

CASUALTY ACTUARIAL AND STATISTICAL (C) TASK FORCE

Casualty Actuarial and Statistical (C) Task Force Aug. 12, 2026, Minutes

Casualty Actuarial and Statistical (C) Task Force Aug. 7, 2026, Minutes (Attachment One)

Casualty Actuarial and Statistical (C) Task Force July 14, 2026, Minutes (Attachment Two)

Rate Regulation White Paper and Cross-Subsidization Overview (Attachment Two-A)

Casualty Actuarial and Statistical (C) Task Force June 26, 2026, Minutes (Attachment Three)

Casualty Actuarial and Statistical (C) Task Force June 10, 2026, Minutes (Attachment Four)

Casualty Actuarial and Statistical (C) Task Force June 9, 2026, Minutes (Attachment Five)

Casualty Actuarial and Statistical (C) Task Force May 12, 2026, Minutes (Attachment Six)

Presentations on Homeowners Rate Regulation and Potential Rate Cross-Subsidization Across States (Attachment Six-A)

Casualty Actuarial and Statistical (C) Task Force April 14, 2026, Minutes (Attachment Seven)

Comments Received on Exposure of Proposed Schedule P Instructions (Attachment Seven-A)

Proposed Schedule P Instructions Exposed (Attachment Seven-B)

Updated Liaison List Containing NAIC Groups to Follow (Attachment Seven-C)

Actuarial Opinion (C) Working Group July 15, 2026, Minutes (Attachment Eight)

Actuarial Opinion (C) Working Group June 24, 2026, Minutes (Attachment Nine)

Statistical Data (C) Working Group July 29, 2026, Minutes (Attachment Ten)

Statistical Data (C) Working Group June 17, 2026, Minutes (Attachment Ten-A)

Statistical Data (C) Working Group May 20, 2026, Minutes (Attachment Ten-B)

Statistical Data (C) Working Group April 8, 2026, Minutes (Attachment Ten-B1)

Comments Received on Exposure of Title Schedule P Instructions Proposal (Attachment Eleven)

Title Schedule P Instructions Proposal (Attachment Twelve)

Draft Pending Adoption

Draft: 8/18/26

Casualty Actuarial and Statistical (C) Task Force
Columbus, Ohio
August 12, 2026

The Casualty Actuarial and Statistical (C) Task Force met in Columbus, OH, Aug. 12, 2026. The following Task Force members participated: Angela L. Nelson, Chair, represented by Julie Lederer (MO); Timothy N. Schott, Vice Chair, represented by Sandra Darby (ME); Heather Carpenter represented by Chad Bennett and Austin Childs (AK); Mark Fowler represented by Charles Hale (AL); Ricardo Lara represented by Tina Shaw (CA); Joshua Hershman represented by Wanchin Chou (CT); Michael Yaworsky represented by Richie Frederick (FL); Doug Ommen represented by Travis Grassel (IA); Holly W. Lambert represented by Lawrence Steinert (IN); Vicki Schmidt represented by Nicole Boyd (KS); Timothy J. Temple represented by Nichole Torblaa (LA); Marie Grant represented by Arthur Schwartz (MD); Anita G. Fox represented by Kevin Dyke (MI); Julia Dreier represented by Phil Vigliaturo (MN); Eric Dunning represented by Nguyen Thai (NE); D.J. Bettencourt represented by Sean Rosene (NH); Ned Gaines represented by Gennady Stolyarov (NV); Judith L. French represented by Tom Botsko (OH); Glen Mulready represented by Landon Hubbart (OK); TK Keen represented by Bet Sims (OR); Michael Humphreys represented by Michael McKenney (PA); Michael Wise represented by Will Davis (SC); Amanda Crawford represented by Matthew Tarpley (TX); Kaj Samsom represented by Zoie Y. Swaim and Rosemary Raszka (VT); Patty Kuderer represented by William Wilder (WA); and Erin K. Hunter represented by Justin Parr (WV).

