NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

To: NAIC Financial Condition (E) Committee
From: NAIC Natural Catastrophe Risk and Resilience Task Force
Re: Recommendation to continue the existing forward-looking Scenario Analysis RCAT forms and more closely coordinate information with the concurrent Reinsurance interrogatory

Date: 07/24/2026

Recommendation: The NAIC Natural Catastrophe Risk and Resilience Task Force is currently working on issues related to catastrophe risk models, risk mitigation programs, and catastrophe Property and Casualty Reinsurance, generation of real-time data and forward-looking scenarios for estimating the scope of probable maximum losses, and in doing so is finding ongoing value from collaborations with E Committee on solvency related data. The Natural Catastrophe Risk and Resilience Task Force recommends that the Financial Condition (E) Committee coordinate the interrogatories for catastrophe Reinsurance and forward-looking Scenario Analysis within the Risk Based Capital (RBC) RCAT forms, and extend the existing sunset until YE2030 for the Scenario Analysis in the RCAT to enable better integration into catastrophe Reinsurance information, and because the Scenario Analysis data are being utilized for current technical trainings, data analysis, and state-specific applications.

Summary of reasons to continue collection of forward-looking scenario analysis:

- State Insurance Regulators are actively using the data collected for Reinsurance training and discussions within Financial Examinations. The NAIC Center of Excellence (COE) is analyzing and integrating the Probable Maximum Loss information for use in P&C Reinsurance training, as well as financial analysis training.

- These scenarios are providing regulators with additional scope of maximum loss scenarios and for beginning to understand future catastrophe reinsurance capacity and for gauging how that capacity may react to wildfire and hurricane scenarios. In some cases, state regulators are using combinations of catastrophe reinsurance information and catastrophe risk scenarios in exams.

- These scenarios are also helping regulators to understand the models and approaches that companies are taking towards understanding medium and long-term catastrophe risks, including the ability to compare frequency and probabilistic approaches and metrics.

- Continuing to collect this information over time will help regulators understand how the results are impacted by concentration risk, underwriting portfolios and model projections change, and leverage the COE for training and analysis that can be tailored to each individual state.