

Capital Adequacy (E) Task Force
RBC Proposal Form

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|---|---|--|
| <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"/> Operational Risk (E) Subgroup |
| <input type="checkbox"/> C3 Phase II/ AG43 (E/A) Subgroup | <input type="checkbox"/> P/C RBC (E) Working Group | <input type="checkbox"/> Longevity Risk (A/E) Subgroup |

DATE: <u>4/9/20</u>	<u>FOR NAIC USE ONLY</u>
CONTACT PERSON: <u>Eva Yeung</u>	Agenda Item # <u>2020-01-P</u>
TELEPHONE: <u>816-783-8407</u>	Year <u>2020</u>
EMAIL ADDRESS: <u>eyeung@naic.org</u>	<u>DISPOSITION</u>
ON BEHALF OF: <u>P/C RBC (E) Working Group</u>	<input checked="" type="checkbox"/> ADOPTED <u>6/30/20</u>
NAME: <u>Tom Botsko</u>	<input type="checkbox"/> REJECTED _____
TITLE: <u>Chair</u>	<input type="checkbox"/> DEFERRED TO _____
AFFILIATION: <u>Ohio Department of Insurance</u>	<input type="checkbox"/> REFERRED TO OTHER NAIC GROUP _____
ADDRESS: <u>50 West Town Street, Suite 300</u>	<input checked="" type="checkbox"/> EXPOSED <u>4/9/20</u>
<u>Columbus, OH 43215</u>	<input type="checkbox"/> OTHER (SPECIFY) _____

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 Instructions |
| <input type="checkbox"/> Health RBC Instructions | <input type="checkbox"/> Property/Casualty RBC Instructions | <input type="checkbox"/> Life and Fraternal RBC Blanks |
| <input type="checkbox"/> 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.
 The Capital Adequacy Task Force adopted this proposal on 6/30/20

** This section must be completed on all forms.

Revised 2-2019

PR017 Line 1 Reserves

Schedule P Line of Business	LOB	Short tailed	Proposed for adoption - 2020 PR017 Line 1	2019 PR017 Line 1	2018 PR017 Line 1	2017 PR017 Line 1	2016 PR017 Line 1	2015 PR017 Line 1	2014 PR017 Line 1	2013 PR017 Line 1	2012 PR017 Line 1	2011 PR017 Line 1	2010 PR017 Line 1	2009 PR017 Line 1	2008 PR017 Line 1	2007 PR017 Line 1
H/F	A		0.993	0.989	0.989	0.984	0.972	0.962	0.967	0.960	0.949	0.962	0.984	0.983	0.983	0.995
PPA	B		1.035	1.026	1.022	1.012	1.002	1.002	0.994	0.986	0.991	0.989	0.992	0.998	1.003	1.007
CA	C		1.078	1.087	1.060	1.034	1.015	0.987	0.979	0.986	0.998	0.992	1.015	1.031	1.045	1.062
WC	D		0.916	0.955	0.952	0.971	0.971	0.961	0.986	0.980	0.990	0.999	1.005	1.016	1.033	1.051
CMP	E		1.016	0.992	0.967	0.956	0.942	0.938	0.941	0.927	0.932	0.952	0.962	0.993	1.034	1.037
MM Occurrence	F1		0.861	0.864	0.871	0.868	0.841	0.966	0.966	0.991	1.072	1.048	1.213	1.251	1.343	1.333
MM Clms Made	F2		0.940	0.907	0.886	0.854	0.822	0.839	0.808	0.824	0.887	0.925	0.981	1.033	1.083	1.140
SL	G		0.963	0.938	0.933	0.926	0.919	0.975	0.990	0.954	0.942	0.931	0.998	1.043	1.060	1.108
OL	H		0.968	0.971	0.966	0.952	0.929	0.923	0.916	0.919	0.914	0.954	0.959	0.963	1.006	1.015
Fidelity / Surety	K	X	0.907	0.995	0.996	1.016	1.035	1.016	1.050	1.126	1.194	1.191	1.253	1.247	1.290	1.274
Special Property	I	X	0.977	0.972	0.971	0.982	0.973	0.991	0.992	1.035	1.113	1.097	1.144	1.097	1.102	1.102
Auto Physical Damage	J	X	0.993	0.996	1.000	1.001	0.995	0.995	1.005	1.054	1.105	1.105	1.155	1.107	1.110	1.106
Other (Credit, A&H)	L	X	0.971	0.973	0.976	0.981	0.986	1.041	1.061	1.113	1.138	1.177	1.277	1.262	1.325	1.282
Financial / Mortgage Guaranty	S	X	0.682	0.788	0.870	0.820	0.853	1.185	1.444	1.256	1.087	1.276	0.841	0.893	1.483	1.495
Intl	M		1.162	1.037	0.851	0.855	0.897	1.350	0.742	0.813	0.869	1.015	1.102	1.181	1.175	1.291
Rein. Property & Financial Lines	NP		0.886	0.872	0.834	0.814	0.814	1.002	0.976	0.934	0.921	0.937	0.965	0.969	1.025	1.048
Rein. Liability	O		0.985	0.955	0.945	0.914	0.896	0.938	0.905	1.009	1.089	1.169	1.304	1.259	1.314	1.296
PL	R		0.900	0.913	0.921	0.935	0.937	1.072	1.018	0.981	0.978	1.009	1.063	1.073	1.109	1.112
Warranty	T	X	1.013	1.017	1.015	0.989	0.977	0.994	1.040	1.082	1.197	1.268	1.717	1.634	n/a	n/a

PR018 Line 1 Premiums

PR018 Line 1 Factors

Schedule P Line of Business	LOB	Cat Lines	Short tailed	Proposed for adoption - 2020 PR018 Line 1	2019 PR018 Line 1	2018 PR018 Line 1	2017 PR018 Line 1	2016 PR018 Line 1	2016 PR018A Line 1	2015 PR018 Line 1	2015 PR018A Line 1	2014 PR018 Line 1	2014 PR018A Line 1	2013 PR018 Line 1	2013 PR018A Line 1	2012 PR018 Line 1	2011 PR018 Line 1	2010 PR018 Line 1	2009 PR018 Line 1	2008 PR018 Line 1	2007 PR018 Line 1
H/F	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	0.786	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	0.684	0.676	0.676	0.668	0.668	0.669	0.679	0.705	0.737	0.763	0.784
WC	D			0.705	0.726	0.744	0.751	0.752	0.752	0.751	0.751	0.749	0.749	0.750	0.750	0.755	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	0.652	0.633	0.653	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	0.882	0.874	0.874	0.916	0.952	1.031	1.104	1.195	1.231
MM Clms Made	F2			0.797	0.768	0.747	0.722	0.691	0.691	0.697	0.697	0.680	0.687	0.695	0.695	0.718	0.771	0.860	0.928	1.003	1.091
SL	G	*		0.603	0.593	0.569	0.567	0.572	0.562	0.630	0.609	0.645	0.621	0.649	0.629	0.597	0.599	0.582	0.673	0.709	0.732
OL	H			0.639	0.638	0.633	0.629	0.618	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	0.582
Special Property	I	*	X	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	0.565	0.607	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	0.715	0.715	0.716	0.716	0.683	0.683	0.697	0.714	0.747	0.780	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