1. Adopted its Aug. 7, July 14, June 26, June 10, June 9, May 12, April 14, and Spring National Meeting Minutes

Lederer said the Task Force met Aug. 7, July 14, June 26, June 10, June 9, May 12, and April 14. During these meetings, the Task Force took the following action: 1) adopted the *2024 Competition Database Report* (Competition Report); 2) adopted the *2023 Dwelling Fire, Homeowners Owner-Occupied, and Homeowners Tenant and Condominium/Cooperative Unit Owner's Insurance Report* (Homeowners Report); 3) adopted the *Report on Profitability by Line by State* (Profitability Report); 4) adopted the report of the Actuarial Opinion (C) Working Group; 5) adopted the report of the Statistical Data (C) Working Group; 6) received an update on the state regulation white paper and cross-subsidization; 7) received liaison reports; 8) discussed Schedule P next steps; 9) received an update on its 2026 charges; and 10) discussed rate filing review training.

The Task Force also met July 21, June 16, May 19, and April 21 in regulator-to-regulator session, pursuant to paragraph 3 (specific companies, entities, or individuals) of the NAIC Policy Statement on Open Meetings, to discuss rate filing issues.

Additionally, the Task Force held Predictive Analytics Book Club meetings July 28, June 23, May 26, and April 28. The sessions included the following: 1) a presentation from Rob Lieberthal, PhD, founder and senior principal of Lieberthal & Associates, on large language model (LLM) applications in claims analysis; 2) a presentation from Dave Sandberg, Dorothy Andrews, and Paul Meixler from the American Academy of Actuaries (Academy) on measuring statistical bias in data using entropy; 3) a presentation from Mario DiCaro, vice president of Capital Modeling and Analytics at Tokio Marine HCC Insurance Holdings and Shine Wang from Wawanesa Insurance on artificial intelligence (AI); and 4) a presentation from the NAIC's Sam Kloese and Roberto Perez on the use of AI in reviewing pricing generalized linear models (GLMs).

Botsko made a motion, seconded by Darby, to adopt the Task Force's Aug. 7 (Attachment One); July 14 (Attachment Two); June 26 (Attachment Three); June 10 (Attachment Four); June 9 (Attachment Five); May 12 (Attachment Six); April 14 (Attachment Seven); and March 23 (see *NAIC Proceedings – Spring 2026, Casualty Actuarial and Statistical (C) Task Force*) minutes. The motion passed unanimously.

Draft Pending Adoption

2. Adopted the Report of the Actuarial Opinion (C) Working Group

Lederer said the Actuarial Opinion (C) Working Group met July 15 and June 24. During these meetings, the Working Group took the following action: 1) exposed the *2026 Property/Casualty (P/C) Regulatory Guidance* for a 37-day public comment period ending Aug. 21; and 2) discussed the P/C Statement of Actuarial Opinion (SAO), P/C Actuarial Opinion Summary (AOS), and Title SAO instructions for 2027.

The Working Group also met June 10 in regulator-to-regulator session, pursuant to paragraph 3 (specific companies, entities, or individuals) of the NAIC Policy Statement on Open Meetings.

Vigliaturo made a motion, seconded by Botsko, to adopt the report of the Actuarial Opinion (C) Working Group, including its July 15 (Attachment Eight) and June 24 (Attachment Nine) minutes. The motion passed unanimously.

3. Adopted the Report of the Statistical Data (C) Working Group

Darby said the Statistical Data (C) Working Group met July 29, June 17, May 20, and April 8 to continue discussion on proposed updates to the *Statistical Handbook of Data Available to Insurance Regulators* (Handbook). The Working Group has completed an initial review of all personal lines sections within the Handbook, including homeowners, dwelling fire and allied lines, private passenger automobile (PPA), and a new pet insurance section. It plans to segment the Handbook into personal and commercial lines to speed up the implementation of the changes for statistical agents and companies reporting. The Working Group will continue to meet monthly.

