

NAIC BLANKS (E) WORKING GROUP

Blanks Agenda Item Submission Form

<p align="right">DATE: <u>5/13/2026</u></p> <p>CONTACT PERSON: <u>Kris DeFrain</u></p> <p>TELEPHONE: <u>816-783-8229</u></p> <p>EMAIL ADDRESS: <u>kdefrain@naic.org</u></p> <p>ON BEHALF OF: <u>Casualty Actuarial and Statistical (C) Task Force</u></p> <p>NAME: <u>Christian Citarella</u></p> <p>TITLE: <u>Chair of CASTF</u></p> <p>AFFILIATION: <u>New Hampshire Insurance Department</u></p> <p>ADDRESS: _____</p>	<p align="center">FOR NAIC USE ONLY</p> <p>Agenda Item # <u>2026-14BWG</u></p> <p>Year <u>2027</u></p> <p>Changes to Existing Reporting <input checked="" type="checkbox"/> [X]</p> <p>New Reporting Requirement <input type="checkbox"/> []</p> <hr/> <p align="center">REVIEWED FOR ACCOUNTING PRACTICES AND PROCEDURES IMPACT</p> <p>No Impact <input checked="" type="checkbox"/> [X]</p> <p>Modifies Required Disclosure <input type="checkbox"/> []</p> <p>Is there data being requested in this proposal which is available elsewhere in the Annual/Quarterly Statement? <input type="checkbox"/> [NO]</p> <p><i>***If Yes, complete question below***</i></p> <p align="center">DISPOSITION</p> <p><input type="checkbox"/> [] Rejected For Public Comment</p> <p><input type="checkbox"/> [] Referred To Another NAIC Group</p> <p><input checked="" type="checkbox"/> [X] Received For Public Comment</p> <p><input type="checkbox"/> [] Adopted Date _____</p> <p><input type="checkbox"/> [] Rejected Date _____</p> <p><input type="checkbox"/> [] Deferred Date _____</p> <p><input type="checkbox"/> [] Other (Specify) _____</p>
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BLANK(S) TO WHICH PROPOSAL APPLIES

- | | | |
|--|--|---|
| <input checked="" type="checkbox"/> [X] ANNUAL STATEMENT | <input checked="" type="checkbox"/> [X] INSTRUCTIONS | <input type="checkbox"/> [] CROSSCHECKS |
| <input type="checkbox"/> [] QUARTERLY STATEMENT | <input type="checkbox"/> [] BLANK | |
| <input type="checkbox"/> [] Life, Accident & Health/Fraternal | <input type="checkbox"/> [] Separate Accounts | <input type="checkbox"/> [] Title |
| <input checked="" type="checkbox"/> [X] Property/Casualty | <input type="checkbox"/> [] Protected Cell | <input type="checkbox"/> [] Other _____ |
| <input type="checkbox"/> [] Health | <input type="checkbox"/> [] Health (Life Supplement) | <input type="checkbox"/> [] Life (Health Supplement) |

Anticipated Effective Date: Annual 2027

IDENTIFICATION OF ITEM(S) TO CHANGE

Update Schedule P instructions with revisions exposed at the Casualty Actuarial and Statistical (C) Task Force

REASON, JUSTIFICATION FOR AND/OR BENEFIT OF CHANGE**

See next page

*****IF THE DATA IS AVAILABLE ELSEWHERE IN THE ANNUAL/QUARTERLY STATEMENT, PLEASE NOTE WHY IT IS REQUIRED FOR THIS PROPOSAL*****

NAIC STAFF COMMENTS

Comment on Effective Reporting Date: _____

Other Comments:

** This section must be completed on all forms.

REASON, JUSTIFICATION FOR AND/OR BENEFIT OF CHANGE**

In 2025-07BWG, CASTF proposed editorial revisions to the Schedule P instructions, which were adopted for the 2025 annual statement. The objective was to clarify the instructions, especially the instructions for incurred years prior to the most recent ten. The current proposal continues that project. The proposed changes fall into five categories:

1. Correcting incorrect information

Example: Corrected “Earned premium is on a calendar year basis.” in the overview section to “Earned premium is on a calendar year basis in Part 1, an exposure year basis in Part 6, and a policy year basis in Part 7.”

2. Moving content without changing the content

Example: Moved the description of the prior row for salvage and subrogation received from the overview section to the Part 1 section because this instruction applies specifically to Part 1.

3. Making minor improvements

Example: Brought the DCC and A&O descriptions into alignment with the current version of SSAP No. 55.

4. Increasing clarity without changing the meaning

Example: Added descriptions for prior year rows and some example exhibits.

5. Correcting information that used to be true based on old annual statement blanks but is no longer true

Example: Deleted “Non-proportional assumed reinsurance – Property, Liability and Financial Lines can be summed together as reported.” from this language in the Part 1 section: “Premiums earned and losses paid, unpaid, and incurred should reconcile with the Statement of Income page. Part 1 – Summary is the total of the Schedule P lines. Non-proportional assumed reinsurance – Property, Liability and Financial Lines can be summed together as reported.” It looks like the three nonproportional assumed reinsurance lines used to not be shown separately and explicitly in other areas of the annual statement besides Schedule P. (E.g., in the 1994 annual statement blank, the state pages did not have lines for reinsurance, and the Underwriting and Investment Exhibits had four lines for reinsurance [numbered 30A through 30D] that were not further specified beyond “Reinsurance”.) But that is no longer true (on, for example, the state pages and the UW&I pages). So it no longer seems necessary to mention summing here.

CASTF exposed the proposed changes for a 45-day comment period ending on 3/26/2026. Five comment letters were received, and changes were made in response to the comments.

SCHEDULE P

1. ~~1.~~—There are seven parts and the interrogatories within Schedule P. Part 1 provides detailed information on losses and loss adjustment expenses. Part 2 provides a history of incurred losses and defense & cost containment (DCC) expenses. Part 3 provides a history of loss and DCC payments. Part 4 provides a history of bulk and incurred but not reported (IBNR) reserves. Part 5 provides a history of claim counts. Part 6 provides a history of premiums earned. Part 7 provides a history of loss sensitive contracts. Schedule P Interrogatories provides for additional calculation and explanation of various amounts.
2. ~~2.~~—Earned premium is on a calendar year basis in Part 1, an exposure year basis in Part 6, and a policy year basis in Part 7. Except in Part 7, which shows policy year experience, losses incurred should be assigned to the year in which the event occurred that triggered coverage under the contract. This may be a date of accident (occurrence policies), a date of report (claims-made policies), a policy issue date (tail policies), or a date of discovery (fidelity and surety). Hereafter, this is called the “incurred year.”
3. ~~3.~~—Schedule P displays ten years of historical data for all lines of business.
4. ~~4.~~—Report all dollar amounts in Schedule P in thousands of dollars (\$000 omitted), by either rounding or truncating. Claim counts should be reported as whole numbers.
5. ~~5.~~—The Except for medical professional liability, other liability and products liability which separately display data for occurrence and claims-made coverages and the reinsurance lines, the lines of business in Schedule P are groupings of the lines of business used on the Exhibit of Premiums and Losses (“state page”). In some cases, the heading of the line of business has been expanded for clarity. Business reported on the Aggregate write-ins for other lines of business line of the ~~Statement of Income and the State p~~Page should be included in the Other Liability sections of Schedule P.
6. ~~6.~~—Data for Annual Statement Line 17.3 – Excess Workers’ Compensation should be reported as Other Liability – Occurrence as appropriate for the contractual terms of the policy.
7. ~~7.~~—Schedule P includes only the data for the reporting entity identified on the Jurat page of the Annual Statement. Do not include consolidated data for affiliated companies except in a Combined Annual Statement. If the reporting entity participates in an intercompany pooling agreement, show only its share of the business, not the total for all participants.
8. ~~8.~~—Retroactive reinsurance should not be reflected in Schedule P. The transferor in such an agreement must record, without recognition of the retroactive reinsurance, its loss and loss adjustment expense reserves on a gross basis on its balance sheet and in all schedules and exhibits. The transferee in such an agreement must exclude the retroactive reinsurance from its loss and loss adjustment expense reserves and from its schedules and exhibits.
9. ~~9.~~—Schedule P, Part 1 should be gross of non-tabular discount and net of tabular discount, with the exception of Columns 35 and 36, which are net of all discount. The other parts of Schedule P should be gross of all discounts so that the annual statement user can make effective use of the triangles in Parts 2, 3, and 4. A discount implicit in tabular reserves may be included in Schedule P, Part 1. Schedule P, Part 2 is to be reported gross of ALL discounts. Otherwise, Schedule P is to be presented on a non-discounted basis. Information in Schedule P is to be reported on an undiscounted basis in order to make effective use of the triangles in Parts 2, 3 and 4. The reserves reported are expected to represent the ultimate amounts to be paid, including anticipated inflation. If discounting of loss or loss expense reserves is reflected on any line of Page 3 of this Annual Statement, reconciliation is provided in Schedule P, Part 1. ~~W~~Also, workpapers relating to any discount amounts must be available for examination upon request. The tabular reserve discount does not need to be shown separately. Discounting is governed by SSAP No. 65—Property and Casualty Contracts.
- ~~10.~~
- ~~9.~~
- ~~11.~~
10. The reserves for unpaid losses and loss adjustment expenses should take into account the explicit or implicit impacts of the various factors affecting claim frequency or ultimate claim cost.
10. In those instances where a reporting entity files an amended annual statement as a result of a restatement of previous year earned premium, losses or loss adjustment expenses, Schedule P must be restated and included in the amended annual statement.

