

Capital Adequacy (E) Task Force

RBC Proposal Form

- | | | |
|---|---|---|
| <input type="checkbox"/> Capital Adequacy (E) Task Force | <input type="checkbox"/> Health RBC (E) Working Group | <input type="checkbox"/> Life RBC (E) Working Group |
| <input type="checkbox"/> Catastrophe Risk (E) Subgroup | <input type="checkbox"/> Investment RBC (E) Working Group | <input type="checkbox"/> Longevity Risk (A/E) Subgroup |
| <input type="checkbox"/> Variable Annuities Capital. & Reserve (E/A) Subgroup | <input checked="" type="checkbox"/> P/C RBC (E) Working Group | <input type="checkbox"/> RBC Investment Risk & Evaluation (E) Working Group |

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| <p style="text-align: right;">DATE: <u>4/16/25</u></p> <p>CONTACT PERSON: <u>Eva Yeung</u></p> <p>TELEPHONE: <u>816-783-8407</u></p> <p>EMAIL ADDRESS: <u>eyeung@naic.org</u></p> <p>ON BEHALF OF: <u>P/C RBC (E) Working Group</u></p> <p>NAME: <u>Tom Botsko</u></p> <p>TITLE: <u>Chair</u></p> <p>AFFILIATION: <u>Ohio Department of Insurance</u></p> <p>ADDRESS: <u>50 West Town Street, Suite 300</u> <u>Columbus, OH 43215</u></p> | <p style="text-align: center;"><u>FOR NAIC USE ONLY</u></p> <p>Agenda Item # <u>2025-09-P</u> Year <u>2025</u></p> <p style="text-align: center;"><u>DISPOSITION</u></p> <p>ADOPTED:</p> <p><input type="checkbox"/> TASK FORCE (TF) _____</p> <p><input type="checkbox"/> WORKING GROUP (WF) _____</p> <p><input type="checkbox"/> SUBGROUP (SG) _____</p> <p>EXPOSED:</p> <p><input type="checkbox"/> TASK FORCE (TF) _____</p> <p><input checked="" type="checkbox"/> WORKING GROUP (WG) <u>05/02/25</u></p> <p><input checked="" type="checkbox"/> SUBGROUP (SG) <u>05/02/25</u></p> <p>REJECTED:</p> <p><input type="checkbox"/> TF <input type="checkbox"/> WG <input type="checkbox"/> SG _____</p> <p>OTHER:</p> <p><input type="checkbox"/> DEFERRED TO _____</p> <p><input type="checkbox"/> REFERRED TO OTHER NAIC GROUP _____</p> <p><input type="checkbox"/> (SPECIFY) _____</p> |
|--|---|

IDENTIFICATION OF SOURCE AND FORM(S)/INSTRUCTIONS TO BE CHANGED

- | | | |
|--|---|--|
| <input type="checkbox"/> Health RBC Blanks | <input checked="" type="checkbox"/> Property/Casualty RBC Blanks | <input type="checkbox"/> Life and Fraternal RBC Blanks |
| <input type="checkbox"/> Health RBC Instructions | <input type="checkbox"/> Property/Casualty RBC Instructions | <input type="checkbox"/> Life and Fraternal RBC Instructions |
| <input type="checkbox"/> Health RBC Formula | <input checked="" type="checkbox"/> Property/Casualty RBC Formula | <input type="checkbox"/> Life and Fraternal RBC Formula |
| <input type="checkbox"/> OTHER _____ | | |

DESCRIPTION/REASON OR JUSTIFICATION OF CHANGE(S)

The proposed change aims to deliver a routine annual update to the industry underwriting factors, including premium and reserve, within the PCRBC formula.