Darby made a motion, seconded by Dyke, to adopt the report of the Statistical Data (C) Working Group, including its July 29 (Attachment Ten), June 17 (Attachment Ten-A), May 20 (Attachment Ten-B), and April 8 (Attachment Ten-B1) minutes. The motion passed unanimously.

4. Adopted the Title Schedule P Instructions Proposal

Lederer said the Task Force's proposal to modify the P/C Schedule P Instructions was exposed at the Blanks (E) Working Group for a public comment period ending July 27. After the Task Force submitted that proposal to the Working Group, the Title Insurance (C) Working Group asked if the Task Force would propose similar changes to the Title Schedule P Instructions. Edited Title Schedule P Instructions were exposed for a 45-day public comment period ending July 24. Three comment letters were received, and Lederer drafted responses to each comment (Attachment Eleven). She said that, similar to the P/C Instruction changes, the proposed changes to the Title Instructions are meant to add clarity and do not change the filing company's requirements or modify the blanks.

Frederick made a motion, seconded by Steinert, to adopt the Title Schedule P Instructions proposal to send to the Blanks (E) Working Group for consideration (Attachment Twelve).

5. Discussed Comments Received on the Draft Homeowners Regulation White Paper

The Property and Casualty Insurance (C) Committee adopted the following charge for the Task Force at the Spring National Meeting: "Draft a white paper that explains how homeowners' insurance rates are regulated across states, with particular attention to public questions and academic claims regarding potential cross-state subsidization of catastrophic losses."

Lederer said that on June 26, only two and a half months after adoption of the charge, the Task Force exposed a white paper to seek feedback from all parties. The paper was exposed for a 40-day public comment period ending

Draft Pending Adoption

Aug. 5. She said the Task Force received four comment letters (Attachment XII). Those who submitted written comments were invited to present their comments orally.

The Task Force discussed the scope of the paper as directed by the Property and Casualty Insurance (C) Committee. Stolyarov suggested the scope is too narrow. Numerous Task Force members said the draft paper appropriately addresses the charge and that additional research could be requested to dig into specific situations that may not meet the definition of cross-subsidization in this paper.

Stolyarov said regulators have to pay attention to catastrophe models, reinsurance cost allocations to individual states, and other situations to stop attempts at cross-subsidization. He said it is probable that regulators do not catch every situation. He added that the Center for Insurance Policy and Research (CIPR) case studies cited in the paper do not meaningfully represent industry-level evidence, and it would be beneficial to conduct a recent study based on the 2025 Los Angeles wildfires. McKenney said the Task Force was not asked to prove there are never situations of cross-subsidization or identify where regulators have required insurance companies to make changes to avoid cross-subsidization potential, but the Task Force was asked to explain rate regulation with particular attention to these studies that incorrectly conclude that catastrophe losses are spread across states rather than charged to the state(s) where the catastrophe occurred. Stolyarov said the current paper is unlikely to satisfy those asking these questions or raising these observations. He said proof is not needed, but additional evidence would be beneficial. Grassel said he believes the white paper achieves the objectives. He said the CIPR could decide to do further analysis.

Katie Dzurec (Academy) said the Academy recommends a heightened emphasis in the white paper on actuary's obligations under the Actuarial Standards of Practice (ASOPs), the Casualty Actuarial Society (CAS) Statement of Principles, and the Code of Professional Conduct. She said deliberate implementation of cross-state subsidization would violate ASAPs and actuarial principles and could constitute a violation of the Code of Professional Conduct.

Erica Weyhenmeyer (NAMIC) said the draft white paper is thoughtful and balanced, and NAMIC supports its central premise that homeowners insurance rates are prospective state-based estimates for future costs. She said the paper could benefit from strengthening its technical position and further explaining the actual regulatory and market safeguards that protect consumers.