The Prior Row:

~~12.~~ 11. — The “prior” row contains data for all incurred years prior to the most recent 10 years. The calculation of the prior row differs by Part and Section.

~~13.~~
~~14.~~ 11. ~~12.~~ — For salvage and subrogation received on the “prior” row, report losses and expenses paid in the current year.

~~In those instances where a reporting entity files an amended annual statement as a result of a restatement of previous year earned premium, losses or loss adjustment expenses, Schedule P must be restated and included in the amended annual statement.~~

Intercompany Pooling:

~~15.~~ 12. ~~13.~~ — Many insurers have an intercompany pooling arrangement with affiliated companies, approved by the domiciliary commissioner, in which the business written is reallocated among the affiliated companies according to a specified percentage. Some affiliated companies may be part of the intercompany pool and some may not, and some lines may be included, and some may not. The premiums and losses are to be reported in Schedule P after such intercompany pooling arrangements, not before. SSAP No. 63 establishes statutory accounting principles for intercompany pools.

~~16.~~ 13. ~~14.~~ — Pooled business ceded is that which, if retained instead of ceded, would be pooled among the affiliated companies ~~who that~~ are party to the intercompany pooling agreement. Any such business that is ceded by the intercompany pool participants to non-pooled companies before the pooling distribution among the participating companies is considered pooled business ceded. Non-pooled business includes all direct, assumed, and ceded business not subject to intercompany pooling, as well as any pooled business that is ceded after the intercompany pooling distribution has been made.

~~17.~~ 14. ~~15.~~ — Direct and Assumed columns include the participation in any intercompany pool. In addition, all direct business not pooled plus assumed business from other than the intercompany pool is to be included. Ceded columns include the company’s participation in the intercompany pool such as any ceding by the company to companies independent of the intercompany pool.

~~15.~~ 16. — Claim counts should be reported in accordance with the intercompany pooling arrangement and should reflect the company’s proportionate share of the total number of claims. If the company’s losses are 40% of the intercompany pool, then 40% of the claim count should be reported.

~~18.~~ 16. Intercompany pooling may cause the numbers reported in Schedule P to not reconcile to other parts of the annual statement. For example, a 0% pool participant will show nothing in Schedule P but could have significant direct business in the Underwriting and Investment Exhibit.

~~19.~~ 17. ~~17.~~ — The pooling percentage is to reflect the company’s participation in the intercompany pool as of year-end. When changes to intercompany pooling agreements impact previous ~~accident~~ incurred years, historical data values in Schedule P Parts, 1 through 6 should be restated based on the new pooling percentage. This should be done to present meaningful development patterns in Schedule P. When intercompany pooling changes only impact future ~~accident~~ incurred years, no restatement of historical values should be made. Any significant changes in the intercompany pooling arrangements should be reported in the Schedule P Interrogatories. An illustration for reporting pooled business, Exhibit A, follows.

EXHIBIT A

POOLED BUSINESS – SCHEDULE P REPORTING EXAMPLE

This example has been prepared as a clarification of the NAIC *Annual Statement Instructions* to demonstrate how business subject to pooling among affiliated companies should be incorporated in the “Direct + Assumed” and the “Ceded” columns of Schedule P for each affiliated company.

- Company A – The ~~Flagship~~ lead company; ~~d~~ does the pooling and cedes some business before pooling.
- Company B – Cedes some pool business before ceding to Company A for pooling.
- Company C – Cedes business after pooling.
- Company D – Cedes nothing except to the pool.

Sample Situation

	<u>Company A</u>	<u>Company B</u>	<u>Company C</u>	<u>Company D</u>	<u>Total</u>
<u>Pool Business:</u>					
1. Direct & Assumed (a)	90,000	15,000	10,000	5,000	120,000
2. Pool Assembly Assumed (Ceded)	25,000	(10,000)	(10,000)	(5,000)	-
3. (Ceded) Before Pooling Dist. (a)	<u>(15,000)</u> (c)	<u>(5,000)</u> (b)	-	-	<u>(20,000)</u>
4. Net Before Pooling Dist.	100,000	-	-	-	100,000
5. Pooling Dist. Assumed (Ceded)	<u>(25,000)</u>	<u>15,000</u>	<u>7,000</u>	<u>3,000</u>	-
6. Net Retained – Amount	75,000	15,000	7,000	3,000	100,000
– Percent Specified	75%	15%	7%	3%	100%
<u>Non-Pool Business:</u>					
7. Direct & Assumed (e)	5,000	4,000	-	-	9,000
8. (Ceded)	<u>(2,000)</u> (e)	<u>(1,000)</u> (e)	<u>(5,000)</u> (d)	-	<u>(8,000)</u>
9. Net	3,000	3,000	(5,000)	-	1,000
<u>Total Business:</u>					
10. Direct & Assumed Before Pooling	95,000	19,000	10,000	5,000	129,000
11. Pool Assembly Assumed (Ceded)	25,000	(10,000)	(10,000)	(5,000)	-
12. (Ceded) Other Than Pooling	(17,000)	(6,000)	(5,000)	-	(28,000)
13. Pooling Dist. Assumed (Ceded)	<u>(25,000)</u>	<u>15,000</u>	<u>7,000</u>	<u>3,000</u>	-
14. Net	<u>78,000</u>	<u>18,000</u>	<u>2,000</u>	<u>3,000</u>	<u>101,000</u>

- (a) _____ Business which, if retained, would be pooled
- (b) _____ Ceded before pool assembly in (Line 2)
- ~~(c)~~ _____ Ceded before pooling distribution ~~(in~~ Line 5), before and/or after pool assembly ~~(in~~ Line 2)
- (d) _____ Ceded after pooling distribution in (Line 5)
- (e) _____ Business which, if retained, would not be pooled

Schedule P Reporting

Reporting Principle for Intercompany Pool Business – Each company reports its share/percent of the total pooled “Direct + Assumed” and the total pooled “Ceded” business respectively.

<u>Direct + Assumed</u>						
15.	Pool % of Line 1, Total Col.	90,000	18,000	8,400	3,600	120,000
16.	Non-Pooled (Line 7)	<u>5,000</u>	<u>4,000</u>	<u>-</u>	<u>-</u>	<u>9,000</u>
17.	Total	95,000	22,000	8,400	3,600	129,000
<u>(Ceded)</u>						
18.	Pool % of Line 3, Total Col.	(15,000)	(3,000)	(1,400)	(600)	(20,000)
19.	Non-Pooled (Line 8)	<u>(2,000)</u>	<u>(1,000)</u>	<u>(5,000)</u>	<u>-</u>	<u>(8,000)</u>
20.	Total	<u>(17,000)</u>	<u>(4,000)</u>	<u>(6,400)</u>	<u>(600)</u>	<u>(28,000)</u>
21.	Total Net	78,000	18,000	2,000	3,000	101,000