Additional Staff Comments:

** This section must be completed on all forms.

Revised 2-2023

PR017 Line 1 Reserves

| Schedule P Line of Business | LOB | Proposed for adoption - 2025 Industry Average Development | 2024 Industry Average Development | 2023 Industry Average Development | 2022 Industry Average Development | 2021 Industry Average Development | 2020 Industry Average Development | 2019 Industry Average Development | 2018 Industry Average Development | 2017 Industry Average Development | 2016 Industry Average Development |
|-------------------------------------|-----|---|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|-----------------------------------|
| H/F | A | 0.997 | 1.020 | 0.999 | 1.001 | 0.998 | 0.993 | 0.989 | 0.989 | 0.984 | 0.972 |
| PPA | B | 1.072 | 1.061 | 1.047 | 1.022 | 1.025 | 1.035 | 1.026 | 1.022 | 1.012 | 1.002 |
| CA | C | 1.110 | 1.115 | 1.106 | 1.082 | 1.083 | 1.078 | 1.087 | 1.060 | 1.034 | 1.015 |
| WC | D | 0.912 | 0.882 | 0.873 | 0.906 | 0.912 | 0.916 | 0.955 | 0.952 | 0.971 | 0.971 |
| CMP | E | 1.018 | 1.024 | 1.026 | 1.037 | 0.999 | 1.016 | 0.992 | 0.967 | 0.956 | 0.942 |
| MM Occurrence | F1 | 0.914 | 0.910 | 0.906 | 0.887 | 0.874 | 0.861 | 0.864 | 0.871 | 0.868 | 0.841 |
| MM Clms Made | F2 | 1.024 | 0.996 | 0.984 | 0.983 | 0.973 | 0.940 | 0.907 | 0.886 | 0.854 | 0.822 |
| SL | G | 0.995 | 0.996 | 0.994 | 0.990 | 0.976 | 0.963 | 0.938 | 0.933 | 0.926 | 0.919 |
| OL | H | 0.995 | 0.993 | 0.969 | 0.995 | 0.964 | 0.968 | 0.971 | 0.966 | 0.952 | 0.929 |
| Fidelity / Surety | K | 0.875 | 0.875 | 0.852 | 0.842 | 0.915 | 0.907 | 0.995 | 0.996 | 1.016 | 1.035 |
| Special Property/Pet Insurance Plan | I/U | 0.985 | 0.989 | 0.983 | 0.993 | 0.978 | 0.977 | 0.972 | 0.971 | 0.982 | 0.973 |
| Auto Physical Damage | J | 1.002 | 0.999 | 1.016 | 1.011 | 0.989 | 0.993 | 0.996 | 1.000 | 1.001 | 0.995 |
| Other (Credut, A&H) | L | 0.938 | 0.942 | 0.946 | 0.955 | 0.965 | 0.971 | 0.973 | 0.976 | 0.981 | 0.986 |
| Financial / Mortgage Guaranty | S | 0.486 | 0.493 | 0.674 | 0.694 | 0.723 | 0.682 | 0.788 | 0.870 | 0.820 | 0.853 |
| Intl | M | 1.927 | 2.168 | 2.414 | 3.041 | 1.104 | 1.162 | 1.037 | 0.851 | 0.855 | 0.897 |
| Rein. Property & Financial Lines | N/P | 0.925 | 0.930 | 0.924 | 0.917 | 0.893 | 0.886 | 0.872 | 0.834 | 0.814 | 0.814 |
| Rein. Liability | O | 1.090 | 1.054 | 1.024 | 1.008 | 0.989 | 0.985 | 0.955 | 0.945 | 0.914 | 0.896 |
| PL | R | 0.911 | 0.882 | 0.874 | 0.867 | 0.879 | 0.900 | 0.913 | 0.921 | 0.935 | 0.937 |
| Warranty | T | 0.978 | 0.991 | 0.995 | 0.998 | 1.007 | 1.013 | 1.017 | 1.015 | 0.989 | 0.977 |