Schwartz said the net cost of reinsurance and how that is allocated among the states was not sufficiently discussed or even touched upon in the white paper. Schwartz said there needs to be regulatory attention to the subject to ensure that reinsurance costs are allocated based on state risks rather than simply on premiums or exposures. He said they should be allocated based on average annual loss or perhaps on the probable maximum loss. Steinert said that it is the regulatory actuary's responsibility to ensure the allocation is appropriate and does not rise to the level of systemic cross-state subsidization. McKenney said the reinsurance topic is addressed in several sections of the paper.

Schwartz said parametric insurance pays based on whether a natural disaster meets certain parameters. He said this topic should be included in the paper because it might be allocated to states differently compared to a standard reinsurance product. He said cross-subsidization also seems to occur when small companies go insolvent, and the costs of the insolvency are spread across states, whether they have the same catastrophe risks.

6. Heard Updates on Activities and Research from Professional Actuarial Associations

The Academy and the CAS provided reports on current activities and research.

Having no further business, the Casualty Actuarial and Statistical (C) Task Force adjourned.

Draft 8/7/26

Casualty Actuarial and Statistical (C) Task Force
E-Vote
August 7, 2026

The Casualty Actuarial and Statistical (C) Task Force conducted an e-vote that concluded Aug. 7, 2026. The following Task Force members participated: Heather Carpenter represented by Chad Bennett (AK); Joshua Herman represented by Wanchin Chou (CT); Karima M. Woods represented by David A. Christhilf (DC); Doug Ommen represented by Travis Grassel (IA); Lawrence Steinert (IN); Vicki Schmidt represented by Nicole Boyd (KS); Timothy J. Temple represented by Nichole Torblaa (LA); Marie Grant (MD); Judith L. French represented by Tom Botsko (OH); Glen Mulready represented by Andy Schallhorn (OK); TK Keen represented by David Dahl (OR); Michael Humphreys represented by Michael McKenney (PA); Amanda Crawford represented by Nicole Elliott (TX); and Kaj Samsom represented by Rosemary Raszka (VT).

1. Adopted the Competition Report

The Task Force conducted an e-vote to consider adoption of the *2024 Competition Database Report* (Competition Report). The motion passed unanimously.

Having no further business, the Casualty Actuarial and Statistical (C) Task Force adjourned.

Draft: 7/27/26

Casualty Actuarial and Statistical (C) Task Force
Virtual Meeting
July 14, 2026

The Casualty Actuarial and Statistical (C) Task Force met July 14, 2026. The following Task Force members participated: Angela L. Nelson, Chair, represented by Julie Lederer (MO); Timothy N. Schott, Vice Chair, represented by Sandra Darby (ME); Mark Fowler represented by Charles Hale (AL); Ricardo Lara represented by Tina Shaw (CA); Joshua Hershman represented by Wanchin Chou and Christian Citarella (CT); Michael Yaworsky represented by Richie Frederick (FL); Doug Ommen represented by Travis Grassel (IA); Holly W. Lambert represented by Lawrence Steinert (IN); Timothy J. Temple represented by Nichole Torblaa (LA); Marie Grant represented by Walter Dabrowski (MD); Anita G. Fox represented by Kevin Dyke (MI); Grace Arnold represented by Phil Vigliaturo (MN); Eric Dunning represented by Nguyen Thai (NE); D.J. Bettencourt represented by Sean Rosene (NH); Ned Gaines represented by Gennady Stolyarov (NV); Judith L. French represented by Tom Botsko (OH); Glen Mulready represented by Andy Schallhorn (OK); TK Keen represented by Eric Bredeson (OR); Michael Humphreys represented by Michael McKenney (PA); Michael Wise represented by Will Davis (SC); Amanda Crawford represented by Nicole Elliott and Miriam Fisk (TX); Kaj Samsom represented by Zoie Y. Swaim (VT); and Erin K. Hunter represented by Ellen Potter (WV).

