

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>4/12/24</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> <p>Agenda Item # <u>2024-14-P</u> Year <u>2024</u></p> <p style="text-align: center;"><u>DISPOSITION</u></p> <p>ADOPTED:</p> <p><input checked="" type="checkbox"/> TASK FORCE (TF) <u>06/28/2024</u></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>04/25/2024</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

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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 a routine annual update of the industry underwriting factors (premium and reserve) in 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 - 2024 Industry Average Development Ratio	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	2015 Industry Average Development
H/F	A	1.020	0.999	1.001	0.998	0.993	0.989	0.989	0.984	0.972	0.962
PPA	B	1.061	1.047	1.022	1.025	1.035	1.026	1.022	1.012	1.002	1.002
CA	C	1.115	1.106	1.082	1.083	1.078	1.087	1.060	1.034	1.015	0.987
WC	D	0.882	0.873	0.906	0.912	0.916	0.955	0.952	0.971	0.971	0.961
CMP	E	1.024	1.026	1.037	0.999	1.016	0.992	0.967	0.956	0.942	0.938
MM Occurrence	F1	0.910	0.906	0.887	0.874	0.861	0.864	0.871	0.868	0.841	0.966
MM Clms Made	F2	0.996	0.984	0.983	0.973	0.940	0.907	0.886	0.854	0.822	0.839
SL	G	0.996	0.994	0.990	0.976	0.963	0.938	0.933	0.926	0.919	0.975
OL	H	0.993	0.969	0.995	0.964	0.968	0.971	0.966	0.952	0.929	0.923
Fidelity / Surety	K	0.875	0.852	0.842	0.915	0.907	0.995	0.996	1.016	1.035	1.016
Special Property/Pet Insurance Plan	I/U	0.989	0.983	0.993	0.978	0.977	0.972	0.971	0.982	0.973	0.991
Auto Physical Damage	J	0.999	1.016	1.011	0.989	0.993	0.996	1.000	1.001	0.995	0.995
Other (Credut, A&H)	L	0.942	0.946	0.955	0.965	0.971	0.973	0.976	0.981	0.986	1.041
Financial / Mortgage Guaranty	S	0.493	0.674	0.694	0.723	0.682	0.788	0.870	0.820	0.853	1.185
Intl	M	2.168	2.414	3.041	1.104	1.162	1.037	0.851	0.855	0.897	1.350
Rein. Property & Financial Lines	NP	0.930	0.924	0.917	0.893	0.886	0.872	0.834	0.814	0.814	1.002
Rein. Liability	O	1.054	1.024	1.008	0.989	0.985	0.955	0.945	0.914	0.896	0.938
PL	R	0.882	0.874	0.867	0.879	0.900	0.913	0.921	0.935	0.937	1.072
Warranty	T	0.991	0.995	0.998	1.007	1.013	1.017	1.015	0.989	0.977	0.994

PR018 Line 1 Premiums

Schedule P Line of Business	LOB	Proposed 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	2015 Industry Average Loss & Expense Ratio
H/F	A	0.695	0.679	0.665	0.681	0.678	0.681	0.687	0.688	0.701	0.701
PPA	B	0.799	0.791	0.793	0.795	0.810	0.810	0.806	0.800	0.792	0.786
CA	C	0.787	0.777	0.761	0.761	0.759	0.737	0.724	0.706	0.689	0.684
WC	D	0.646	0.651	0.664	0.682	0.705	0.726	0.744	0.751	0.752	0.751
CMP	E	0.684	0.671	0.661	0.673	0.672	0.666	0.664	0.647	0.648	0.655
MM Occurrence	F1	0.752	0.767	0.750	0.731	0.726	0.730	0.780	0.777	0.767	0.880
MM Clms Made	F2	0.828	0.815	0.829	0.821	0.797	0.768	0.747	0.722	0.691	0.697
SL	G	0.583	0.578	0.585	0.593	0.603	0.593	0.569	0.567	0.572	0.630
OL	H	0.649	0.641	0.637	0.635	0.639	0.638	0.633	0.629	0.618	0.616
Fidelity / Surety	K	0.375	0.363	0.366	0.394	0.384	0.399	0.417	0.430	0.464	0.462
Special Property/ Pet Insurance Plan	I/U	0.559	0.550	0.547	0.559	0.553	0.554	0.563	0.555	0.559	0.571
Auto Physical Damage	J	0.733	0.727	0.718	0.726	0.732	0.730	0.732	0.727	0.711	0.703
Other (Credit, A&H)	L	0.711	0.702	0.698	0.693	0.684	0.682	0.709	0.712	0.699	0.706
Financial / Mortgage Guaranty	S	0.158	0.209	0.203	0.252	0.513	0.811	1.099	1.175	1.293	1.096
Intl	M	1.153	1.136	1.166	0.769	0.758	0.795	0.584	0.565	0.607	1.150
Rein. Property & Financial Lines	NP	0.587	0.578	0.566	0.558	0.534	0.522	0.486	0.459	0.512	0.723
Rein. Liability	O	0.760	0.743	0.725	0.713	0.708	0.679	0.666	0.609	0.600	0.749
PL	R	0.594	0.597	0.601	0.617	0.645	0.656	0.671	0.670	0.684	0.715
Warranty	T	0.641	0.652	0.665	0.681	0.691	0.695	0.732	0.645	0.611	0.799