Capital Adequacy (E) Task Force

RBC Proposal Form

☐ Capital Adequacy (E) Task Force
☐ Catastrophe Risk (E) Subgroup
☐ Variable Annuities Capital. & Reserve (E/A) Subgroup
☐ Health RBC (E) Working Group
☐ Investment RBC (E) Working Group
☒ P/C RBC (E) Working Group
☐ Life RBC (E) Working Group
☐ Longevity Risk (A/E) Subgroup
☐ RBC Investment Risk & Evaluation (E) Working Group

DATE: 4/24/26

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 # 2025-21-P
Year 2026

DISPOSITION

ADOPTED:
☒ TASK FORCE (TF) 06/30/2026
☒ WORKING GROUP (WG) 06/17/2026
☐ SUBGROUP (SG) _____

EXPOSED:
☐ TASK FORCE (TF) _____
☒ WORKING GROUP (WG) 05/12/2026
☐ SUBGROUP (SG) _____

REJECTED:
☐ TF ☐ WG ☐ SG _____

OTHER:
☐ DEFERRED TO _____
☐ REFERRED TO OTHER NAIC GROUP
☐ (SPECIFY) _____

IDENTIFICATION OF SOURCE AND FORM(S)/INSTRUCTIONS TO BE CHANGED

☐ Health RBC Blanks
☐ Health RBC Instructions
☐ Health RBC Formula
☐ Property/Casualty RBC Blanks
☐ Property/Casualty RBC Instructions
☒ Property/Casualty RBC Formula
☐ Life and Fraternal RBC Blanks
☐ Life and Fraternal RBC Instructions
☐ Life and Fraternal RBC Formula
☐ OTHER _____

DESCRIPTION/REASON OR JUSTIFICATION OF CHANGE(S)

The proposed change would update the loss and premium concentration factors in the P/C RBC formula based on the Academy's findings. The Academy concluded that Maximum Diversification Credits (MDCs) of 45% for premium and 65% for reserves are reasonable and are better supported by current data than the existing 30% MDC.

Additional Staff Comments:

** **This section must be completed on all forms.** **Revised 2-2023**

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UNDERWRITING RISK - RESERVES PR017

#REF!

		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	SCH P LINE OF BUSINESS	H/F	PPA	CA	WC	CMP	MPL OCCURRENCE	MPL CLMS MADE	SL	OL	FIDELITY / SURETY
(1)	INDUSTRY AVERAGE DEVELOPMENT	0.997	1.072	1.110	0.912	1.018	0.914	1.024	0.995	0.995	0.875
(2)	COMPANY DEVELOPMENT	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
(3)	(2)/(1)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
(4)	INDUSTRY LOSS & EXPENSE RBC %	0.226	0.205	0.360	0.382	0.475	0.271	0.172	0.401	0.496	0.586
(5)	COMPANY RBC % (4)*(3)*.5+(4)*.5	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
(6)	LOSS & LOSS ADJUSTMENT EXPENSE UNPAID SCH. P PART 1 (in 000s)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
(7)	OTHER DISCOUNT AMOUNT NOT INCLUDED IN LOSS & LOSS ADJUSTMENT EXPENSE UNPAID IN SCH. P PART 1 (in 000s)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
(8)	ADJUSTMENT FOR INVESTMENT INCOME	0.951	0.937	0.926	0.783	0.898	0.861	0.896	0.884	0.864	0.908
(9)	BASE LOSS & LOSS ADJUSTMENT EXPENSE RESERVE RISK-BASED CAPITAL (000's) MAX {0,[((5)+1)*(8)-1]*[(6)+(7)]} zero if Line [(6)+(7)] is negative	0	0	0	0	0	0	0	0	0	0
(10)	% DIRECT LOSS SENS	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
(11)	% ASSUMED LOSS SENS	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
(12)	LOSS SENSITIVE DISCOUNT (in 000s)	0	0	0	0	0	0	0	0	0	0
(13)	LOSS & LOSS ADJUSTMENT EXPENSE RBC AFTER DSCT (in 000s) L(09) - L(12)	0	0	0	0	0	0	0	0	0	0
(14)	LOSS CONCEN FACTOR										
(15)	TOTAL NET RESERVE RBC x1000 (converted to whole dollars)										

