

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"/> 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 |

<p style="text-align: right;">DATE: <u>3/22/23</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;">FOR NAIC USE ONLY</p> <p>Agenda Item # <u>2023-02-P(MOD)</u> Year <u>2023</u></p> <p style="text-align: center;">DISPOSITION</p> <p>ADOPTED: <input checked="" type="checkbox"/> TASK FORCE (TF) <u>6/30/23 (MOD)</u> <input type="checkbox"/> WORKING GROUP (WF) _____ <input type="checkbox"/> SUBGROUP (SG) _____</p> <p>EXPOSED: <input type="checkbox"/> TASK FORCE (TF) _____ <input checked="" type="checkbox"/> WORKING GROUP (WG) <u>5/15/23</u> <input type="checkbox"/> SUBGROUP (SG) _____</p> <p>REJECTED: <input type="checkbox"/> TF <input type="checkbox"/> WG <input type="checkbox"/> SG _____</p> <p>OTHER: <input type="checkbox"/> DEFERRED TO _____ <input type="checkbox"/> REFERRED TO OTHER NAIC GROUP _____ <input type="checkbox"/> (SPECIFY) _____</p>
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IDENTIFICATION OF SOURCE AND FORM(S)/INSTRUCTIONS TO BE CHANGED

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|--|--|--|
| <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 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 would provide routine annual update of the industry underwriting factors (premium and reserve) in the PCRBC formula.

Additional Staff Comments:

4-25-23 TF adopted proposal
 5-15-23 PCRBC WG re-expose the proposal for seven days due to the incorrect calculation of H/F, WC, and CMP reserve factors.
 6-30-23 TF adopted Modified proposal

** This section must be completed on all forms.

Revised 2-2023

PR017 Line 1 Reserves

Schedule P Line of Business	LOB	Proposed for adoption - 2023 Industry Average Development Ratio	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	2015 Industry Average Development	2014 Industry Average Development
H/F	A	0.999	1.001	0.998	0.993	0.989	0.989	0.984	0.972	0.962	0.967
PPA	B	1.047	1.022	1.025	1.035	1.026	1.022	1.012	1.002	1.002	0.994
CA	C	1.106	1.082	1.083	1.078	1.087	1.060	1.034	1.015	0.987	0.979
WC	D	0.873	0.906	0.912	0.916	0.955	0.952	0.971	0.971	0.961	0.986
CMP	E	1.026	1.037	0.999	1.016	0.992	0.967	0.956	0.942	0.938	0.941
MM Occurrence	F1	0.906	0.887	0.874	0.861	0.864	0.871	0.868	0.841	0.966	0.966
MM Clms Made	F2	0.984	0.983	0.973	0.940	0.907	0.886	0.854	0.822	0.839	0.808
SL	G	0.994	0.990	0.976	0.963	0.938	0.933	0.926	0.919	0.975	0.990
OL	H	0.969	0.995	0.964	0.968	0.971	0.966	0.952	0.929	0.923	0.916
Fidelity / Surety	K	0.852	0.842	0.915	0.907	0.995	0.996	1.016	1.035	1.016	1.050
Special Property	I	0.983	0.993	0.978	0.977	0.972	0.971	0.982	0.973	0.991	0.992
Auto Physical Damage	J	1.016	1.011	0.989	0.993	0.996	1.000	1.001	0.995	0.995	1.005
Other (Credut, A&H)	L	0.946	0.955	0.965	0.971	0.973	0.976	0.981	0.986	1.041	1.061
Financial / Mortgage Guaranty	S	0.674	0.694	0.723	0.682	0.788	0.870	0.820	0.853	1.185	1.444
Intl	M	2.414	3.041	1.104	1.162	1.037	0.851	0.855	0.897	1.350	0.742
Rein. Property & Financial Lines	NP	0.924	0.917	0.893	0.886	0.872	0.834	0.814	0.814	1.002	0.976
Rein. Liability	O	1.024	1.008	0.989	0.985	0.955	0.945	0.914	0.896	0.938	0.905
PL	R	0.874	0.867	0.879	0.900	0.913	0.921	0.935	0.937	1.072	1.018
Warranty	T	0.995	0.998	1.007	1.013	1.017	1.015	0.989	0.977	0.994	1.040

PR018 Line 1 Premiums

Schedule P Line of Business	LOB	Proposed 2023 Industry Average Loss & Expense	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	2015 Industry Average Loss & Expense Ratio	2014 Industry Average Loss & Expense Ratio
H/F	A	0.679	0.665	0.681	0.678	0.681	0.687	0.688	0.701	0.701	0.713
PPA	B	0.791	0.793	0.795	0.810	0.810	0.806	0.800	0.792	0.786	0.780
CA	C	0.777	0.761	0.761	0.759	0.737	0.724	0.706	0.689	0.684	0.676
WC	D	0.651	0.664	0.682	0.705	0.726	0.744	0.751	0.752	0.751	0.749
CMP	E	0.671	0.661	0.673	0.672	0.666	0.664	0.647	0.648	0.655	0.652
MM Occurrence	F1	0.767	0.750	0.731	0.726	0.730	0.780	0.777	0.767	0.880	0.883
MM Clms Made	F2	0.815	0.829	0.821	0.797	0.768	0.747	0.722	0.691	0.697	0.680
SL	G	0.578	0.585	0.593	0.603	0.593	0.569	0.567	0.572	0.630	0.645
OL	H	0.641	0.637	0.635	0.639	0.638	0.633	0.629	0.618	0.616	0.617
Fidelity / Surety	K	0.363	0.366	0.394	0.384	0.399	0.417	0.430	0.464	0.462	0.473
Special Property	I	0.550	0.547	0.559	0.553	0.554	0.563	0.555	0.559	0.571	0.572
Auto Physical Damage	J	0.727	0.718	0.726	0.732	0.730	0.732	0.727	0.711	0.703	0.686
Other (Credit, A&H)	L	0.702	0.698	0.693	0.684	0.682	0.709	0.712	0.699	0.706	0.754
Financial / Mortgage Guaranty	S	0.209	0.203	0.252	0.513	0.811	1.099	1.175	1.293	1.096	1.242
Intl	M	1.136	1.166	0.769	0.758	0.795	0.584	0.565	0.607	1.150	1.131
Rein. Property & Financial Lines	NP	0.578	0.566	0.558	0.534	0.522	0.486	0.459	0.512	0.723	0.764
Rein. Liability	O	0.743	0.725	0.713	0.708	0.679	0.666	0.609	0.600	0.749	0.748
PL	R	0.597	0.601	0.617	0.645	0.656	0.671	0.670	0.684	0.715	0.716
Warranty	T	0.652	0.665	0.681	0.691	0.695	0.732	0.645	0.611	0.799	0.789