SCHEDULE P – PART 1

1. ~~1.~~—Premiums earned, ~~and losses paid, unpaid, and incurred, and loss adjustment expenses incurred~~ should reconcile with the Statement of Income page. Part 1 – Summary is the total of the Schedule P lines. ~~Non-proportional assumed reinsurance – Property, Liability and Financial Lines can be summed together as reported.~~
2. ~~2.~~—The columnar headings provide instructions necessary for completion.
 - a. ~~a.~~—“Assumed” means reinsurance assumed, including from ~~affiliated~~ intercompany pooling agreements, but excluding any non-proportional reinsurance assumed reported as a separate line and reported accordingly.
 - b. ~~b.~~—“Direct” means as directly written, but not if part of an ~~affiliated~~ intercompany pooling agreement.
 - c. ~~c.~~—“Ceded” means reinsurance ceded on business so reported as direct or assumed.
3. ~~3.~~ The number of claims reported is to be cumulative by incurred year. The number of claims reported in each incurred year is equal to the number of open claims at the end of the current year plus cumulative claims closed with or without payment in current and previous calendar years, possibly with adjustments for reopened claims.
- ~~3.4.~~ If the company changes its method of counting claims, the new method should be disclosed in Schedule P Interrogatories, Interrogatory 7.
5. ~~3.~~—Number of Claims Reported, Column 12, applies to Auto Liability (commercial and private passenger), Workers’ Compensation, Medical Professional Liability, Homeowners/Farmowners Multiple Peril, Commercial Multiple Peril, Other Liability, Products Liability, Auto Physical Damage and Warranty only. This column may be left blank in all other lines, including the Summary. Reported claim counts are not shown for lines combining different types of coverage, such as Special Liability, Special Property, International, and Nonproportional Assumed Reinsurance. For each year, this Column should include the cumulative number of claims reported through the annual statement date for business subject to intercompany pooling and business not subject to intercompany non-pooled business pooling.
6. ~~4.~~ Number of Claims Outstanding, Column 25, must be reported for all lines, except ~~Non-proportional Assumed Reinsurance – Property, Liability and Financial Lines.~~
7. ~~5.~~ For nonproportional reinsurance, there is no simple way to determine the number of claims ceded or assumed, since the percentage of a claim that is ceded depends on the size of the claim. For this reason, ceded and net claim counts are not shown for any line of business, and assumed claim counts are not shown for nonproportional reinsurance.
- ~~4.8.~~ For reporting entities reporting on a pooling basis, the pooling percentage should be applied to claim count as well as dollar amounts for the business subject to intercompany pooling. Indicate in the Interrogatories whether claim count information is reported per claim or per claimant.
- ~~5.9.~~ ~~4.~~—Cumulative salvage and subrogation received and losses and loss adjustment expenses paid should be reported for each specified incurred year.
5. ~~6.~~—In Schedule P, Part 1, salvage and subrogation received should be reported net of reinsurance, if any. Loss and loss adjustment expense payments are to be reported net of salvage and subrogation received in Schedule P.
~~10.~~
6. ~~7.~~—
The workpapers that show a reconciliation explaining reinsurance, discounting, and salvage and subrogation adjustments should be available for examination on request.
- ~~7.11.~~
7. ~~8.~~—Report cumulative amounts paid or received for specific years.

~~8.12.~~ 8.—The loss adjustment expenses from the Underwriting and Investment Exhibit, Part 3, are separated into one of two categories: DCC or A&O. ~~DCC expenses are those that are correlated with the loss amounts, and the A&O are as those expenses that are correlated with claim counts or are general loss adjustment expenses. In projecting the necessary reserves for these expenses, actuaries use a different approach for each of the two types of expenses. It is the character of the expenses that is most important, not whether the expenses were internal or external to the reporting entity.~~

~~9.13.~~ 9.—DCC expenses include defense, litigation and medical cost containment expenses, whether internal or external. ~~DCC include, but are not limited to, the following items: “Defense” means defense by the reporting entity in a contentious situation, whether a first party or a third-party claim. The fees charged for reporting entity employees should include overhead, just as an outside firm’s charges would include. The expenses exclude expenses incurred in the determination of coverage. These expenses include the following items:~~

- ~~a.~~ a.—Surveillance expenses;
- ~~b.~~ b.—Fixed amounts for medical cost containment expenses;
- ~~c.~~ c.—Litigation management expenses;
- ~~d.~~ d.—Loss adjustment expenses for participation in voluntary and involuntary market pools if reported by accident year;
- ~~e.~~ e.—Fees or salaries for appraisers, private investigators, hearing representatives, reinspectors and fraud investigators, if working in defense of a claim, and fees or salaries for rehabilitation nurses, if such cost is not included in losses;
- ~~f.~~ f.—Attorney fees incurred owing to a duty to defend, even when other coverage does not exist; and
- ~~g.~~ g.—The cost of engaging experts.

~~10.14.~~ 10.—A&O expenses are loss adjustment expenses other than DCC~~are the remaining loss adjustment expenses.~~ These expenses include, but are not limited to, the following items:

- ~~a.~~ a.—Fees and expenses of adjusters and settling agents ~~(but not if engaged in a contentious defense);~~
- ~~b.~~ a.
- ~~c.~~ e.—Loss adjustment expenses for participation in voluntary and involuntary market pools if reported by calendar year;
- ~~d.~~ b.
- ~~e.~~ c.—Attorney fees incurred in the determination of coverage, including litigation between the reporting entity and the policyholder; ~~and~~
- ~~f.~~ d.
- ~~g.~~ d.—Fees or salaries for appraisers, private investigators, hearing representatives, reinspectors and fraud investigators, if working in the capacity of an adjuster; ~~and.~~
- ~~h.~~ e. Adjustment expenses arising from claims related lawsuits such as extra contractual obligations and bad faith lawsuits.

~~11.15.~~ 11.—The foregoing list is not intended to be all-inclusive. ~~R~~We are relying on the reporting entities are to use reasonable judgment in particular situations.

~~12.16.~~ 12.—Reporting entities should assign the DCC expenses to the incurred year in which the associated losses were assigned. Reporting entities may assign the A&O expenses in any justifiable way among the incurred years. The preferred way is to apportion these expenses in proportion to the number of claims reported, closed, or outstanding each year.

~~13.17.~~ 13.—**Please Note:** This instruction is intended solely to give guidance on reporting loss adjustment expenses in Schedule P in the annual statement. It is not intended to provide guidance on the types of expenses to include in loss adjustment expenses. These definitions of DCC expense and A&O expense are not intended to affect insurance or reinsurance agreements or other contractual agreements.

~~14.18.~~ 14.—Column 24 is equal to Column 13 – Column 14 + Column 15 – Column 16 + Column 17 – Column 18 + Column 19 – Column 20 + Column 21 – Column 22.

~~15.19.~~ 15.—Column 28, “Net,” equals Column 26 – Column 27, which equals Column 11 + Column 24.

~~16.20.~~ ~~16.~~—Columns 32 and 33 require reporting of the discount, if any, as included on any line in Page 3 on liabilities for unpaid losses and loss adjustment expenses, in regard to non-tabular losses and loss adjustment expenses. (See definition of tabular reserves under Discounting of Liabilities for Unpaid Losses or Unpaid Loss Adjustment Expenses in the instructions for the Notes to the Financial Statements.) Columns 35 and 36 are the Column 24 unpaid losses and loss adjustment expenses net of the discount in Columns 32 and 33. Columns 35 and 36 must be completed and should agree with net balance sheet reserves after discount. If the reporting entity participates in an intercompany pool and reports on a pooling basis, then the percentage of that pool reported herein should be entered in Column 34. If some of the business is pooled and some is not, leave Column 34 blank and explain in Interrogatory 7.2 of the Schedule P Interrogatories.

~~17.21.~~ ~~17.~~—Report in Column 23 the estimated amount of anticipated salvage and subrogation that has been taken as credit (netted) in the reserves for unpaid losses and loss adjustment expenses reported in Column 24. (Note: Column 23 is a memo column only as the amounts contained therein have already been taken into consideration in Columns 13 through 20.)

~~a.~~ — ~~**Non-proportional assumed reinsurance – Property Reinsurance**~~

~~Includes all the following lines: Fire, Allied Lines, Ocean Marine, Inland Marine, Pet Insurance Plans, Earthquake, Group Accident and Health, Credit Accident and Health, Other Accident and Health, Auto Physical Damage, Boiler and Machinery, Burglary and Theft and International (of the foregoing).~~

~~b.~~ — ~~**Non-proportional assumed reinsurance – Liability**~~

~~Includes all the following lines: Farmowners Multiperil, Homeowners Multiperil, Commercial Multiperil, Medical Professional Liability, Workers' Compensation, Other Liability, Products Liability, Auto Liability, Aircraft (all peril) and International (of the foregoing).~~

~~c.~~ — ~~**Non-proportional assumed reinsurance – Financial**~~

~~Includes all the following lines: Financial Guaranty, Fidelity, Surety, Credit, and International (of the foregoing).~~

~~18.22.~~ The definitions of the named lines are the same as used on the State Pages.