This worksheet is to show the results of the calculation of Underwriting Risk - Reserves
Enter data in PR035 through PR039, PR100 through PR701 and PROTH

UNDERWRITING RISK - RESERVES PR017

		(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
	SCH P LINE OF BUSINESS	SPECIAL PROPERTY/PET INSURANCE PLANS	AUTO PHYSICAL DAMAGE	OTHER (INCLUDE CREDIT,A&H)	FINANCIAL / MORTGAGE GUARANTY	INTL	REIN. PROPERTY & FINANCIAL LINES	REIN. LIABILITY	PL	WARRANTY	TOTAL
(1)	INDUSTRY AVERAGE DEVELOPMENT	0.985	1.002	0.938	0.486	1.927	0.925	1.090	0.911	0.978	XXX
(2)	COMPANY DEVELOPMENT	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	XXX
(3)	(2)/(1)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	XXX
(4)	INDUSTRY LOSS & EXPENSE RBC %	0.272	0.137	0.225	0.146	0.669	0.319	0.596	1.226	0.355	XXX
(5)	COMPANY RBC % (4)*(3)*.5+(4)*.5	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	XXX
(6)	LOSS & LOSS ADJUSTMENT EXPENSE UNPAID SCH. P PART 1 (in 000s)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0
(7)	OTHER DISCOUNT AMOUNT NOT INCLUDED IN LOSS & LOSS ADJUSTMENT EXPENSE UNPAID IN SCH. P PART 1 (in 000s)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0
(8)	ADJUSTMENT FOR INVESTMENT INCOME	0.954	0.978	0.936	0.916	0.881	0.913	0.793	0.844	0.961	XXX
(9)	BASE LOSS & LOSS ADJUSTMENT EXPENSE RESERVE RISK-BASED CAPITAL (000's) MAX {0,[((5)+1)*(8)-1]*[(6)+(7)]} zero if Line [(6)+(7)] is negative	0	0	0	0	0	0	0	0	0	0
(10)	% DIRECT LOSS SENS	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	XXX
(11)	% ASSUMED LOSS SENS	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	XXX
(12)	LOSS SENSITIVE DISCOUNT (in 000s)	0	0	0	0	0	0	0	0	0	0
(13)	LOSS & LOSS ADJUSTMENT EXPENSE RBC AFTER DSCT (in 000s) L(09) - L(12)	0	0	0	0	0	0	0	0	0	0
(14)	LOSS CONCEN FACTOR										1.000
(15)	TOTAL NET RESERVE RBC x1000 (converted to whole dollars)										0

This worksheet is to show the results of the calculation of Underwriting Risk - Reserves
Enter data in PR035 through PR039, PR100 through PR701 and PROTH

=ROUND(MIN(1,IF(E92>0,MAX(E69,E70,E71,E72,E73,E74,E75,E76,(E77+E78),(E79+E91),E80,E81,E82,E83,E84,E85,E86,(E87+E88),E89,E90)/E92,1))*0.65+0.35,3)

UNDERWRITING RISK - NET WRITTEN PREMIUMS PR018

#REF!

