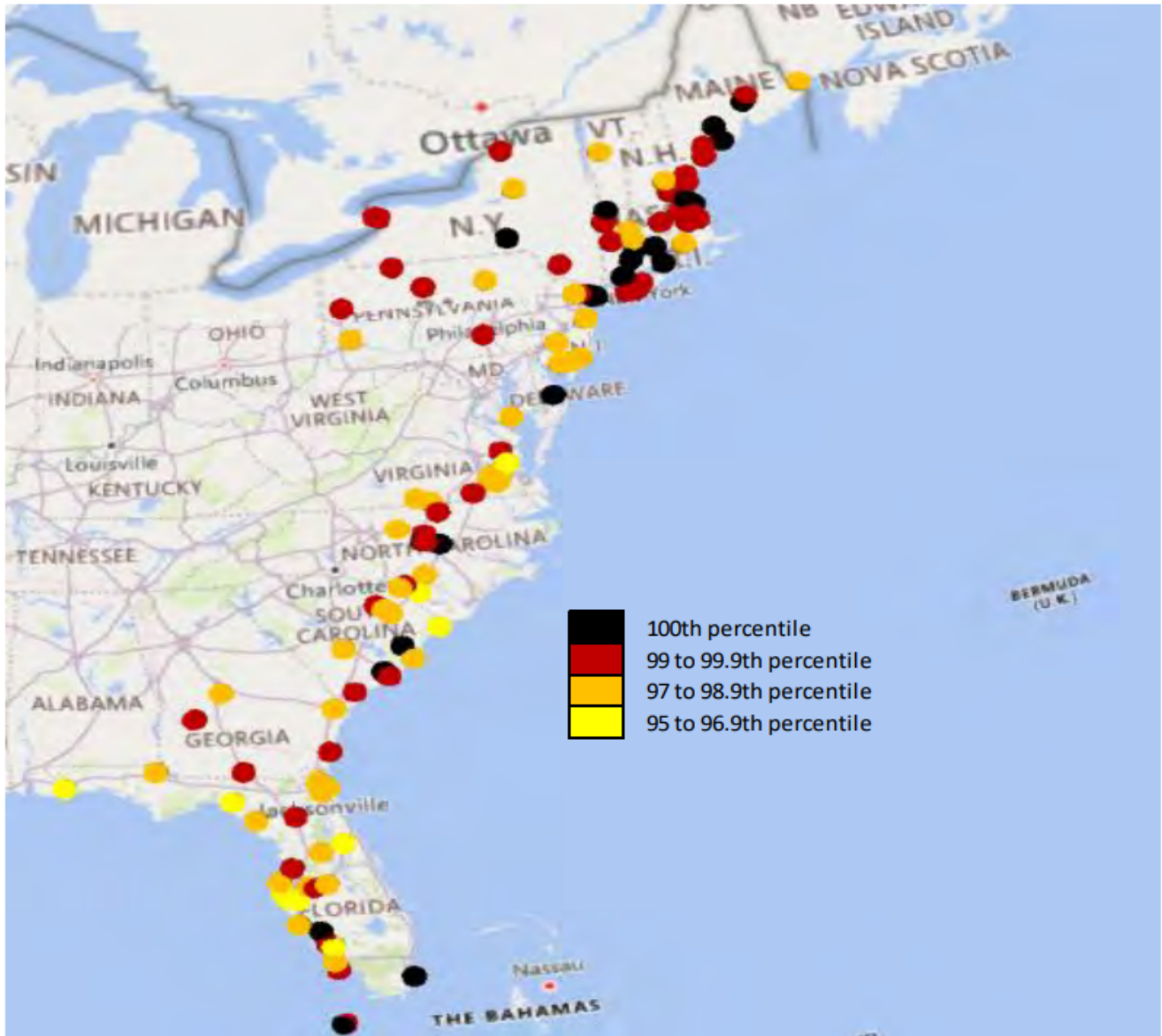
August 2021

Society of Actuaries (SOA) Actuarial Research and Education Update

- Highlights of Recent Research Reports
- *Business Interruption Insurance Compendium*
 - Released May 2021
 - <https://www.soa.org/resources/research-reports/2021/business-interruption-insurance/>
 - Includes articles, papers, program proposals and legislative notes that provide insight into Business Interruption Insurance and the effects of the coronavirus (COVID-19) pandemic on its current and future state of coverage.
- *Actuarial Weather Extremes*
 - Monthly reports that identifies and examines unusual or extreme single-day or multi-day weather events across North America
 - <https://www.soa.org/resources/research-reports/2019/weather-extremes/>
 - Special Report on Hurricane Elsa, July 5 - 11
 - <https://www.soa.org/globalassets/assets/files/resources/research-report/2021/exhibits-weather-extremes-elsa.pdf>
- New Education Offering
- Launch of “Ethical and Responsible Use of Data and Predictive Models” Certificate Program
- Website launching later this week: www.soa.org/ERUcert

Figure 2

Total Rainfall Produced by Hurricane Elsa, Ranked Against Historical Data (source: GHCN data)



Ethical and Responsible Use of Data and Predictive Models Certificate Program

As the insurance industry works more with big data, artificial intelligence (AI) and predictive analytics, there is a new set of ethical questions to consider. The potential for more decision-making to be in the control of algorithms raises significant new risks to the insurance profession and adds complexity for regulators.

It is important for actuaries, data scientists, regulators and others who work in the insurance industry, to understand ethical and responsible data use and model construction guidelines. These guidelines will provide greater assurance that appropriate procedures are used for data acquisition and manipulation, and also for the building, use and maintenance of predictive models.

The Society of Actuaries (SOA) is deeply committed to the importance of responsible data usage and has created a first-of-its-kind Ethical and Responsible Use of Data and Predictive Models Certificate Program.

Participants should expect an extremely comprehensive and rigorous curriculum where they will learn about ethical and responsible data usage through seven self-guided modules, three instructor-led webinars, and a graded, take-home final assessment. Upon passing the final assessment, participants will receive a certificate recognizing their expertise in the Ethical and Responsible Use of Data and Predictive Models from the SOA.

This course does not assume a knowledge of predictive analytics in particular but does assume a familiarity with financial modeling and working with actuarial data.

PARTICIPANT PROFILES

- Actuaries working with big data, AI, and machine learning, and those who are responsible for signing off on model results and for communicating to the C-suite and to regulators
- Data scientists and other professionals working with big data, AI and machine learning models in insurance

BENEFITS OF THE CERTIFICATE

- Allows the bearer of the certificate to show that as a data-ethics trained individual, their filing work carries a certain level of assurance that they are following an ethical framework
- Helps ensure actuarial teams and data teams are speaking the same language and operating under the same umbrella of best practices
- Provides assurance for regulators that the individual has a deep understanding of ethical issues and how market and regulatory context affects models
- Helps to mitigate risks associated with the many ethical questions the industry is facing with big data on the frontier of actuarial science
- Offers a framework with ethical criteria to consider when working with predictive models and algorithms
- Provides practical instruction, soft skills integration, and a level of rigor consistent with current SOA credentials

To learn more about this program, visit soa.org/ERUcert

