

What Risk-Based Capital Pages Should Be Submitted?

For year-end 2024 property/casualty (P/C) risk-based capital (RBC), hard copies of pages **PR001- PR035**, as well as pages **PR038 and PR039**, should be submitted to any state that requests a hard copy. Beginning with year-end 2011 RBC, a hard copy was not required to be submitted to the NAIC, but a portable document format (PDF) file representing the hard copy filing is part of the electronic filing with the NAIC.

Underwriting Risk

Pet Insurance

The Capital Adequacy (E) Task Force adopted proposal 2023-14-P during its March 17 meeting. This proposal removed pet insurance from the inland marine line of business and added a separate new line for pet insurance. This change is consistent with the change in the annual statement. However, the RBC charges calculation for pet insurance will still be included in the inland marine line of business.

Schedule P Short Tail Lines

During its March 17 meeting, the Capital Adequacy (E) Task Force adopted proposal 2024-01-P, which: 1) changed all the company record data to vendor link data for all RBC Schedule P shorttailed exhibits as the result of the adoption of the annual statement blanks proposal 2023-16BWG MOD; and 2) removed PR301 through PR306.



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Underwriting Risk Factors Lines 4, 7, or 8

As a result of the adoption of proposal 2024-11-P by the Capital Adequacy (E) Task Force during its April 30 meeting, Lines 4 and 8 factors were based on the 2023 American Academy of Actuaries' (Academy's) *Update to Property and Casualty Risk-Based Capital Underwriting Factors and Investment Income Adjustment Factors* report. During the Property and Casualty Risk-Based Capital (E) Working Group's April 25 meeting, the Working Group decided to use 50% indicated change with capped international and product liability lines for reserves and 50% indicated change with capped financial mortgage guaranty line for premium for 2024 reporting.

PR017 Underwriting Risk - Reserves

Proposed Line (4), Industry Loss & Expense RBC Factors

Col.	Line of Business	2024 Factor	2023 Factor
(1)	H/F	0.220	0.213
(2)	PPA	0.192	0.179
(3)	CA	0.318	0.276
(4)	WC	0.363	0.344
(5)	CMP	0.485	0.494
(6)	MPL Occurrence	0.327	0.383
(7)	MPL Claims Made	0.224	0.276
(8)	SL	0.353	0.304
(9)	OL	0.514	0.531
(10)	Fidelity/Surety	0.479	0.371
(11)	Special Property / Pet Insurance Plan	0.259	0.246
(12)	Auto Physical Damage	0.146	0.155
(13)	Other (Credit A&H)	0.223	0.220
(14)	Financial/Mortgage Guaranty	0.163	0.179
(15)	INTL	0.514	0.359
(16)	REIN. P&F Lines	0.367	0.415
(17)	REIN. Liability	0.626	0.656
(18)	PL	1.014	0.802
(19)	Warranty	0.363	0.371

PR017 Underwriting Risk - Reserves

Proposed Line (8), Adjustment for Investment Income

Col.	Line of Business	2024 Factor	2023 Factor
(1)	H/F	0.945	0.938
(2)	PPA	0.933	0.928
(3)	CA	0.919	0.911
(4)	WC	0.807	0.830
(5)	CMP	0.887	0.876
(6)	MPL Occurrence	0.863	0.865
(7)	MPL Claims Made	0.890	0.883
(8)	SL	0.887	0.890
(9)	OL	0.858	0.852
(10)	Fidelity/Surety	0.924	0.940
(11)	Special Property / Pet Insurance Plan	0.960	0.966
(12)	Auto Physical Damage	0.977	0.976
(13)	Other (Credit A&H)	0.952	0.967
(14)	Financial/Mortgage Guaranty	0.921	0.926
(15)	INTL	0.878	0.874
(16)	REIN. P&F Lines	0.907	0.901
(17)	REIN. Liability	0.816	0.838
(18)	PL	0.843	0.841
(19)	Warranty	0.951	0.940

Underwriting Risk Factors Lines 4 and 8 (continued)