~~19.23.~~ ~~19.~~—All proportional reinsurance must be allocated to appropriate lines.

~~20.24.~~ ~~20.~~—As used in this instruction “non-proportional reinsurance” means reinsurance in excess of retention by the ceding company, and “proportional reinsurance” means fixed percentage of all losses.

~~21.25.~~ ~~21.~~—For contracts that afford both proportional and non-proportional reinsurance, allocate premiums and losses to their component parts.

The Prior Row:

~~22.~~—Row 1 “Prior” row, Columns 4 through 11, should only reflect amounts paid or received in the current calendar year.

~~26.~~ In the prior row for losses and loss adjustment expenses paid and salvage and subrogation received (columns 4 through 10), report only losses and loss adjustment expenses paid and salvage and subrogation received in the current calendar year for all incurred years prior to the most recent ten years.

~~27.~~ Column 4 - 5 + 6 - 7 in the prior row equals column 10 - 9 in the Part 3 prior row.

~~28.~~ The unpaid losses and loss adjustment expenses on the prior row are the unpaid losses and loss adjustment expenses as of the annual statement date for all incurred years prior to the most recent ten years.

~~29.~~ The prior row should show the number of claims outstanding in the Summary and for all lines except Nonproportional Assumed Reinsurance – Property, Liability and Financial Lines. This row equals the number of claims outstanding as of the annual statement date for all incurred years prior to the most recent ten years.

22-30. There is no reporting required on the prior row for earned premiums, incurred loss and loss adjustment expenses, loss and loss adjustment expense percentages, number of claims reported, or the intercompany pooling participation percentages.

SCHEDULE P – PARTS 1H and 1RA THROUGH 1U

- ~~1. Reporting entities should complete Schedule P in thousands only but must report all claim counts in whole numbers.~~
- ~~2. The number of claims reported is to be cumulative by incurred year. The number of claims reported in each incurred year is equal to the number of open claims at the end of the current year plus cumulative claims closed with or without payment for current and previous calendar years.~~
- ~~3. If the Company changes its method of counting claims, the new method should be disclosed in Schedule P Interrogatories, Interrogatory 6.~~
- ~~1. Products Liability must be reported separately from Other Liability throughout the statement. This requires that companies separate and restate amounts previously reported as "Other Liability" into the appropriate parts of Schedule P and fully disclose amounts pertaining to "Products Liability."~~
- ~~2.1. "Claims-made Earned Premiums" shall include earned premiums arising from any policy where the predominant exposure is claims-made, but "Claims-made Earned Premiums" shall not include "Tail Earned Premiums."~~
- ~~3.2. "Occurrence Earned Premiums" are all premiums, which are not claims-made.~~
- ~~4.3. "Tail Earned Premiums" applicable to a claims-made insurance program are to be included in the occurrence Part for the respective line.~~
- ~~5.4. The following rules apply to accounting for claims-made losses:
 - a. The "incurred" date shall be the report date for losses attributable to claims-made (but not "tail" forms).
 - b. Losses shall be booked to the report year that is consistent with the report year definition contained in the policy.~~
- ~~6.5. The rule for accounting for losses incurred on tail policies is that such losses must be assigned to the year in which the policy was issued and are to be included in the Occurrence Part for the respective line.~~
- ~~10. Report in Column 23 the estimated amount of anticipated salvage and subrogation that has been taken as credit (netted) in the reserves for unpaid losses and loss adjustment expenses reported in Column 24. (Note: Column 23 is a memo column only as the amounts contained therein have already been taken into consideration in Columns 13 through 20.)~~
- ~~11. In Column 28, "Net," the amount should equal Column 26 – Column 27, which equals Column 11 + Column 24.~~
- The Prior Row:**
- ~~12. For the "prior" row, report amounts paid or received in current year only. Report cumulative amounts paid or received for specific years. Report loss payments net of salvage and subrogation received.~~

SCHEDULE P – PARTS 2, 3, AND 4

1. Schedule P, Part 2 provides a summary of the loss and DCC expense values over time and may be used to review the loss and expense development overview to test the adequacy of the reporting entity's reserves. Schedule P, Part 3 shows the payment patterns for cash flow projections, discounting calculations, and actuarial projections. Schedule P, Part 4 is an exhibit showing the historical bulk and IBNR reserves as reported. ~~Part 4 does not show a development of these reserves, and it will not, by itself, provide a test of the adequacy of these reserves.~~
2. Schedule P, Parts 2, 3 and 4 have parallel formats and are the basic exhibits for actuarial and financial analyses. The same Line Titles that applied to Schedule P, Part 1 also apply to Parts 2, 3 and 4.
 - a. ~~a.~~ All dollar amounts in Schedule P, Parts 2, 3, and 4 are reported net of reinsurance. Claim count information in Part 3 should be on a direct and assumed basis.
 - ~~a.b.~~ Parts 2 and 3 show cumulative amounts by incurred year.
 - ~~b.c.~~ All amounts are to be reported net of salvage and subrogation paid and anticipated.
 - ~~e.d.~~ All amounts in Parts 2 and 4 must be reported gross of both tabular and non-tabular discounting.
 - ~~d.e. d.~~ In Part 2, the "Development" in Column 11 and 12 should be the current year less the first previous year (for 1-year development) or second previous year (for 2-year development), showing the (redundant) or adverse development.
 - ~~e.~~ Report all amounts in thousands of dollars (\$000 omitted), by either rounding or truncating.

Part 3 Claim Counts:

3. The claim counts in Columns 11 and 12 of Part 3 should be reported for Auto Liability (commercial and private passenger), Workers' Compensation, Medical Professional Liability, Homeowners/Farmowners Multiple Peril, Commercial Multiple Peril, Other Liability, Products Liability, Auto Physical Damage and Warranty only.

Loss Adjustment Expenses:

- ~~43.~~ The triangles include only the DCC loss adjustment expenses. The reason for this is that DCC adjustment expenses correlate with loss amounts, but the A&O expenses do not.

Bulk and IBNR Reserves:

- ~~54.~~ The ~~b~~ Bulk and IBNR reserves for losses and DCC expenses in Part 4 are intended to include reserves for incurred but not reported claims, ~~for~~ reopened claims, ~~for~~ development on case reserves of reported claims, and ~~for~~ aggregate reserves on newly reported claims without specific case reserves. The ~~b~~ Bulk and IBNR reserves in Part 4 are the actuarially determined reserves and are included in the losses unpaid and ~~loss~~ DCC expenses unpaid reported in Schedule P, Parts 1 and 2. The bulk and IBNR reserves do not include case reserves established on individual claims.
- ~~65.~~ The ~~bulk and IBNR~~se reserves in Part 4 include ~~provision for~~ DCC expenses, unlike the reserves reported in the Underwriting and Investment Exhibit, Part 2A.

The Prior Row:

- ~~7.~~ ~~6.~~ In Part 2, Line 1, Column 1, ~~should show~~ include the loss and DCC expense reserves (case + bulk + IBNR) as of December 31 of the year in the column heading for all incurred years prior to the year in the column heading. For example, if the year in Column 1 is 20XX, Line 1 of Column 1 should show the loss and DCC expense reserves as of December 31, 20XX for incurred years 20XX-1 and prior. ~~previously reported at year-end of the last year for all accident years before the last year.~~

The subsequent development each year across Line 1 will relate to these reserves. For example, Column 2 of Line 1 shows the loss and DCC expense payments in calendar year 20XX+1 on incurred years 20XX-1 and prior plus the reserves (case + bulk + IBNR) as of year-end 20XX+1 on incurred years 20XX-1 and prior. Column 3 shows the payments in calendar years 20XX+1 and 20XX+2 on incurred years 20XX-1 and prior plus the reserves (case + bulk + IBNR) as of year-end 20XX+2 on incurred years 20XX-1 and prior. ~~and will show the subsequent payments and outstanding reserves.~~

This example shows how to calculate the Part 2, Line 1, Column 1 value for the 2024 annual statement. This calculation uses information from Parts 2 through 4 of the 2023 annual statement.

