Virtual Meeting

PROPERTY AND CASUALTY RISK-BASED CAPITAL (E) WORKING GROUP
Monday, June 17, 2024
10:00 – 11:00 a.m. ET / 9:00 – 10:00 a.m. CT / 8:00 – 9:00 a.m. MT / 7:00 – 8:00 a.m. PT

ROLL CALL

Tom Botsko, Chair
Wanchin Chou, Vice Chair
Charles Hale
Rolf Kaumann/Eric Unger
Virginia Christy
Sandra Darby

Ohio
Connecticut
Alabama
Colorado
Florida

Melissa Robertson
Ni Qin
Will Davis
Miriam Fisk
Adrian Jaramillo

New Mexico
New York
South Carolina
Texas
Wisconsin

NAIC Support Staff: Eva Yeung

AGENDA

1. Consider Adoption of Proposal 2023-14-P (Underwriting Risk Line 1 Factors)—Tom Botsko (OH) Attachment One

2. Discuss the Potential Modification in the RBC Statistics—Tom Botsko (OH)

3. Discuss the Study of Flood Risk in the Catastrophe Risk (E) Subgroup—Wanchin Chou (CT)

4. Hear Updates from the American Academy of Actuaries (Academy) on its current Underwriting Risk Projects—Ron Wilkins (Academy) Attachment Two

5. Discuss Any Other Matters Brought Before the Working Group—Tom Botsko (OH)

6. Adjournment
## Capital Adequacy (E) Task Force

### RBC Proposal Form

- **Capital Adequacy (E) Task Force**
- **Catastrophe Risk (E) Subgroup**
- **Variable Annuities Capital & Reserve (E/A) Subgroup**
- **Health RBC (E) Working Group**
- **Investment RBC (E) Working Group**
- **Life RBC (E) Working Group**
- **Longevity Risk (A/E) Subgroup**
- **P/C RBC (E) Working Group**
- **RBC Investment Risk & Evaluation (E) Working Group**

### Contact Information

- **DATE:** 4/12/24
- **CONTACT PERSON:** Eva Yeung
- **TELEPHONE:** 816-783-8407
- **EMAIL ADDRESS:** eyeung@naic.org
- **ON BEHALF OF:** P/C RBC (E) Working Group
- **NAME:** Tom Botsko
- **TITLE:** Chair
- **AFFILIATION:** Ohio Department of Insurance
- **ADDRESS:** 50 West Town Street, Suite 300
  Columbus, OH 43215

### Agenda Item # 2024-14-P Year 2024

#### DISPOSITION

- **ADOPTED:** ☐
- **TF** ☐
- **WF** ☐
- **SG** ☐

- **EXPOSED:** ☒
  - **TF** ☐
  - **WG** ☒ 04/25/2024
  - **SG** ☐

- **REJECTED:** ☐
  - **TF** ☐
  - **WG** ☐
  - **SG** ☐

### Other

- **DEFERRED TO:** ☐
- **REFERRED TO OTHER NAIC GROUP:** ☐
- **(SPECIFY)** ☐

### Identification of Source and Form(s)/Instructions to Be Changed

- **Health RBC Blanks** ☐
- **Property/Casualty RBC Blanks** ☒
- **Life and Fraternal RBC Blanks** ☐
- **Health RBC Instructions** ☐
- **Property/Casualty RBC Instructions** ☐
- **Life and Fraternal RBC Instructions** ☐
- **Health RBC Formula** ☐
- **Property/Casualty RBC Formula** ☐
- **Life and Fraternal RBC Formula** ☐
- **OTHER** ______________________________________________________

### Description/Reason or Justification of Change(s)

The proposed change would provide a routine annual update of the industry underwriting factors (premium and reserve) in the PCRBC formula.

### Additional Staff Comments:

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

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[Attachment One]
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American Academy of Actuaries
P&C Risk-Based Capital Committee
Current and Future Research Topics, June 2024

• (Current) Diversification by line of business.
• (Current) Considering inclusion of the wildfire peril in Rcat, and corresponding adjustments to R5 to avoid double counting that peril. Similarly considering other perils for Rcat, e.g., severe convective storm and flood.
• (Current) Updating the calibration of premium and reserve risk charges to reflect more recent experience (The committee’s 2023 Report used insurance industry experience through the 2017 Annual Statement). Considering ways to improve the efficiency of the risk charge calibration computations and the industry average computations (also known as Line 1 factors in the RBC formula).
• (Future) Monitor the extent to which the relationship between risk factors and interest rates continues, i.e., the validity of the PV Method described in the 2023 Report.
• (Future) Assess the growth charge. The current growth risk charge was calibrated in the 1990s, and the calibration has not been reviewed.