1. Adopted the Report of the Actuarial Opinion (C) Working Group

Fisk reported that the Actuarial Opinion (C) Working Group held a regulator-only meeting on June 10 to discuss recent actuarial opinions and an open meeting on June 24, taking the following action: 1) discussed initial potential changes to the 2026 regulatory guidance document, including language and qualification documentation changes. Fisk said the Working Group plans to meet next July 15 to discuss an alternative set of edits to the regulatory guidance document, specifically about qualification documentation.

Fisk made a motion, seconded by Vigliaturo, to adopt the report of the Actuarial Opinion (C) Working Group. The motion passed unanimously.

2. Adopted the Report of the Statistical Data (C) Working Group

Darby reported that the Statistical Data (C) Working Group met June 17 to continue discussing updates to the *Statistical Handbook of Data Available to Insurance Regulators*. The Working Group will continue this discussion in monthly meetings with the goal of adopting an updated handbook by year-end, which will include a completed personal lines section. She said they will begin working on the commercial lines sections in 2027. The Working Group will meet on July 29.

Darby reported that the *Dwelling, Fire, Homeowners Owner-Occupied, and Homeowners Tenant and Condominium/Cooperative Unit Owner's Insurance Report* (Homeowners Report) and the *Report on Profitability by Line by State* (Profitability Report) have been adopted and will be embargoed with the commissioners before a public release. The Working Group is reviewing the *Auto Insurance Average Premium Supplement* and will consider a vote for adoption when the review period ends on July 17.

Darby made a motion, seconded by Botsko, to adopt the report of the Statistical Data (C) Working Group. The motion passed unanimously.

CASUALTY ACTUARIAL AND STATISTICAL (C) TASK FORCE

U.S. Homeowners Insurance Rate Regulation

Draft Exposed: 6/26/26

A Regulatory Perspective on Cross-State Subsidization, Consumer Protection, and Market Dynamics in the Modern Era

NAIC Property and Casualty Insurance (C) Committee | 2026 Spring National Meeting Charge

What We'll Cover



01

The Regulatory Foundation

How state-based rate regulation works, and the three-part legal standard.



02

Building & Reviewing Rates

Prospective ratemaking, catastrophe modeling, and reinsurance allocation.



03

Defining Cross-State Subsidization

What it would actually require – and common mischaracterizations.



04

Testing the Hypothesis

Enterprise capital, indirect effects, and CIPR's empirical case studies.



05

Conclusion

Rate regulation as layered, evidence-based consumer protection.

The Question Behind This Paper

"Imagine a multi-state insurer tries to charge more premium to homeowners in a state with lower disaster risk to make up for heavy losses in a state with higher risk."

Legislators, researchers, media, and consumer advocates have asked: **do insurers spread catastrophic losses across their entire book of business, raising premiums in low-risk states to offset losses elsewhere?**

CASTF Charge:

Draft a white paper that explains how homeowners' insurance rates are regulated across states, with particular attention to public questions and academic claims regarding potential cross-state subsidization of catastrophic losses.

The Paper's Conclusion

Under the state-based system of insurance regulation, homeowners rates are designed and reviewed to reflect the expected future cost of risk in the state where the policy is written – not to shift costs from one state's policyholders to another's.



Legal Constraints

State rating laws require rates to be supported by state-specific actuarial analysis – not another state's losses.



Regulatory Review

Filings are scrutinized before and after taking effect; market conduct exams catch real-world deviations.



Market Discipline

Insurers pricing above local risk lose business to competitors, making artificially high rates unsustainable.

SECTION 1

The Regulatory Foundation

How state-based rate regulation works, and the legal standard every homeowners rate must meet.

State-Based, Not Federal

- 
- 1944** **United States v. South-Eastern Underwriters Association**
Supreme Court holds insurance crossing state lines is interstate commerce, subject to federal regulation.
 - 1945** **McCarran-Ferguson Act**
Congress preserves state primacy: no act of Congress may invalidate state insurance regulation unless the federal law specifically relates to insurance (e.g. TRIA)
 - Today** **Commissioner-Led Oversight**
Each state's Insurance Commissioner, Superintendent, or Director holds broad authority over rates, forms, and solvency.