Annual Statement for the Year 2023 of the XYZ Insurance Company
Schedule P – Part 2

Incurred Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 Omitted)

<u>Years in Which Losses Were Incurred</u>	<u>1</u> <u>2014</u>	<u>2</u> <u>2015</u>	<u>3</u> <u>2016</u>	<u>4</u> <u>2017</u>	<u>5</u> <u>2018</u>	<u>6</u> <u>2019</u>	<u>7</u> <u>2020</u>	<u>8</u> <u>2021</u>	<u>9</u> <u>2022</u>	<u>10</u> <u>2023</u>
<u>1. Prior</u>		<u>830,000</u>								
<u>2. 2014</u>		<u>430,000</u>								

Annual Statement for the Year 2023 of the XYZ Insurance Company
Schedule P – Part 3

Cumulative Paid Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 Omitted)

<u>Years in Which Losses Were Incurred</u>	<u>1</u> <u>2014</u>	<u>2</u> <u>2015</u>	<u>3</u> <u>2016</u>	<u>4</u> <u>2017</u>	<u>5</u> <u>2018</u>	<u>6</u> <u>2019</u>	<u>7</u> <u>2020</u>	<u>8</u> <u>2021</u>	<u>9</u> <u>2022</u>	<u>10</u> <u>2023</u>
<u>1. Prior</u>		<u>180,000</u>								
<u>2. 2014</u>		<u>150,000</u>								

Annual Statement for the Year 2023 of the XYZ Insurance Company
Schedule P – Part 4

Bulk and IBNR Reserves on Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 Omitted)

<u>Years in Which Losses Were Incurred</u>	<u>1</u> <u>2014</u>	<u>2</u> <u>2015</u>	<u>3</u> <u>2016</u>	<u>4</u> <u>2017</u>	<u>5</u> <u>2018</u>	<u>6</u> <u>2019</u>	<u>7</u> <u>2020</u>	<u>8</u> <u>2021</u>	<u>9</u> <u>2022</u>	<u>10</u> <u>2023</u>
<u>1. Prior</u>		<u>420,000</u>								
<u>2. 2014</u>		<u>210,000</u>								

Annual Statement for the Year 2024 of the XYZ Insurance Company
Schedule P – Part 2

Incurred Net Losses and Defense and Cost Containment Expenses Reported at Year End (\$000 Omitted)

<u>Years in Which Losses Were Incurred</u>	<u>1</u> <u>2015</u>	<u>2</u> <u>2016</u>	<u>3</u> <u>2017</u>	<u>4</u> <u>2018</u>	<u>5</u> <u>2019</u>	<u>6</u> <u>2020</u>	<u>7</u> <u>2021</u>	<u>8</u> <u>2022</u>	<u>9</u> <u>2023</u>	<u>10</u> <u>2024</u>
<u>1. Prior</u>	<u>930,000</u>									
<u>2. 2015</u>										

Case reserves on net losses and DCC expenses for incurred years 2014 and prior as of 12/31/15:
 $830,000 + 430,000 - (180,000 + 150,000) - (420,000 + 210,000) = 300,000$

Bulk and IBNR reserves on net losses and DCC expenses for incurred years 2014 and prior as of 12/31/15:
 $420,000 + 210,000 = 630,000$

Case and bulk and IBNR reserves on net losses and DCC expenses for incurred years 2014 and prior as of 12/31/15:
 $300,000 + 630,000 = \mathbf{930,000}$

The Part 2, Line 1, Column 1 value in the current year's annual statement (930,000) equals:
Part 2, Line 1, Column 2 in the prior year's annual statement (830,000)
+ Part 2, Line 2, Column 2 in the prior year's annual statement (430,000)

- Part 3, Line 1, Column 2 in the prior year's annual statement (180,000)

- Part 3, Line 2, Column 2 in the prior year's annual statement (150,000).

~~7.—~~

~~8. In Part 3, Line 1, Column 1, the amount entered should always be “zero.*” In Line 1, Column 2, the amount should be the loss and DCC expense payments made in that calendar year on the reserves reported in Part 2, Line 1, Column 1. (These payments should be also have been included in Part 2, Line 1, Column 2.) For example, if the year in Column 1 is 20XX, Column 2 of Line 1 shows the loss and DCC expense payments in calendar year 20XX+1 on incurred years 20XX-1 and prior. Column 3 shows the payments in calendar years 20XX+1 and 20XX+2 on incurred years 20XX-1 and prior. In Line 1, Column 3, the amount should be the loss and expense payments made in that year and the preceding year on the reserves reported in Part 2, Line 1, Column 2. (These payments should be also have been included in Part 2, Line 1, Column 3.) Columns 4 through 10 should continue to cumulate the payments in the same way and tie into the Part 2 “prior” row.~~

**Line 1 only shows payments made subsequent to the establishment of reserves as of the earliest evaluation date in the table. For example, in the 2024 annual statement, the earliest evaluation date is year-end 2015, and Part 3 only shows payments made subsequent to the establishment of reserves as of year-end 2015. This explains why the amount in Line 1, Column 1 of Part 3 has to be zero, since there can be no payments made in 2015 subsequent to the establishment of reserves as of year-end 2015.*

~~8.—~~

~~7-9. Part 4, Line 1 shows the bulk and IBNR reserves at each year-end (using the year in the column heading) for all incurred years prior to the most recent 10. For example, if the year in Column 1 is 20XX, Line 1 of Column 1 should show the loss and DCC expense bulk and IBNR reserves as of December 31, 20XX for incurred years 20XX-1 and prior. In Part 4, Row 1, Column 1, the amount entered should be the bulk and IBNR that was included in Part 2, Row 1, Column 1, (which should equal the case reserves plus the bulk and IBNR). In fact, the entire Row 1 should be the bulk and IBNR included in Part 2, Row 1.~~

~~9. The “prior” row can be reconciled with the immediately preceding year’s Annual Statement by breaking down the accident years in the preceding Annual Statement and properly summing the parts.~~

SCHEDULE P – PART 5

~~1. 1. Part 5 is a reporting of claim count information in one location, all of which should have been reported in the current or previous Annual Statements. Part 5, Section 1 shows the cumulative number of claims closed with loss payment. Column 10 of Part 5, Section 1 ties to Column 11 of Part 3, except for the values in the Prior Row, as previously reported in Part 3, Column 11. Lines 3 through 11 of Column 11 of Part 3 of the prior year’s Schedule P tie to Lines 2 through 10 of Column 9 of Part 5, Section 1 of the current Schedule P. Similarly, Part 3 of older years’ Schedule P maps to Columns 1 through 8 of the current year’s Part 5, Section 1.~~

~~2. Part 5, Section 2 shows the number of claims outstanding as of the year-end in the column header. Column 10 of Part 5, Section 2 ties to Column 25 of Part 1. Lines 3 through 11 of Column 25 of Part 1 of the prior year’s Schedule P tie to Lines 2 through 10 of Column 9 of Part 5, Section 2 of the current Schedule P. Similarly, Column 25 of Part 1 of older years’ Schedule P maps to Columns 1 through 8 of the current year’s Part 5, Section 2, as previously reported in Part 1, Column 25, for all years, since this information has always been required in Schedule P.~~

~~4-3. Part 5, Section 3 shows the cumulative number of claims reported. Column 10 of Part 5, Section 3 ties to Column 12 of Part 1, except for the Prior Row. Lines 3 through 11 of Column 12 of Part 1 of the prior year’s Schedule P tie to Lines 2 through 10 of Column 9 of Part 5, Section 3 of the current Schedule P. Similarly, Part 1 of older years’ Schedule P maps to Columns 1 through 8 of the current year’s Part 5, Section 3, as previously reported in Part 1, Column 12.~~

~~2-4. All claim count information reported in Schedule P should be on a “direct and assumed” basis and should reconcile. “Direct and assumed” means direct business not subject to intercompany pooling, plus the company’s proportionate share proportion of a pool of the total number of pooled claims, plus assumed from other than the intercompany pool~~

plus proportional reinsurance assumed. Assumed claim counts on proportional reinsurance arrangements should use the same proportion as losses. The same percentage used for dollar amounts should also be used for the claim counts.

The Prior Row:

3-5. 3.—In Section 1, the Prior Row should show the number of claims closed with loss payment in the calendar year corresponding to the column header for all incurred years prior to the most recent 10 years.
each respective year for prior years.

4-6. 4.—In Section 2, the Prior Row should show the number of claims outstanding as of the year-end in the column header
each respective year for prior years for all incurred years prior to the most recent 10 years.

