

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>1/10/24</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> <hr/> <p>Agenda Item # <u>2024-10-P</u> Year <u>2024</u></p> <hr/> <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>03/17/24</u></p> <p><input type="checkbox"/> SUBGROUP (SG) _____</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>
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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 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)

This proposal included the following changes:

- 1) Add "in part" to the Line 25 Annual Statement Source.
- 2) Update Column 1, Line 25 to "Company Record".

The reason for the change is to eliminate the double-counting issue for those companies that have stop-loss premium as the stop loss premium is expected to be entered on Line 9 of PR019.

Additional Staff Comments:

**** This section must be completed on all forms.**

Revised 2-2023

HEALTH PREMIUMS PR019

	Annual Statement Source	(1) Statement Value	Factor	(2) RBC Requirement
<u>Medical Insurance Premium - Individual</u>				
(1) Comprehensive (Medical and Hospital)	Earned Premium (Schedule H Part 1 Column 3 Line 2)	0	†	XXX
(2) Medicare Supplement	Earned Premium (Schedule H Part 1 Column 7 Line 2 in part)	0	†	XXX
(3) Dental & Vision	Earned Premium (Schedule H Part 1 Columns 9 + 11 Line 2 in part)	0	†	XXX
(3.1) Stand-Alone Medicare Part D Coverage	Earned Premium (Schedule H Part 1 Line 2 in part)	0	†	XXX
(3.2) Supplemental Benefits within Stand-Alone Part D Coverage (Claims Incurred)	Company Records	0	0.500	0
(3.3) Medicaid Pass-Through Payments Reported as Premium	Company Records	0	0.020	0
(4) Hospital Indemnity and Specified Disease	Earned Premium (Schedule H Part 1 Line 2 in part)	0	0.035	* 0
(5) AD&D (Maximum Retained Risk Per Life) 0	Earned Premium (Schedule H Part 1 Line 2 in part)	0	‡	0
(6) Other Accident	Earned Premium (Schedule H Part 1 Line 2 in part)	0	0.050	0
<u>Medical Insurance Premium - Group and Credit</u>				
(7) Comprehensive (Medical and Hospital)	Earned Premium (Schedule H Part 1 Column 5 Line 2)	0	†	XXX
(8) Dental & Vision	Earned Premium (Schedule H Part 1 Columns 9 + 11 Line 2 in part)	0	†	XXX
(9) Stop Loss and Minimum Premium	Earned Premium (Schedule H Part 1 Line 2 in part)	0	¥	0
(10) Medicare Supplement	Earned Premium (Schedule H Part 1 Column 7 Line 2 in part)	0	†	XXX
(10.1) Stand-Alone Medicare Part D Coverage (see instructions for limits)	Earned Premium (Schedule H Part 1 Line 2 in part)	0	†	XXX
(10.2) Supplemental benefits within Stand-Alone Part D Coverage (Claims Incurred)	Company Records	0	0.500	0
(10.3) Medicaid Pass-Through Payments Reported as Premium	Company Records	0	0.020	0
(11) Hospital Indemnity and Specified Disease	Earned Premium (Schedule H Part 1 Line 2 in part)	0	0.035	* 0
(12) AD&D (Maximum Retained Risk Per Life) 0	Earned Premium (Schedule H Part 1 Line 2 in part)	0	‡	0
(13) Other Accident	Earned Premium (Schedule H Part 1 Line 2 in part)	0	0.050	0
(14) Federal Employee Health Benefit Plan	Earned Premium (Schedule H Part 1 Column 13, Line 2)	0	0.000	0
<u>Disability Income Premium</u>				
(15) Noncancellable Disability Income - Individual Morbidity	Earned Premium (Schedule H Part 1 Column 21 Line 2 in part)	0	‡	0
(16) Other Disability Income - Individual Morbidity	Earned Premium (Schedule H Part 1 Column 21 Line 2 in part)	0	‡	0
(17) Disability Income - Credit Monthly Balance Plans	Earned Premium (Schedule H Part 1 Column 21 Line 2 in part)	0	‡	0
(18) Disability Income - Group Long-Term	Earned Premium (Schedule H Part 1 Column 21 Line 2 in part)	0	‡	0
(19) Disability Income - Credit Single Premium with Additional Reserve	Earned Premium (Schedule H Part 1 Column 21 Line 2 in part)	0	‡	0
(20) Disability Income - Credit Single Premium without Additional Reserve	Earned Premium (Schedule H Part 1 Column 21 Line 2 in part)	0	‡	0
(21) Disability Income - Group Short-Term	Earned Premium (Schedule H Part 1 Column 21 Line 2 in part)	0	‡	0
<u>Long-Term Care</u>				
(22) Noncancellable Long-Term Care Premium - Rate Risk**	Earned Premium (Schedule H Part 1 Column 23 Line 2 in part)	0	0.100	0
(23) Other Long-Term Care Premium ‡ ‡	Earned Premium (Schedule H Part 1 Column 23 Line 2 in part)	0	0.000	0 ‡ ‡
<u>Health Premium with Limited Underwriting Risk</u>				
(24) ASC Business with Premium Revenue	Earned Premium (Schedule H Part 1 Line 2 in part)	0	0.000	0
<u>Other Health</u>				
(25) Other Health	Earned Premium (Schedule H Part 1 Column 25 Line 2 in part)	0	0.120	0
(26) Total Earned Premiums	Sum of Lines (1) through (25)	0		0
C(1), L(26) should equal Schedule H Part 1 Column 1 Line 2				
(27) Additional Reserves for Credit Disability Plans	Company records	0	§	
(28) Additional Reserves for Credit Disability Plans, prior year	Company records	0	§	

† The premium amounts in these lines are transferred to PR020 Underwriting Risk – Premium Risk for Comprehensive Medical, Medicare Supplement, Dental & Vision and Stand-Alone Medicare Part D Coverage Lines (1.1) and (1.2) for the calculation of risk-based capital. The premium amounts are included here to assist in the balancing of total health premium. If managed care arrangements have been entered into, the company may also complete PR021 Underwriting Risk – Managed Care Credit. In which case, the company will also need to complete PR012 Health Credit Risk in the formula. If there are amounts in any of lines (1), (2), (3), (7), (8) or (10) on page PR019 Health Premiums, the company will also be directed to complete the Health Administrative Expense portion of PR023.

‡ The two tiered calculation is illustrated in the risk-based capital instructions for PR019 Health Premiums.

‡ ‡ The balance of the RBC requirement for Long Term Care - Morbidity Risk is calculated on Page PR023. The premium is shown to allow totals to check to Schedule H.

* If there is premium included on either or both of these lines, the RBC value in Column (2) will include 3.5% of such premium and \$50,000 (included in the line with the larger premium).

** The factor applies to all Noncancellable premium.

§ These amounts are used to adjust the premium base for single premium credit disability plans that carry additional tabular reserves.

¥ A factor of .350 will be applied to the first \$25,000,000 in Column (1), Line (9) and a factor of .250 will be applied to the remaining premium in excess of \$25,000,000.

Denotes items that must be manually entered on the filing software.