The Three-Part Rating Standard

Derived from the All-Industry Bills and the NAIC Model Rating Law – adopted, with variations, across most states.



Not Excessive

Rates must not result in unreasonably high profits or financial gains to the insurer.



Not Inadequate

Rates must be sufficient to cover expected losses and expenses and maintain insurer solvency.



Not Unfairly Discriminatory

Rates must not differentiate among similarly situated risks without an actuarial or justifiable basis.

Two Complementary Layers of Oversight



Rate Regulation

Reviews the prospective rates insurers propose to charge, before – and often after – they take effect.

- Prior approval
- Modified prior approval
- Flex rating
- File and use
- Use and file
- No file



Market Conduct Regulation

Checks whether insurers, in practice, charge the rates they filed and treat consumers fairly in claims handling, underwriting, marketing, and billing.



Catches misapplied rating factors or unfiled surcharges



Can require consumer refunds, fines, or practice changes



Triggers notice to other states where the insurer does business

The Market Is a Backstop, Too

Insurers that price above the risk of the market in a state will lose business to competitors – making it difficult to sustain rates that are artificially high.



Consumer Shopping

Competition works best with many active insurers and consumers who shop around for coverage.



Real Limits

Comparison is hard given policy complexity and disruptions – withdrawals, insolvencies – which can limit efficiency.



A Complement, Not a Substitute

Regulatory engagement fills the gaps competitive markets leave, especially where availability and affordability are strained.

SECTION 2

Building & Reviewing Rates

Prospective ratemaking, catastrophe modeling, and reinsurance allocation – the mechanics regulators examine.

Premiums Are Prospective, Not Retrospective

Rates fund the expected cost of coverage during a future policy period – they are not a mechanism to recoup past losses.



Expected Losses

The largest component – also called pure premium or loss cost – derived from trended historical data.



Loss Adjustment Expenses

The cost of investigating, defending, and settling claims.



Underwriting Expenses (Incl. Premium Taxes/Licenses)

The cost of issuing, servicing, and administering the policy.



Profit & Contingencies

A reasonable return for the risk undertaken, influenced by expected investment income.

State-Based, With Some Broader Inputs



Mostly State-Specific

- Local peril exposure & geographic concentration
- Construction characteristics & roof type
- Legal environment & claims settlement patterns
- Credit-based insurance score, home age

ASOP No. 13 governs trending: adjusting historical data to reflect expected future rebuilding costs.



Some Broader Influences

- Repair-and-rebuild cost inflation (labor, materials)
- Reinsurance market conditions
- Countrywide underwriting expense analyses
- Capital market conditions & investment income

Regulators examine each input: historical period adequacy, credibility blending, trend selection, and expense justification.

Catastrophe Risk Needs Special Treatment

Low-frequency, high-severity, spatially correlated losses can't be reliably measured with a short historical window alone.



Wildfire



Hurricane



Severe Convective
Storm



Flood-Adjacent
Perils

Actuarial Standard of Practice ASOP No. 39

Defines a catastrophe as an infrequent event producing unusually large aggregate losses, requiring separate ratemaking treatment.

ASOP No. 38

Filings based on these models must disclose which model was used, what exposure data went in, and how secondary perils and uncertainty were handled.



Catastrophe Models

Computerized simulations of scientifically plausible catastrophic events, estimating financial impact on a portfolio. Filings using model output should disclose which model, what exposure data, and how secondary perils, demand surge, and uncertainty were addressed (ASOP No. 38).

Reinsurance Cost Is Allocated By Risk Contribution



A single enterprise-level reinsurance program may cover multiple states. Its cost is not spread evenly – it's allocated based on each state's modeled catastrophe losses, exposure, and contribution to reinsured layers.

Per-Risk / Per-Occurrence

Excess-of-loss treaties responding to large single-event losses.