5-7. In Section 3, the Prior Row should show the number of claims reported in the calendar year corresponding to the column header for all incurred years prior to the most recent 10 years. in each respective year for prior years.—Even though Schedule P, Part 1, Column 12, does not require prior row information, reporting entities should have this information available. If not, reasonable estimates should be made.

SCHEDULE P – PART 6

1. 1.—For Schedule P, Part 6, the premiums to be reported are exposure or coverage year cumulative earned premiums, recalculated each subsequent year to reflect audits, retrospective adjustments based on loss experience, accounting lags, etc. Mechanically, the written premium file would be restated and the earned premium calculation repeated each year. Premium adjustments for policy periods that cover more than one calendar year should be proportionately distributed between the calendar years covered by the policy period.

For example (adapted from Feldblum’s “Completing and Using Schedule P,” eighth edition, June 2003), suppose that a retrospectively rated workers’ compensation policy is issued on October 1, 2013, for a one-year term and \$10,000 premium. On December 15, 2014, the payroll audit calls for an additional \$1,000 of premium. On July 1, 2015, the first retrospective adjustment calls for no additional or return premium. On July 1, 2016, the second retrospective adjustment calls for an additional premium of \$5,500. Part 6 for this policy, through December 31, 2016, would be completed as follows:

Annual Statement for the Year 2022 of the XYZ Insurance Company
Schedule P – Part 6
Cumulative Premiums Earned Direct and Assumed at Year End

<u>Years in Which Premiums Were Earned and Losses Were Incurred</u>	<u>1 2013</u>	<u>2 2014</u>	<u>3 2015</u>	<u>4 2016</u>	<u>...</u>
<u>1. Prior</u>					
<u>2. 2013</u>	<u>2,500</u>	<u>2,750</u>	<u>2,750</u>	<u>4,125</u>	
<u>3. 2014</u>		<u>8,250</u>	<u>8,250</u>	<u>12,375</u>	
<u>...</u>					
<u>13. Earned Premiums (Sch P-Pt. 1)</u>	<u>2,500</u>	<u>8,500</u>	<u>0</u>	<u>5,500</u>	

- At December 31, 2013, the exposure year 2013 earned premium is \$2,500 (= \$10,000 x 0.25).
- At September 30, 2014, the exposure year 2013 earned premium is \$2,500, and the exposure year 2014 earned premium is \$7,500 (= \$10,000 x 0.75).
- The payroll audit is distributed over the policy term, so on December 31, 2014, the exposure year 2013 earned premium is \$2,750 (= \$2,500 + 0.25 x \$1,000) and the exposure year 2014 earned premium is \$8,250 (= \$7,500 + 0.75 x \$1,000).

- The retrospective premiums are allocated to exposure years in proportion to the coverage period. At December 31, 2016, the exposure year 2013 earned premium is \$4,125 ($=\$2,750 + 0.25 \times \$5,500$) and the exposure year 2014 earned premium is \$12,375 ($=\$8,250 + 0.75 \times \$5,500$).
2. The objective is to develop earned premiums by ~~calendar~~ exposure year of coverage consistent with the loss and DCC expense by incurred year. ~~Only accident years 1993 and subsequent must be reported.~~ The difference between Sections 1 and 2 should equal the total net earned premiums.
 3. A further objective is to determine a more accurate loss and DCC expense ratio and to be able to project the earned but unbilled premiums, which may be an asset or liability. The reporting entity may use any method to recalculate the premiums, which will achieve this objective.
 4. Column 11 is for informational purposes and shows the distribution of premiums earned during the current year ~~for the prior years~~. Premiums as reported in Schedule P, Part 1, Columns 1 or 2, are also shown at the bottom of the exhibit to demonstrate the relationship and to show how Part 6 reconciles with Part 1.
 5. The layout of Sections 1 and 2 is the same. Section 1 shows direct and assumed premiums, while Section 2 shows ceded. ~~same features are applicable for Section 2 on ceded business.~~
 6. NOTE: Purchased tail coverage policies are issued in the year that the coverage is effective. Free extended tail coverage is issued in the year the coverage is triggered.

The Prior Row:

7. The Prior Row should show the incremental earned premium adjustment in ~~each the calendar year corresponding to the column header for all incurred years prior to the most recent 10 years~~ respective year for prior years. For Columns 1 through 9, the value in Row 1 for the column corresponding to year 20XX can be determined from the previous year's Schedule P, Part 6 as the sum of Rows 1 and 2 for the column corresponding to year 20XX minus Row 2 for the column corresponding to year 20XX-1. ~~prior experience years (columns), Row 1 for a particular year of experience (x) can be determined from the prior year's Schedule P, Part 6, as the sum of Rows 1 plus 2 for experience year (x) (column) minus Row 2 for the preceding year (x-1).~~

SCHEDULE P – PART 7

1. Only the experience on contracts that meet the following definition should be included in Part 7.

Loss sensitive contracts shall meet the following criteria:

- a. Contracts where an increase in losses on a policy can cause an increase in net payment (by the insured) for that policy.
 - b. The amount of additional payment (by the insured) must be at least 75% (50% for reinsurance contracts) of the additional losses, before application of aggregate and per accident/claimant limits or caps.
 - c. The net amount paid (by the insured) must also be able to differ by at least 20% (10% for reinsurance contracts), from highest to lowest possible charge in reaction to the loss experience.
 - d. The maximum possible payment by the insured should also be at least 15% (7.5% for reinsurance contracts) above what the insured would pay based on expected loss experience. In other words, the maximum charge should not approximate the expected charge.
 - e. The additional payment shall be in the form of additional premiums or additional commissions.
 - f. The additional losses and corresponding payments must flow through the income and balance sheets and cannot be “off-balance sheet.” For example, a deductible feature does not make a contract “loss sensitive” under this definition, as neither the losses under the deductible nor the reimbursements for these losses flow through the income statement.
2. Part 7 is only required of reporting entities who claim a reduction in their Risk-Based Capital for Loss Sensitive Contracts. Such reporting entities must complete the entire schedule in each year that they claim such credit.
 3. Part 7A provides experience on primary contracts. Part 7B provides experience on reinsurance contracts.

Section 1: Current Year Loss and LAE Reserves and Net Written Premium:

4. Column (1) should agree with the net loss and loss adjustment expense reserves (undiscounted) reported in the corresponding Part 1 of Schedule P.
5. Column (2) should reflect the corresponding values for Loss Sensitive Contracts only. Primary Loss Sensitive should include direct losses and expenses unpaid less reinsurance on those direct losses and expenses. Reinsurance Loss Sensitive should include unpaid assumed losses and expenses less any retrocessions on those losses and expenses.
6. Column (4) x 1000 should agree with the net written premiums reported in the Statement of Income page Underwriting and Investment Exhibit.
7. Column (5) should reflect the corresponding premium for Loss Sensitive Contracts only. Primary Loss Sensitive should include direct premiums written on loss sensitive contracts less reinsurance on those direct premiums. Reinsurance Loss Sensitive should include assumed loss sensitive premiums less any retroceded premiums.
8. Columns (3) and (6) are ratios of (2) to (1) and (5) to (4), respectively. Express as percentages showing one decimal place (e.g., 24.2%).

Sections 2 and 3: Loss Development:

9. In each row of Section 2 display the reported estimate of ultimate losses and DCC expense on all Loss Sensitive Contracts issued (i.e., with inception dates) in that year. Each reported estimate should be the estimate of cumulative ultimate loss and DCC eExpense as of ~~each the calendar~~ year-end corresponding to the column header, not the incremental amounts incurred during each calendar year. The resulting data should display the reported estimate of ultimate losses and DCC eExpense on a pPolicy yYear basis.

One reasonability benchmark that can be used to verify that the data is presented on a pPolicy yYear basis is to compare the magnitude of an issue year's ultimate loss and DCC eExpense estimates as of twelve months and as of twenty-four months. The valuation as of twenty-four months should be approximately twice as great as the valuation as of twelve months. (For example, the Issue Yyear 2004 estimate of ultimate losses and DCC eExpense at year-end 2005 should be approximately twice as great as the estimate of Issue Year 2004 ultimate losses and DCC eExpense at year-end 2004.) This reasonability benchmark assumes roughly even policy writings throughout the year. If a company's writings are proportionately greater in the first half of the year than the second half of the year, the valuation as of twelve months can reasonably be expected to be greater than 50% of the twenty-four-month valuation.