PR018 Underwriting Risk - Premiums

Proposed Line (4), Industry Losses & Loss Adjustment Expense Ratio

Col.	Line of Business	2024 Factor	2023 Factor
(1)*	H/F	0.933	0.936
(2)	PPA	0.970	0.969
(3)	CA	1.012	1.010
(4)	WC	1.041	1.044
(5)*	CMP	0.878	0.883
(6)	MPL Occurrence	1.531	1.668
(7)	MPL Claims Made	1.138	1.130
(8)*	SL	0.908	0.922
(9)	OL	1.003	1.013
(10)	Fidelity/Surety	0.756	0.854
(11)*	Special Property / Pet Insurance Plan	0.829	0.863
(12)	Auto Physical Damage	0.836	0.836
(13)	Other (Credit A&H)	0.931	0.935
(14)	Financial/Mortgage Guaranty	1.805	1.598
(15)*	INTL	1.355	1.234
(16)*	REIN. P&F Lines	1.072	1.170
(17)*	REIN. Liability	1.253	1.322
(18)	PL	1.229	1.263
(19)	Warranty	0.920	0.854

PR018 Underwriting Risk - Premiums

Proposed Line (7), Adjustment for Investment Income

Col.	Line of Business	2024 Factor	2023 Factor
(1)*	H/F	0.960	0.954
(2)	PPA	0.931	0.925
(3)	CA	0.897	0.890
(4)	WC	0.836	0.839
(5)*	CMP	0.909	0.896
(6)	MPL Occurrence	0.781	0.767
(7)	MPL Claims Made	0.845	0.827
(8)*	SL	0.911	0.898
(9)	OL	0.827	0.816
(10)	Fidelity/Surety	0.913	0.904
(11)*	Special Property / Pet Insurance Plan	0.953	0.949
(12)	Auto Physical Damage	0.975	0.971
(13)	Other (Credit A&H)	0.953	0.947
(14)	Financial/Mortgage Guaranty	0.888	0.884
(15)*	INTL	0.915	0.905
(16)*	REIN. P&F Lines	0.906	0.893
(17)*	REIN. Liability	0.794	0.777
(18)	PL	0.788	0.774
(19)	Warranty	0.938	0.904

* Cat Lines

New Industry Average Risk Factors - Annual Update

During its June 28 meeting, the Capital Adequacy (E) Task Force adopted the annual update of industry average development factors:

PR017 Underwriting Risk - Reserves

Line (1), Industry Development Factors

Col.	Line of Business	2024 Factor	2023 Factor
(1)	H/F	1.020	0.999
(2)	PPA	1.061	1.047
(3)	CA	1.115	1.106
(4)	WC	0.882	0.873
(5)	CMP	1.024	1.026
(6)	MPL Occurrence	0.910	0.906
(7)	MPL Claims Made	0.996	0.984
(8)	SL	0.996	0.994
(9)	OL	0.993	0.969
(10)	Fidelity/Surety	0.875	0.852
(11)	Special Property / Pet Insurance Plan	0.989	0.983
(12)	Auto Physical Damage	0.999	1.016
(13)	Other (Credit A&H)	0.942	0.946
(14)	Financial/Mortgage Guaranty	0.493	0.674
(15)	INTL	2.168	2.414
(16)	REIN. P&F Lines	0.930	0.924
(17)	REIN. Liability	1.054	1.024
(18)	PL	0.882	0.874
(19)	Warranty	0.991	0.995

PR018 Underwriting Risk - Net Written Premiums

Line (1), Industry Average Loss and Expense Ratios

Col.	Line of Business	2024 Factor	2023 Factor
(1)*	H/F	0.695	0.679
(2)	PPA	0.799	0.791
(3)	CA	0.787	0.777
(4)	WC	0.646	0.651
(5)*	CMP	0.684	0.671
(6)	MPL Occurrence	0.752	0.767
(7)	MPL Claims Made	0.828	0.815
(8)*	SL	0.583	0.578
(9)	OL	0.649	0.641
(10)	Fidelity/Surety	0.375	0.363
(11)*	Special Property / Pet Insurance Plan	0.559	0.550
(12)	Auto Physical Damage	0.733	0.727
(13)	Other (Credit A&H)	0.711	0.702
(14)	Financial/Mortgage Guaranty	0.158	0.209
(15)*	INTL	1.153	1.136
(16)*	REIN. P&F Lines	0.587	0.578
(17)*	REIN. Liability	0.760	0.743
(18)	PL	0.594	0.597
(19)	Warranty	0.641	0.652