PR018 Line 1 Premiums

| Schedule P Line of Business | LOB | Proposed for Adoption - 2025 Industry Average Loss & Expense Ratio | 2024 Industry Average Loss & Expense Ratio | 2023 Industry Average Loss & Expense Ratio | 2022 Industry Average Loss & Expense Ratio | 2021 Industry Average Loss & Expense Ratio | 2020 Industry Average Loss & Expense Ratio | 2019 Industry Average Loss & Expense Ratio | 2018 Industry Average Loss & Expense Ratio | 2017 Industry Average Loss & Expense Ratio | 2016 Industry Average Loss & Expense Ratio |
|-------------------------------------|-----|--|--|--|--|--|--|--|--|--|--|
| H/F | A | 0.700 | 0.695 | 0.679 | 0.665 | 0.681 | 0.678 | 0.681 | 0.687 | 0.688 | 0.701 |
| PPA | B | 0.807 | 0.799 | 0.791 | 0.793 | 0.795 | 0.810 | 0.810 | 0.806 | 0.800 | 0.792 |
| CA | C | 0.792 | 0.787 | 0.777 | 0.761 | 0.761 | 0.759 | 0.737 | 0.724 | 0.706 | 0.689 |
| WC | D | 0.649 | 0.646 | 0.651 | 0.664 | 0.682 | 0.705 | 0.726 | 0.744 | 0.751 | 0.752 |
| CMP | E | 0.683 | 0.684 | 0.671 | 0.661 | 0.673 | 0.672 | 0.666 | 0.664 | 0.647 | 0.648 |
| MM Occurrence | F1 | 0.763 | 0.752 | 0.767 | 0.750 | 0.731 | 0.726 | 0.730 | 0.780 | 0.777 | 0.767 |
| MM Clms Made | F2 | 0.840 | 0.828 | 0.815 | 0.829 | 0.821 | 0.797 | 0.768 | 0.747 | 0.722 | 0.691 |
| SL | G | 0.565 | 0.583 | 0.578 | 0.585 | 0.593 | 0.603 | 0.593 | 0.569 | 0.567 | 0.572 |
| OL | H | 0.664 | 0.649 | 0.641 | 0.637 | 0.635 | 0.639 | 0.638 | 0.633 | 0.629 | 0.618 |
| Fidelity / Surety | K | 0.374 | 0.375 | 0.363 | 0.366 | 0.394 | 0.384 | 0.399 | 0.417 | 0.430 | 0.464 |
| Special Property/Pet Insurance Plan | I/U | 0.552 | 0.559 | 0.550 | 0.547 | 0.559 | 0.553 | 0.554 | 0.563 | 0.555 | 0.559 |
| Auto Physical Damage | J | 0.731 | 0.733 | 0.727 | 0.718 | 0.726 | 0.732 | 0.730 | 0.732 | 0.727 | 0.711 |
| Other (Credit, A&H) | L | 0.714 | 0.711 | 0.702 | 0.698 | 0.693 | 0.684 | 0.682 | 0.709 | 0.712 | 0.699 |
| Financial / Mortgage Guaranty | S | 0.159 | 0.158 | 0.209 | 0.203 | 0.252 | 0.513 | 0.811 | 1.099 | 1.175 | 1.293 |
| Intl | M | 1.184 | 1.153 | 1.136 | 1.166 | 0.769 | 0.758 | 0.795 | 0.584 | 0.565 | 0.607 |
| Rein. Property & Financial Lines | N/P | 0.597 | 0.587 | 0.578 | 0.566 | 0.558 | 0.534 | 0.522 | 0.486 | 0.459 | 0.512 |
| Rein. Liability | O | 0.788 | 0.760 | 0.743 | 0.725 | 0.713 | 0.708 | 0.679 | 0.666 | 0.609 | 0.600 |
| PL | R | 0.609 | 0.594 | 0.597 | 0.601 | 0.617 | 0.645 | 0.656 | 0.671 | 0.670 | 0.684 |
| Warranty | T | 0.641 | 0.641 | 0.652 | 0.665 | 0.681 | 0.691 | 0.695 | 0.732 | 0.645 | 0.611 |