Virtual Meeting  
(in lieu of meeting at the 2021 Fall National Meeting)

PROPERTY AND CASUALTY RISK-BASED CAPITAL (E) WORKING GROUP  
Monday, October 25, 2021

Meeting Summary Report

The Property and Casualty Risk-Based Capital (E) Working Group met Oct. 25, 2021. During this meeting, the Working Group:

1. Adopted its Summer National Meeting minutes, which included the following action:
   A. Adopted its June 9 and April 27 minutes, which included the following action:
      i. Adopted proposal 2021-05-P (Underwriting Risk Line 1 Factors).
      ii. Adopted proposal 2021-08-P (P/C Bond Factors and Instructions).
      iii. Adopted proposal 2021-03-P (Credit Risk Instruction Modification).
      iv. Forwarded the response to the Restructuring Mechanisms (E) Subgroup.
      v. Heard a presentation on property/casualty (P/C) risk-based capital (RBC) underwriting risk factors from the American Academy of Actuaries (Academy).

2. Heard a report from the Catastrophe Risk (E) Subgroup, which included:
   A. An update from the Catastrophe Model Technical Review Ad Hoc Group, which included Karen Clark & Company’s (KCC’s) and Risk Management Solution’s (RMS’s) written responses to the ad hoc group’s questions on their wildfire models since the Summer National Meeting.
   B. An overview of Catastrophe Risk (E) Subgroup Fall National Meeting, which will include the following items:
      i. Adopt its Sept. 28 minutes, which included the following action:
         a. Discussed its 2021 working agenda.
         b. Heard a presentation from KCC regarding the KCC U.S. Wildfire Model.
      ii. Discuss the possibility of allowing third-party models calculate the catastrophe model losses.
      v. Hear a presentation from RMS regarding its Wildfire High Definition (HD) Model.
      vi. Discuss the impact analysis on different third-party commercial wildfire models.

3. Exposed a draft recommendation to the Restructuring Mechanism (E) Subgroup for a 30-day public comment period ending Nov. 24. The draft recommendation was developed by the Property and Casualty Risk-Based Capital (E) Working Group, which included the findings and recommendation of the runoff companies.

4. Exposed proposal 2021-14-P (R3 Factor Adjustment) for a 30-day public comment period ending Nov. 24.

5. Heard an update on the status of the research on recommend adjustments to the formulas for premium and reserve risk to reflect the impact of interest rates from the Academy.