* Cat Lines

Catastrophe Risk

Interrogatory on Catastrophe Risk Reinsurance Program (PR027INTA)

Given the recent catastrophe-related insolvencies and increasing cost of catastrophe reinsurance coverage, state insurance regulators have identified a need to collect additional detail from insurers on the structure of their catastrophe reinsurance programs on an annual basis. As such information could be viewed as confidential and proprietary and is closely related to the existing PR027 Rcat charge, the collection of additional information on an insurer's catastrophe reinsurance program is being proposed through a series of questions added to the PR027 Catastrophe Risk Interrogatories. The Capital Adequacy (E) Task Force adopted proposal 2023-13-CR during its March 17 meeting, which added page PR027INTA to the P/C RBC blanks.

Convective Storm Structure in Rcat for Informational Purposes Only (PR027D)

The Capital Adequacy (E) Task Force adopted proposal 2023-15-CR during its March 17 meeting to add severe convective storm as one of the catastrophe perils for informational purposes only in the Rcat component. While the Catastrophe Risk (E) Subgroup reviewed the possibility of expanding the current catastrophe framework to include other perils that may experience a greater tail risk under projected climate-related trends, the severe convective storm has been identified as a catastrophe peril in the Rcat component.

Climate Scenario Analysis (PR027D)

The Financial Condition (E) Committee adopted proposal 2024-20-CR to replace the proposal 2023-17-CR during its August 2 meeting, the disclosure of climate-conditioned catastrophe exposure for hurricane and wildfire, which reflect adjusted frequency and severity for years 2040 and 2050, was added to the P/C RBC blanks. This information is intended to be useful for domestic regulators holding conversations with insurers who may have a greater degree of risk for these perils.

Affiliated Investments

Modification to the Affiliated Investment Blanks (PR003)

The Capital Adequacy (E) Task Force adopted proposal 2024-08-CA during its April 30 meeting to remove the "R0 Component" reference from the Column 12 heading on page PR003. The "R0" references are misleading because only affiliate types 1, 2, 5, and 6 flow into R0, while affiliate types 3, 4, 7, 8, and 9 flow into R2.

In addition, the Task Force adopted proposal 2023-12-CA during its Dec. 2, 2023, meeting to adopt an editorial change made to remove the word "Common" in the heading of Column (13) of PR003 Details for Affiliated Stocks. A corresponding change was made to PR007 Unaffiliated Preferred and Common Stock and PR031 (Calculation of Total Risk-Based Capital After Covariance) by removing the word "Common" in line "Market Value in Excess Affiliated Stocks." This line includes the affiliated amounts for both preferred and common stock.

Accident and Health Business

Underwriting Risk Factors (PR020)

The Capital Adequacy (E) Task Force adopted proposal 2024-09-CA during its June 28 meeting. This proposal updated the comprehensive medical, Medicare supplement, and dental and vision factors to include a 5.5% investment yield adjustment. The revised factors are:

	Comprehensive Medical	Medicare Supplement	Dental & Vision
\$0-\$3 Million	0.1427	0.0973	0.1143
\$3-\$25 Million	0.1427	0.0596	0.0706
Over \$25 Million	0.0832	0.0596	0.0706

Other Health Line (PR019)

During its April 30 meeting, the Capital Adequacy (E) Task Force adopted proposal 2024-10-P, which: 1) added “in part” to the Line 25 annual statement source; and 2) updated Column 1, Line 25 to “Company Record.” These changes eliminated the double-counting issue for those companies that have stop-loss premium.