		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	SCH P LINE OF BUSINESS	H/F	PPA	CA	WC	CMP	MPL OCCURRENCE	MPL CLMS MADE	SL	OL	FIDELITY / SURETY
(1)	INDUSTRY AVERAGE LOSS & LOSS ADJUSTMENT EXPENSE RATIO	0.700	0.807	0.792	0.649	0.683	0.763	0.840	0.565	0.664	0.374
(2)	COMPANY AVERAGE LOSS & LOSS ADJUSTMENT EXPENSE RATIO	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
(3)	(2)/(1)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
(4)	INDUSTRY LOSSES & LOSS ADJUSTMENT EXPENSE RATIO	0.930	0.970	1.014	1.037	0.873	1.394	1.146	0.894	0.993	0.657
(5)	COMPANY RBC LOSSES & LOSS ADJUSTMENT EXPENSE RATIO (3)*(4)*0.5+(4)*0.5	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
(6)	COMPANY UNDERWRITING EXPENSE RATIO	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
(7)	ADJUSTMENT FOR INVESTMENT INCOME	0.966	0.937	0.903	0.833	0.921	0.795	0.863	0.924	0.837	0.922
(8)	C/Y NET WRITTEN PREMIUM (in 000s)	0	0	0	0	0	0	0	0	0	0
(9)	BASE WRITTEN PREMIUM RISK-BASED CAPITAL (in 000s) MAX {0,(8)*[(5)*(7)+(6)-1]} zero if Line (8) is negative	0	0	0	0	0	0	0	0	0	0
(10)	% DIRECT LOSS SENS WP	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
(11)	% ASSUMED LOSS SENS WP	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
(12)	LOSS SENSITIVE DSCT - WP (in 000s)	0	0	0	0	0	0	0	0	0	0
(13)	NWP RBC AFTER DSCT (in 000s)	0	0	0	0	0	0	0	0	0	0
(14)	PREMIUM CONCENTRATION FACTOR										
(15)	NET WRITTEN PREMIUM RBC x 1000 (converted to whole dollars)										

This worksheet is to show the results of the calculation of Underwriting Risk - Net Written Premiums

Enter data in PR035 through PR039, PR100 through PR701 and PROTH

UNDERWRITING RISK - NET WRITTEN PREMIUMS PR018

#REF!

		(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
	SCH P LINE OF BUSINESS	SPECIAL PROPERTY/PET INSURANCE PLANS	AUTO PHYSICAL DAMAGE	OTHER (INCLUDE CREDIT,A&H)	FINANCIAL / MORTGAGE GUARANTY	INTL	REIN. PROPERTY & FINANCIAL LINES	REIN. LIABILITY	PL	WARRANTY	TOTAL
(1)	INDUSTRY AVERAGE LOSS & LOSS ADJUSTMENT EXPENSE RATIO	0.552	0.731	0.714	0.159	1.184	0.597	0.788	0.609	0.641	XXX
(2)	COMPANY AVERAGE LOSS & LOSS ADJUSTMENT EXPENSE RATIO	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	XXX
(3)	(2)/(1)	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	XXX
(4)	INDUSTRY LOSSES & LOSS ADJUSTMENT EXPENSE RATIO	0.795	0.835	0.926	2.012	1.476	0.973	1.183	1.194	0.985	XXX
(5)	COMPANY RBC LOSSES & LOSS ADJUSTMENT EXPENSE RATIO (3)*(4)*0.5+(4)*0.5	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	XXX
(6)	COMPANY UNDERWRITING EXPENSE RATIO	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	XXX
(7)	ADJUSTMENT FOR INVESTMENT INCOME	0.957	0.979	0.958	0.891	0.925	0.919	0.811	0.801	0.972	XXX
(8)	C/Y NET WRITTEN PREMIUM (in 000s)	0	0	0	0	0	0	0	0	0	0
(9)	BASE WRITTEN PREMIUM RISK-BASED CAPITAL (in 000s) MAX {0,(8)*[(5)*(7)+(6)-1]} zero if Line (8) is negative	0	0	0	0	0	0	0	0	0	0
(10)	% DIRECT LOSS SENS WP	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	XXX
(11)	% ASSUMED LOSS SENS WP	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	XXX
(12)	LOSS SENSITIVE DSCT - WP (in 000s)	0	0	0	0	0	0	0	0	0	0
(13)	NWP RBC AFTER DSCT (in 000s)	0	0	0	0	0	0	0	0	0	0
(14)	PREMIUM CONCENTRATION FACTOR										1.000
(15)	NET WRITTEN PREMIUM RBC x 1000 (converted to whole dollars)										0

This worksheet is to show the results of the calculation of Underwriting Risk - Net Written Premiums

=ROUND(MIN(1,IF(E54>0,MAX(E31,E32,E33,E34,E35,E36,E37,E38,(E39+E40),(E41+E53),E42,E43,E44,E45,E46,E47,E48,(E49+E50),E51,E52)/E54,1))*0.45+0.55,3)

Enter data in PR035 through PR039, PR100 through PR701 and PROTH