10. In each row of Section 3 show the bulk and IBNR reserves included in Section 2.

Sections 4 and 5: Premium Development:

11. In Section 4 of Schedule P for each year of issue, display the net earned premiums reported as of the calendar year-end corresponding to the column header~~at the end of each calendar year~~. Each reported estimate should be the estimate of cumulative net earned premium as of each year-end, not the incremental amounts earned during each calendar year. The resulting data should display the reported estimate of net earned premium on a pPolicy yYear basis.

One reasonability benchmark that can be used to verify that the data is presented on a pPolicy yYear basis is to compare the magnitude of an issue year's net earned premium as of twelve months and as of twenty-four months. The valuation as of twenty-four months should be approximately twice as great as the valuation as of twelve months. This reasonability benchmark assumes roughly even policy writings throughout the year. If a company's writings are proportionately greater in the first half of the year than the second half of the year, the valuation as of twelve months can reasonably be expected to be greater than 50% of the twenty-four-month valuation.

A second reasonability benchmark that can be used to verify the data presentation is to examine the ratio of Section 2 incurred loss and allocated expenses to Section 4 net earned premiums. The ratio of incurred losses to net earned premiums should all be similar at each valuation date. If Section 2 data is not on a policy year basis, but Section 4 is, or ~~vice versa~~ vice versa, the ratios as of twelve months will look very different than the ratios as of twenty-four months.

12. In Section 5 show separately any bulk assets or liabilities for future additional premiums or return of premiums included in the earned premium in Section 4. An entry denoting the expectation of future additional premiums should be displayed as a positive value. An entry denoting the expectation of future return premiums should be displayed as a negative value.
13. (Part 7B only): Loss Sensitive Reinsurance Contracts must be segmented between those on which premium is the adjustable element, and those on which commissions paid to the cedant are adjustable with losses. The premium development schedule (Sections 4 and 5, ~~Part 7B of Schedule P~~) should only include the experience of contracts with a variable premium.

Sections 6 and 7 (Part 7B only): Commission Development:

14. For all reinsurance contracts where the commission paid to the cedant varies with losses, display the development of that commission in Section 6 and display any assets or liabilities accrued in respect of the commission in Section 7. An entry denoting the expectation of future additional commissions to be paid should be displayed as a negative value. An entry denoting the expectation of future return commissions should be displayed as a positive value.

The Prior Row:

15. The “Prior” row in Sections 2 and 3 should display the reported estimate of ultimate losses and DCC ~~e~~Expense on a ~~p~~Policy ~~y~~Year basis for all policy years ten or more years older than the current policy year.
16. The “Prior” row in Sections 4 and 5 should display the reported estimate of net earned premium on a ~~p~~Policy ~~y~~Year basis for all policy years ten or more years older than the current policy year.

Formulas for Schedule P, Parts 2-4

Schedule P – Part 2 – Incurred Net Losses and Defense and Cost Containment Reported at Year-End

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Prior	Case + Bulk + IBNR rsvs on <2016 @ Ye 2016	paid in 2017 + rsvs on < 2016 @ ye 2017	paid 2017 thru 2018 + rsvs on < 2016_@ ye 2018	paid 2017 thru 2019 + rsvs on < 2016 @ ye 2019	paid 2017 thru 2020 + rsvs on < 2016 @ ye 2020	paid 2017 thru 2021 + rsvs on < 2016 @ ye 2021	paid 2017 thru 2022 + rsvs on < 2016 @ ye 2022	paid 2017 thru 2023 + rsvs on < 2016 @ ye 2023	paid 2017 thru 2024 + rsvs on < 2016 @ ye 2024	paid 2017 thru 2025 + rsvs on < 2016 @ ye 2025
2016	paid in 2016 + rsvs on 2016 @ ye 2016	paid thru 2017 + rsvs on 2016 @ ye 2017	paid thru 2018 + rsvs on 2016 @ ye 2018	paid thru 2019 + rsvs on 2016 @ ye 2019	paid thru 2020 + rsvs on 2016 @ ye 2020	paid thru 2021 + rsvs on 2016 @ ye 2021	paid thru 2022 + rsvs on 2016 @ ye 2022	paid thru 2023 + rsvs on 2016 @ ye 2023	paid thru 2024 + rsvs on 2016 @ ye 2024	paid thru 2025 + rsvs on 2016 @ ye 2025
2017		paid in 2017 + rsvs on 2017 @ ye 2017	paid thru 2018 + rsvs on 2017 @ ye 2018	paid thru 2019 + rsvs on 2017 @ ye 2019	paid thru 2020 + rsvs on 2017 @ ye 2020	paid thru 2021 + rsvs on 2017 @ ye 2021	paid thru 2022 + rsvs on 2017 @ ye 2022	paid thru 2023 + rsvs on 2017 @ ye 2023	paid thru 2024 + rsvs on 2017 @ ye 2024	paid thru 2025 + rsvs on 2017 @ ye 2025
2018			paid in 2018 + rsvs on 2018 @ ye 2018	paid thru 2019 + rsvs on 2018 @ ye 2019	paid thru 2020 + rsvs on 2018 @ ye 2020	paid thru 2021 + rsvs on 2018 @ ye 2021	paid thru 2022 + rsvs on 2018 @ ye 2022	paid thru 2023 + rsvs on 2018 @ ye 2023	paid thru 2024 + rsvs on 2018 @ ye 2024	paid thru 2025 + rsvs on 2018 @ ye 2025
2019				paid in 2019 + rsvs on 2019 @ ye 2019	paid thru 2020 + rsvs on 2019 @ ye 2020	paid thru 2021 + rsvs on 2019 @ ye 2021	paid thru 2022 + rsvs on 2019 @ ye 2022	paid thru 2023 + rsvs on 2019 @ ye 2023	paid thru 2024 + rsvs on 2019 @ ye 2024	paid thru 2025 + rsvs on 2019 @ ye 2025
2020					paid in 2020 + rsvs on 2020 @ ye 2020	paid thru 2021 + rsvs on 2020 @ ye 2021	paid thru 2022 + rsvs on 2020 @ ye 2022	paid thru 2023 + rsvs on 2020 @ ye 2023	paid thru 2024 + rsvs on 2020 @ ye 2024	paid thru 2025 + rsvs on 2020 @ ye 2025
2021						paid in 2021 + rsvs on 2021 @ ye 2021	paid thru 2022 + rsvs on 2021 @ ye 2022	paid thru 2023 + rsvs on 2021 @ ye 2023	paid thru 2024 + rsvs on 2021 @ ye 2024	paid thru 2025 + rsvs on 2021 @ ye 2025
2022							paid in 2022 + rsvs on 2022 @ ye 2022	paid thru 2023 + rsvs on 2022 @ ye 2023	paid thru 2024 + rsvs on 2022 @ ye 2024	paid thru 2025 + rsvs on 2022 @ ye 2025
2023								paid in 2023 + rsvs on 2023 @ ye 2023	paid thru 2024 + rsvs on 2023 @ ye 2024	paid thru 2025 + rsvs on 2023 @ ye 2025
2024									paid in 2024 + rsvs on 2024 @ ye 2024	paid thru 2025 + rsvs on 2024 @ ye 2025
2025										paid in 2025 + rsvs on 2025 @ ye 2025

Notes Figures are net of reinsurance, subrogation, and salvage.

	Reserves Only. Subsequent development relates only to subsequent payments and reserves.
	From Part 1: Column 11 - (Column 8 - Column 9) + Column 24 - (Column 21 - Column 22), <u>plus any tabular discount netted from the loss reserves in Column 24</u>

Schedule P-- Part 3 – Cumulative Paid Net Losses and Defense and Cost Containment Expenses Reported at Year-End