Receivable for Securities Factor

The Capital Adequacy (E) Task Force adopted proposal 2024-13-CA during its June 28 meeting, which updated the factor for the Receivables for Securities (Line (1), Page PR009) from 0.020 to 0.025.

Modification of Other Long-Term Assets (PR008) Structure for Residual Tranches or Interests

The Capital Adequacy (E) Task Force adopted proposal 2024-02-CA during its April 30 meeting to add a line in PR008 to include the total of residual tranches or interests on a stand-alone line with no factor proposed and, hence, deemed as structural change only.

Residual Tranches or Interests Factor

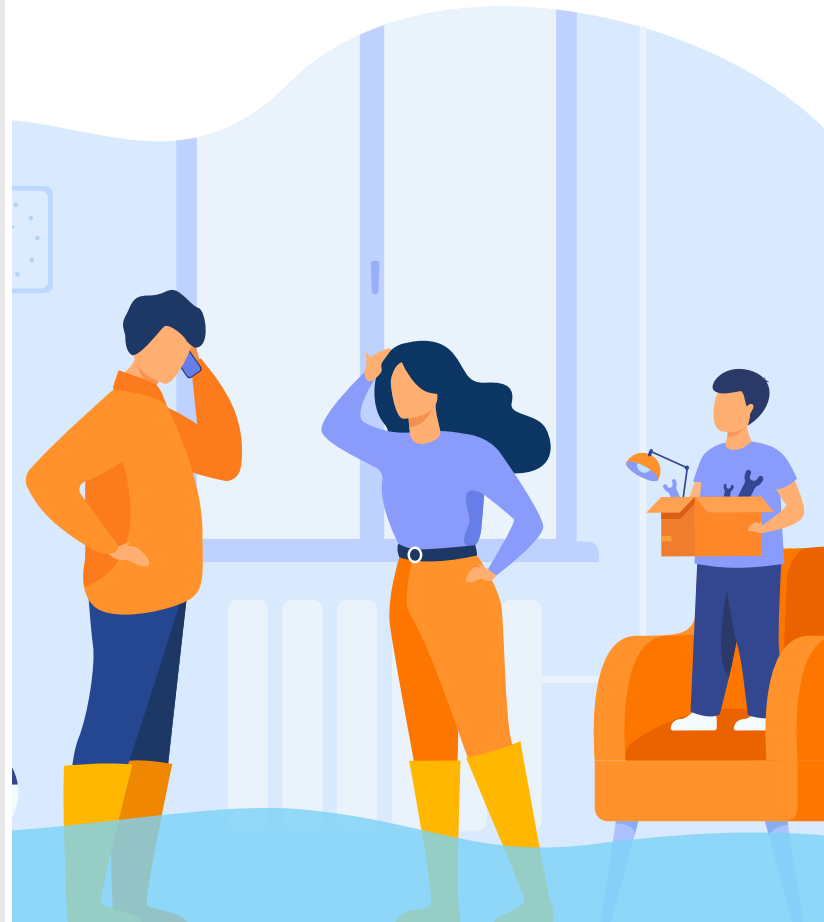
The Capital Adequacy (E) Task Force adopted proposal 2024-18-CA during its June 28 meeting to adopt a 20% factor for residual tranches or interests in PR008.



Risk-Based Capital Forecasting and Instructions

The P/C RBC forecasting spreadsheet calculates RBC using the same formula presented in the *2024 NAIC Property & Casualty Risk-Based Capital Report Including Overview & Instructions for Companies*. The entire RBC publication, including the forecasting spreadsheet, can be downloaded from the [NAIC Account Manager](#) through the NAIC Publications Department. This publication is available for purchase on or about Nov. 1 each year. The User Guide is no longer included in the RBC publications.

WARNING: The RBC forecasting spreadsheet CANNOT be used to meet the year-end RBC electronic filing requirement. RBC filing software from an annual financial statement software vendor should be used to create the electronic filing. If the forecasting worksheet is sent instead of an electronic filing, it will not be accepted, and the RBC will not have been filed.



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