

## What Risk-Based Capital Pages Should Be Submitted?

For year-end 2023 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 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.

## Catastrophe Risk

### Modification to the Instructions of Obtaining Permission to Use the Own Model

As a result of the adoption of proposal 2022-08-CR by the Capital Adequacy (E) Task Force during its Dec. 14, 2022, meeting, the revised instructions to: 1) capture the spirit of the own model permission review; and 2) clarify the requirements expected from the company who submits its own model for permission are included in the PR027 instructions.



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## Underwriting Risk

### Underwriting and Investment Exhibit - Premiums Written (PR035)

The Capital Adequacy (E) Task Force adopted proposal 2022-07-P to modify the lines of business categories in PR035 during its Dec. 14, 2022, meeting. The purpose of this proposal is to provide consistency in the granularity of the Property and Casualty Underwriting Investment Exhibit pages.

### New Industry Average Risk Factors - Annual Update

During its April 25 meeting, the Capital Adequacy (E) Task Force adopted the annual update of industry average development factors. However, the Property and Casualty Risk-Based Capital (E) Working Group noticed the incorrect calculation of the reserve factors of H/F, WC, and CMP lines of business after the Task Force's adoption. The Working Group re-exposed the following updated factors for seven days. No comments were received during the exposure period. The Task Force re-adopted the modified proposal during its June 30 meeting.

#### PR017 Underwriting Risk - Reserves

##### Line (1), Industry Average Development Factors

Col.	Line of Business	2023 Factor	2022 Factor
(1)	H/F	0.999	1.001
(2)	PPA	1.047	1.022
(3)	CA	1.106	1.082
(4)	WC	0.873	0.906
(5)	CMP	1.026	1.037
(6)	MPL Occurrence	0.906	0.887
(7)	MPL Claims Made	0.984	0.983
(8)	SL	0.994	0.990
(9)	OL	0.969	0.995
(10)	Fidelity/Surety	0.852	0.842
(11)	Special Property	0.983	0.993
(12)	Auto Physical Damage	1.016	1.011
(13)	Other (Credit A&H)	0.946	0.955
(14)	Financial/Mortgage Guaranty	0.674	0.694
(15)	INTL	2.414	3.041
(16)	REIN. P&F Lines	0.924	0.917
(17)	REIN. Liability	1.024	1.008
(18)	PL	0.874	0.867
(19)	Warranty	0.995	0.998

#### PR018 Underwriting Risk - Net Written Premiums

##### Line (1), Industry Average Loss and Expense Ratios

Col.	Line of Business	2023 Factor	2022 Factor
(1) *	H/F	0.679	0.665
(2)	PPA	0.791	0.793
(3)	CA	0.777	0.761
(4)	WC	0.651	0.664
(5) *	CMP	0.671	0.661
(6)	MPL Occurrence	0.767	0.750
(7)	MPL Claims Made	0.815	0.829
(8) *	SL	0.578	0.585
(9)	OL	0.641	0.637
(10)	Fidelity/Surety	0.363	0.366
(11) *	Special Property	0.550	0.547
(12)	Auto Physical Damage	0.727	0.718
(13)	Other (Credit A&H)	0.702	0.698
(14)	Financial/Mortgage Guaranty	0.209	0.203
(15) *	INTL	1.136	1.166
(16) *	REIN. P&F Lines	0.578	0.566
(17) *	REIN. Liability	0.743	0.725
(18)	PL	0.597	0.601
(19)	Warranty	0.652	0.665

\* Cat Lines

## Affiliated Investments

### Modification to the Affiliated Investment Structure and Instructions

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The Capital Adequacy (E) Task Force adopted proposal 2022-09-CA during its March 23 meeting to revise the instructions and structure of the Affiliated Investment pages (pages PR003-PR005) to provide consistent treatment of affiliated investments between the Health, Life, and P/C RBC formulas. The Task Force adopted proposal 2022-09-CA (MOD) during its June 30 call. The modified proposal clarified the examples provided for the Indirectly Owned Alien Insurance Affiliates/Subsidiaries section within the instructions and added a footnote for the “% Owned” column within the blank.

An editorial change was made to the formula used in the Subsidiary, Controlled, and Affiliated Investments page (PR004) by year-end 2023. The change will carry the RBC Required amount calculated on the Details for Affiliated Stocks page (PR003) into page PR004, Line (21) Other Non-Financial Entities when Column (2) Affil Type is null. The Task Force will consider further revisions for year-end 2024 or later.

## Accident and Health Business

### Health Premiums (PR019) and Health Underwriting Risk (PR020) References

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As a result of the adoption of proposal 2022-13-CA by the Capital Adequacy (E) Task Force during its March 23 meeting, the Health Premiums (PR019) and the Health Underwriting Risk (PR020) references in the instructions and structure will be updated to provide consistent categories used in the Annual Statement, Schedule H, Part 1.

### Stop Loss Premiums

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The Capital Adequacy (E) Task Force adopted proposal 2023-01-CA to clarify the instructions to provide clarity on reporting stop loss premiums in the RBC formula during its June 30 meeting.

### Underwriting Risk Factors

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The Capital Adequacy (E) Task Force adopted proposal 2022-16-CA during its June 30 meeting. This proposal updated the comprehensive medical, Medicare supplement, and dental and vision factors to include a 5% investment yield adjustment. The revised factors are:

	Comprehensive Medical	Medicare Supplement	Dental & Vision
\$0-\$3 Million	0.1434	0.0980	0.1148
\$3-\$25 Million	0.1434	0.0603	0.0711
Over \$25 Million	0.0838	0.0603	0.0711

## Editorial Changes

1. An editorial change was made to Table 2 in Example 2 for Indirectly Owned Alien Insurance Affiliates/Subsidiaries for the Book/Adjusted Carrying Value of Affil Type 3 to be \$5,000,000 and the RBC Required to be \$1,125,000.

### Risk-Based Capital Forecasting and Instructions

The P/C RBC forecasting spreadsheet calculates RBC using the same formula presented in the *2023 NAIC Property & Casualty Risk-Based Capital Report Including Overview & Instructions for Companies*. The entire RBC publication, including the forecasting spreadsheet, can be downloaded from the [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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