Capital Adequacy (E) Task Force
RBC Proposal Form

[ ] Capital Adequacy (E) Task Force
[ ] Health RBC (E) Working Group
[ ] Life RBC (E) Working Group
[ ] Catastrophe Risk (E) Subgroup
[ ] Investment RBC (E) Working Group
[ ] Operational Risk (E) Subgroup
[ ] C3 Phase II/ AG43 (E/A) Subgroup
[ ] P/C RBC (E) Working Group
[ ] Longevity Risk (A/E) Subgroup

DATE: 4/9/20

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

FOR NAIC USE ONLY
Agenda Item # 2020-01-P
Year 2020

DISPOSITION
[ x ] ADOPTED 6/30/20
[ ] REJECTED
[ ] DEFERRED TO
[ ] REFERRED TO OTHER NAIC GROUP
[ x ] EXPOSED 4/9/20
[ ] OTHER (SPECIFY)

IDENTIFICATION OF SOURCE AND FORM(S)/INSTRUCTIONS TO BE CHANGED
[ ] Health RBC Blanks
[ ] Property/Casualty RBC Blanks
[ ] Life and Fraternal RBC Instructions
[ ] Health RBC Instructions
[ ] Property/Casualty RBC Instructions
[ ] Life and Fraternal RBC Blanks
[ ] OTHER ____________________________

DESCRIPTION OF CHANGE(S)

The proposed change would update the Line 1 Factors for PR017 and PR018.

REASON OR JUSTIFICATION FOR CHANGE **

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

Additional Staff Comments:

The P/C RBC WG exposed this proposal for a 30-day public comment period ending May 9. The P/C RBC WG adopted this proposal via e-vote on 6/12/20.

** This section must be completed on all forms.

Revised 2-2019

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## Schedule P Line of Business LOB

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HiF | A | * | 0.678 | 0.681 | 0.687 | 0.688 | 0.701 | 0.687 | 0.701 | 0.680 | 0.713 | 0.684 | 0.725 | 0.693 | 0.728 | 0.726 | 0.736 | 0.737 | 0.742 | 0.750
PPA | B | | 0.810 | 0.810 | 0.806 | 0.800 | 0.792 | 0.792 | 0.786 | 0.780 | 0.780 | 0.784 | 0.784 | 0.792 | 0.804 | 0.815 | 0.821 | 0.831 | 0.836
CA | C | | 0.759 | 0.737 | 0.724 | 0.706 | 0.689 | 0.689 | 0.684 | 0.676 | 0.676 | 0.668 | 0.668 | 0.669 | 0.679 | 0.705 | 0.737 | 0.763 | 0.794
WC | D | | 0.705 | 0.726 | 0.744 | 0.751 | 0.752 | 0.752 | 0.751 | 0.749 | 0.749 | 0.750 | 0.750 | 0.756 | 0.766 | 0.78 | 0.805 | 0.83 | 0.847
CMP | E | * | 0.672 | 0.666 | 0.664 | 0.647 | 0.648 | 0.647 | 0.655 | 0.638 | 0.632 | 0.633 | 0.631 | 0.644 | 0.654 | 0.674 | 0.695 | 0.710 | 0.727
MM Occurrence | F1 | | 0.726 | 0.730 | 0.780 | 0.777 | 0.767 | 0.767 | 0.880 | 0.880 | 0.883 | 0.883 | 0.874 | 0.874 | 0.916 | 0.952 | 1.031 | 1.104 | 1.195 | 1.237
MM Clms Made | F2 | | 0.797 | 0.768 | 0.747 | 0.722 | 0.691 | 0.691 | 0.697 | 0.687 | 0.687 | 0.685 | 0.685 | 0.718 | 0.771 | 0.860 | 0.928 | 1.003 | 1.091
SL | G | * | 0.693 | 0.593 | 0.569 | 0.567 | 0.572 | 0.562 | 0.630 | 0.609 | 0.645 | 0.621 | 0.648 | 0.629 | 0.597 | 0.596 | 0.592 | 0.673 | 0.709 | 0.732
OL | H | | 0.639 | 0.638 | 0.633 | 0.629 | 0.618 | 0.616 | 0.616 | 0.617 | 0.617 | 0.620 | 0.620 | 0.637 | 0.662 | 0.687 | 0.714 | 0.738 | 0.758
Fidelity / Surety | K | X | 0.384 | 0.399 | 0.417 | 0.430 | 0.464 | 0.464 | 0.462 | 0.462 | 0.473 | 0.473 | 0.496 | 0.496 | 0.528 | 0.555 | 0.584 | 0.586 | 0.583 | 0.562
Special Property | I | * | 0.553 | 0.554 | 0.563 | 0.555 | 0.559 | 0.549 | 0.571 | 0.551 | 0.572 | 0.548 | 0.574 | 0.551 | 0.562 | 0.559 | 0.565 | 0.575 | 0.590 | 0.568
Auto Physical Damage | J | X | 0.732 | 0.730 | 0.732 | 0.727 | 0.711 | 0.711 | 0.703 | 0.703 | 0.686 | 0.683 | 0.681 | 0.676 | 0.683 | 0.681 | 0.692 | 0.697 | 0.705 | 0.716
Other (Credit, A&H) | L | X | 0.684 | 0.682 | 0.709 | 0.712 | 0.699 | 0.699 | 0.706 | 0.706 | 0.754 | 0.754 | 0.778 | 0.778 | 0.794 | 0.786 | 0.691 | 0.697 | 0.737 | 0.789
Financial / Mortgage Guaranty | S | X | 0.513 | 0.811 | 1.099 | 1.175 | 1.293 | 1.293 | 1.096 | 1.096 | 1.242 | 1.242 | 1.271 | 1.271 | 1.206 | 1.142 | 0.738 | 0.605 | 0.805 | 0.827
Intl | M | * | 0.758 | 0.795 | 0.584 | 0.568 | 0.567 | 0.563 | 1.150 | 1.142 | 1.131 | 1.117 | 1.093 | 1.080 | 0.931 | 0.937 | 0.954 | 0.956 | 0.930 | 0.874
Rein. Property & Financial Lines | NP | * | 0.534 | 0.522 | 0.486 | 0.459 | 0.512 | 0.440 | 0.723 | 0.648 | 0.764 | 0.665 | 0.766 | 0.699 | 0.757 | 0.805 | 0.828 | 0.924 | 0.977 | 0.994
Rein. Liability | O | * | 0.708 | 0.679 | 0.666 | 0.609 | 0.600 | 0.588 | 0.749 | 0.743 | 0.748 | 0.736 | 0.782 | 0.782 | 0.841 | 0.915 | 1.010 | 1.107 | 1.165 | 1.164
PL | R | | 0.645 | 0.656 | 0.671 | 0.670 | 0.684 | 0.684 | 0.684 | 0.715 | 0.715 | 0.716 | 0.716 | 0.683 | 0.683 | 0.683 | 0.683 | 0.674 | 0.747 | 0.760 | 0.802 | 0.822
Warranty | T | X | 0.691 | 0.695 | 0.732 | 0.645 | 0.611 | 0.611 | 0.799 | 0.799 | 0.789 | 0.789 | 0.864 | 0.864 | 0.862 | 0.916 | 0.860 | 0.800 | n/a | n/a