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	Number of Claims Closed With Loss Payment	Number of Claims Closed Without Loss Payment
Prior	000	paid in 2017 on < 2016*	paid 2017 thru 2018 on < 2016	paid 2017 thru 2019 on < 2016	paid 2017 thru 2020 on < 2016	paid 2017 thru 2021 on < 2016	paid 2017 thru 2022 on < 2016	paid 2017 thru 2023 on < 2016	paid 2017 thru 2024 on < 2016	paid 2017 thru 2025 on < 2016		
2016	paid in 2016 on 2016	paid thru 2017 on 2016	paid thru 2018 on 2016	paid thru 2019 on 2016	paid thru 2020 on 2016	paid thru 2021 on 2016	paid thru 2022 on 2016	paid thru 2023 on 2016	paid thru 2024 on 2016	paid thru 2025 on 2016		
2017		paid in 2017 on 2017	paid thru 2018 on 2017	paid thru 2019 on 2017	paid thru 2020 on 2017	paid thru 2021 on 2017	paid thru 2022 on 2017	paid thru 2023 on 2017	paid thru 2024 on 2017	paid thru 2025 on 2017		
2018			paid in 2018 on 2018	paid thru 2019 on 2018	paid thru 2020 on 2018	paid thru 2021 on 2018	paid thru 2022 on 2018	paid thru 2023 on 2018	paid thru 2024 on 2018	paid thru 2025 on 2018		
2019				paid in 2019 on 2019	paid thru 2020 on 2019	paid thru 2021 on 2019	paid thru 2022 on 2019	paid thru 2023 on 2019	paid thru 2024 on 2019	paid thru 2025 on 2019		
2020					paid in 2020 on 2020	paid thru 2021 on 2020	paid thru 2022 on 2020	paid thru 2023 on 2020	paid thru 2024 on 2020	paid thru 2025 on 2020		
2021						paid in 2021 on 2021	paid thru 2022 on 2021	paid thru 2023 on 2021	paid thru 2024 on 2021	paid thru 2025 on 2021		
2022							paid in 2022 on 2022	paid thru 2023 on 2022	paid thru 2024 on 2022	paid thru 2025 on 2022		
2023								paid in 2023 on 2023	paid thru 2024 on 2023	paid thru 2025 on 2023		
2024									paid in 2024 on 2024	paid thru 2025 on 2024		
2025										paid in 2025 on 2025		

Notes: Figures are net of reinsurance.
 Figures are net of salvage and subrogation received.
 * "on < 2016" here means "on net loss and DCC expense reserves established by the company as of 12/31/16 for incurred years prior to 2016"

From Part 1: Column 4 - Column 5 + Column 6 - Column 7
 (or Column 11 - (Column 8 - Column 9))

**Schedule P - Part 4 - Bulk and INBR Reserves on Net Losses and DCC Expenses
Reported at Year End**

	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Prior	rsvs ye 2016 on < 2016	rsvs ye 2017 on < 2016	rsvs ye 2018 on < 2016	rsvs ye 2019 on < 2016	rsvs ye 2020 on < 2016	rsvs ye 2021 on < 2016	rsvs ye 2022 on < 2016	rsvs ye 2023 on < 2016	rsvs ye 2024 on < 2016	rsvs ye 2025 on < 2016
2016	rsvs ye 2016 on 2016-ay	rsvs ye 2017 on 2016-ay	rsvs ye 2018 on 2016-ay	rsvs ye 2019 on 2016-ay	rsvs ye 2020 on 2016-ay	rsvs ye 2021 on 2016-ay	rsvs ye 2022 on 2016-ay	rsvs ye 2023 on 2016-ay	rsvs ye 2024 on 2016-ay	rsvs ye 2025 on 2016-ay
2017		rsvs ye 2017 on 2017-ay	rsvs ye 2018 on 2017-ay	rsvs ye 2019 on 2017-ay	rsvs ye 2020 on 2017-ay	rsvs ye 2021 on 2017-ay	rsvs ye 2022 on 2017-ay	rsvs ye 2023 on 2017-ay	rsvs ye 2024 on 2017-ay	rsvs ye 2025 on 2017-ay
2018			rsvs ye 2018 on 2018-ay	rsvs ye 2019 on 2018-ay	rsvs ye 2020 on 2018-ay	rsvs ye 2021 on 2018-ay	rsvs ye 2022 on 2018-ay	rsvs ye 2023 on 2018-ay	rsvs ye 2024 on 2018-ay	rsvs ye 2025 on 2018-ay
2019				rsvs ye 2019 on 2019-ay	rsvs ye 2020 on 2019-ay	rsvs ye 2021 on 2019-ay	rsvs ye 2022 on 2019-ay	rsvs ye 2023 on 2019-ay	rsvs ye 2024 on 2019-ay	rsvs ye 2025 on 2019-ay
2020					rsvs ye 2020 on 2020-ay	rsvs ye 2021 on 2020-ay	rsvs ye 2022 on 2020-ay	rsvs ye 2023 on 2020-ay	rsvs ye 2024 on 2020-ay	rsvs ye 2025 on 2020-ay
2021						rsvs ye 2021 on 2021-ay	rsvs ye 2022 on 2021-ay	rsvs ye 2023 on 2021-ay	rsvs ye 2024 on 2021-ay	rsvs ye 2025 on 2021-ay
2022							rsvs ye 2022 on 2022-ay	rsvs ye 2023 on 2022-ay	rsvs ye 2024 on 2022-ay	rsvs ye 2025 on 2022-ay
2023								rsvs ye 2023 on 2023-ay	rsvs ye 2024 on 2023-ay	rsvs ye 2025 on 2023-ay
2024									rsvs ye 2024 on 2024-ay	rsvs ye 2025 on 2024-ay
2025										rsvs ye 2025 on 2025-ay

Notes: Figures are net of reinsurance.

From Part 1: Column 15 - Column 16 + Column 19 - Column 20, plus any tabular discount netted from the reserves in Part 1

Earned Premium Development for Schedule P, Part 6

Example

Rows 1 and 2 of the 2023 Part 6 are shown because these rows can be used to calculate Row 1 of the 2024 Part 6.

Annual Statement for the Year 2023 of the XYZ Insurance Company
Schedule P – Part 6
Cumulative Premiums Earned Direct and Assumed at Year End

Year in Which Premiums Were Earned and Losses Were Incurred	CUMULATIVE PREMIUMS EARNED DIRECT AND ASSUMED AT YEAR END (\$000 OMITTED)										Current Year Premiums Earned
	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	
1. Prior	9,900	1,900	1,200	(1,500)	(2,400)	2,100	(300)	(1,100)	0	0	0
2. 2014	112,000	121,000	126,100	126,600	126,000	127,500	126,300	124,500	124,500	124,400	(100)
...											

Annual Statement for the Year 2024 of the XYZ Insurance Company
Schedule P – Part 6
Cumulative Premiums Earned Direct and Assumed at Year End

Year in Which Premiums Were Earned and Losses Were Incurred	CUMULATIVE PREMIUMS EARNED DIRECT AND ASSUMED AT YEAR END (\$000 OMITTED)										Current Year Premiums Earned
	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	
1. Prior	10,900 00	6,300 00	(1,000) 4,000	3,000 (3,000)	2,200 600	1,500 (1,500)	1,000 (2,900)	600	300 (100)	100	0 100
2. 2015	130,000 350,000	354,000 139,000	356,000 146,000	357,000 146,000	357,800 146,000	358,500 144,000	359,000 142,000	359,400 142,000	359,700 143,000	143,000 359,900	0 200
3. 2016	xxxx	164,000 355,000	359,000 181,000	361,000 187,000	362,000 187,000	362,800 186,000	363,500 185,000	364,000 182,000	182,000 364,400	182,000 364,700	0 300
4. 2017		xxxx	213,000 360,000	364,000 234,000	366,000 239,000	367,000 241,000	367,800 240,000	368,500 235,000	369,000 233,000	369,400 233,000	400 0
5. 2018			xxxx	217,000 365,000	369,000 225,000	371,000 229,000	372,000 229,000	372,800 227,000	373,500 222,000	374,000 222,000	500 0
6. 2019				xxxx	239,000 370,000	374,000 252,000	376,000 256,000	377,000 258,000	377,800 255,000	378,500 253,000	600 (2,000)
7. 2020					xxxx	253,000 375,000	379,000 256,000	381,000 259,000	382,000 259,000	382,800 255,000	700 (4,000)
8. 2021						xxxx	258,000 380,000	384,000 280,000	386,000 285,000	387,000 284,000	1,000 (1,000)
9. 2022							xxxx	263,000 385,000	389,000 285,000	391,000 289,000	4,000 2,000
10. 2023								xxxx	279,000 390,000	394,000 294,000	4,000 15,000
11. 2024									xxxx	305,000 395,000	395,000 05,000
12. Totals										xxxx	317,000 05,000

<u>13. Earned Premiums (Sch P-Pt. 1)</u>	<u>140,900</u>	<u>179,300</u>	<u>236,000</u>	<u>241,000</u>	<u>255,600</u>	<u>267,500</u>	<u>258,100</u>	<u>280,000</u>	<u>296,900</u>	<u>317,000</u>	
Schedule P Part 1-EP	360,000	365,000	370,000	375,000	380,000	385,000	390,000	395,000	400,000	405,000	XXXX

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