

What RBC Pages Should Be Submitted?

For year-end 2021 property/casualty (P/C) risk-based capital (RBC), hard copies of Pages PR001–PR035, as well as Pages PR038 and PR039, should be submitted to any state that requests a hard copy. Beginning with the year-end 2011 RBC, a hard copy was not required to be submitted to the NAIC, but a portable document format (PDF) file representing the hard copy filing is part of the electronic filing with the NAIC.

Accident and Health Business

Affordable Care Act (ACA) Sensitivity Test

The Capital Adequacy (E) Task Force adopted proposal 2020-02-CA to delete the ACA Fee Sensitivity Test from the RBC formula during its Nov. 19, 2020, meeting.

Incentives–Managed Care Credit

As a result of the adoption of proposal 2021-02-CA by the Capital Adequacy (E) Task Force during its April 29, 2021, meeting, the term “incentives” was incorporated into the managed care instructions and blanks as “Bonuses/Incentives.”

Investment Income Adjustment to Underwriting Risk Factors

As a result of the adoption of proposal 2021-04-CA by the Capital Adequacy (E) Task Force during its June 30, 2021, meeting, a 0.5% investment income adjustment was incorporated into the Underwriting Risk factors for comprehensive medical, Medicare supplement, and dental and vision.

The revised factors are:

PR019	Line 10.1	Line 10.2
Comprehensive Medical	0.1493	0.0893
Medicare Supplement	0.1043	0.0663
Dental and Vision	0.1195	0.0755

Catastrophe Risk

PR027 Interrogatories

As a result of the adoption of proposal 2020-08-CR by the Capital Adequacy (E) Task Force during its March 23, 2021, meeting, the PR027 interrogatories instructions were modified to clarify how insurers with no gross exposure to earthquake or hurricane should complete the interrogatories.

Remove Operational Risk Factor

The Capital Adequacy (E) Task Force adopted proposal 2020-11-CR to remove the embedded 3% operational risk component contained in the reinsurance contingent credit risk of Rcat component from the P/C RBC formula during its March 23, 2021, meeting.

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Credit Risk

As a result of the adoption of proposal 2021-03-P by the Capital Adequacy (E) Task Force during its April 29, 2021, meeting, several examples were added to clarify how the reporting companies should select the designation in the Annual Statement Part 3, Reinsurer Designation Equivalent Rating column if the reporting entities subscribe to one or multiple rating agencies.

Receivable for Securities

As a result of the adoption of proposal 2021-07-CA by the Capital Adequacy (E) Task Force during its June 30 meeting, the factor for the Receivables for Securities (Line (1), Page PR009) was updated from 0.025 to 0.020.

Bonds

Bond Designation Structure

The Capital Adequacy (E) Task Force adopted proposal 2020-10-CA to modify the bond structure for the 20 designation categories for bonds into the P/C RBC formula during its March 23, 2021, meeting. The structure for the 20 bond designation categories was modified for the Bonds page (PR006), Asset Concentration page (PR011), and Off-Balance Sheet Security Lending Collateral and Schedule DL, Part 1 Assets page (PR015).

Bond Factors

During its June 30, 2021 meeting, the Capital Adequacy (E) Task Force adopted proposal 2021-08-P that: 1) revised factors for the 20 bond designation categories; 2) modified the bond size factor formula; 3) reclassified hybrid securities in PR006, PR007, PR011, and PR015; and 4) modified the instructions to incorporate references for the bonds. The factors for the 20 bond designation categories were incorporated in the Bond page (PR006), the Asset Concentration page (PR011), and Off-Balance Sheet Security Lending Collateral, and Schedule DL, Part 1 Assets page (PR015).

20 Bond Designation Factors:

1.A	0.002	1.B	0.004	1.C	0.006	1.D	0.008	1.E	0.010	1.F	0.013	1.G	0.015
2.A	0.018	2.B	0.021	2.C	0.025								
3.A	0.055	3.B	0.060	3.C	0.066								
4.A	0.071	4.B	0.077	4.C	0.087								
5.A	0.098	5.B	0.109	5.C	0.120								

Bond Size Factors:

First 10	7.8
Next 90	1.75
Next 100	1.0
Next 300	0.8
Over 500	0.75

New Industry Average Risk Factors - Annual Update

During its June 30 meeting, the Capital Adequacy (E) Task Force adopted the annual update of industry average development factors:

PR017 Underwriting Risk - Reserves

Line (1), Industry Average Development Factors

Col.	Line of Business	2021 Factor	2020 Factor
(1)	H/F	0.998	0.993
(2)	PPA	1.025	1.035
(3)	CA	1.083	1.078
(4)	WC	0.912	0.916
(5)	CMP	0.999	1.016
(6)	MPL Occurrence	0.874	0.861
(7)	MPL Claims Made	0.973	0.940
(8)	SL	0.976	0.963
(9)	OL	0.964	0.968
(10)	Fidelity/Surety	0.915	0.907
(11)	Special Property	0.978	0.977
(12)	Auto Physical Damage	0.989	0.993
(13)	Other (Credit A&H)	0.965	0.971
(14)	Financial/Mortgage Guaranty	0.723	0.682
(15)	INTL	1.104	1.162
(16)	REIN. P&F Lines	0.893	0.886
(17)	REIN. Liability	0.989	0.985
(18)	PL	0.879	0.900
(19)	Warranty	1.007	1.013

PR018 Underwriting Risk - Net Written Premiums

Line (1), Industry Average Loss and Expense Ratios

Col.	Line of Business	2021 Factor	2020 Factor
(1) *	H/F	0.681	0.678
(2)	PPA	0.795	0.810
(3)	CA	0.761	0.759
(4)	WC	0.682	0.705
(5) *	CMP	0.673	0.672
(6)	MPL Occurrence	0.731	0.726
(7)	MPL Claims Made	0.821	0.797
(8) *	SL	0.593	0.603
(9)	OL	0.635	0.639
(10)	Fidelity/Surety	0.394	0.384
(11) *	Special Property	0.559	0.553
(12)	Auto Physical Damage	0.726	0.732
(13)	Other (Credit A&H)	0.693	0.684
(14)	Financial/Mortgage Guaranty	0.252	0.513
(15) *	INTL	0.769	0.758
(16) *	REIN. P&F Lines	0.558	0.534
(17) *	REIN. Liability	0.713	0.708
(18)	PL	0.617	0.645
(19)	Warranty	0.681	0.691

* Cat Lines

RBC Forecasting and Instructions

The P/C RBC forecasting spreadsheet calculates RBC using the same formula presented in the *2021 NAIC Property & Casualty Risk-Based Capital Report Including Overview & Instructions for Companies*. The entire RBC publication, including the Forecasting spreadsheet, is available to download from [NAIC Account Manager](#) through the NAIC Publications Department. The User Guide is no longer included in the RBC publications.

WARNING: The RBC forecasting spreadsheet CANNOT be used to meet the year-end RBC electronic filing requirement. RBC filing software from an annual financial statement software vendor should be used to create the electronic filing. If the forecasting worksheet is sent instead of an electronic filing, it will not be accepted, and the RBC will not have been filed.



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