Aggregate Covers

Respond to the accumulation of smaller losses over a policy period.

Catastrophe Bonds

Capital-market instruments providing additional protection against tail events.

A consumer in a low-catastrophe state pays for the portion of the reinsurance program that protects against losses in their own state – not someone else's.

SECTION 3

Defining Cross-State Subsidization

Precision matters: what would structural cross-state subsidization actually require – and what doesn't qualify?

Two Conditions Must Both Be Met

Structural cross-state subsidization: policyholders in one state systematically pay rates inadequate for their own expected costs, while policyholders in another state pay more than their expected costs to offset it.



1. Market-Wide Distortion

Structural cross-state subsidization is a market-wide phenomenon. If one company's portfolio shows it in isolation, that alone does not meet the definition of cross-subsidization between states.



2. Not-Actuarially-Justified Rates in Both States

If rates in either state are actuarially justified, structural cross-state subsidization has not occurred. A truly cross-subsidized market would show inadequate rates in some states and excessive rates in others, simultaneously.

What Often Gets Mistaken for Cross-State Subsidization



Differing Actuarial Assumptions

Credibility treatments, catastrophe loadings, and trend selections reasonably differ state to state while both remain actuarially justified.



Filing Timing Differences

Insurers may absorb cost fluctuations or sequence filings due to resources – creating temporary gaps that aren't structural.



Mix-of-Business Shifts

Rapid growth or shrinkage in a state's book can call for different conservatism in assumptions, unrelated to other states.



Regulator Disapproval

A filing rejection often reflects insufficient support or procedural gaps – not evidence of cross-subsidization.



Credibility & Non-State Data

Blending state data with a credibility complement is standard actuarial practice (ASOP No. 25), not cost-shifting.

SECTION 4

Testing the Hypothesis

Enterprise capital deployment, indirect market effects, and what the empirical evidence actually shows.

Enterprise Capital Is Not Cross-State Subsidy



A national insurer maintains a single pool of surplus capital backing obligations in every state. When a hurricane causes billions in Florida losses, the same surplus that backs Ohio policies is drawn upon if needed.

That capital is the insurer's own, contributed by shareholders – not premium dollars transferred between states' policyholders.



Diversification Benefit

The insurer pools the uncertainty of State A's results against State B's, not the losses themselves. The benefit reduces required capital and improves stability.



Who Benefits?

Primarily shareholders, through reduced capital requirements, and policyholders, through improved insurer financial stability – not State B paying State A's losses.

Real Indirect Pathways, Distinct From Subsidization

These are legitimate, economically rational channels, not regulatory or actuarial mechanisms for cost-shifting.



Rebuilding-Cost Inflation

Demand surges for lumber, roofing, and labor after a major catastrophe, raising claim severity nationwide, even for repairing damages caused by an unrelated burst pipe in Indiana.



Global Reinsurance Pricing

A severe hurricane season or large wildfire loss can raise reinsurance costs for the next policy year, reflected in filings even in states untouched by the event.



Catastrophe Model Updates

New science learned from one state's event can update models used nationwide, raising rates in other states exposed to the same peril, not because of cost-shifting, but better science.

CIPR's Empirical Test: No Supporting Evidence for Cross-State Subsidization

The Center for Insurance Policy and Research examined rate filings before and after major catastrophes to test whether out-of-state losses crept into the indication.



Minnesota Hail (2017) → Iowa Filings

11 Iowa filings examined (5 before / 6 after the Derecho).
No Minnesota or other out-of-state losses reflected. No methodology shift designed to indirectly raise indications.



Harvey, Irma & 2018 CA Wildfires → Virginia Filings

8 + 16 Virginia filings examined before/after. No out-of-state losses included; no methodology changes suggesting indirect allocation of loss experience.

Where indications rose post-event, drivers were in-state loss trends, updated catastrophe models, and routine profit-provision updates, not out-of-state losses.

Four Pitfalls That Distort the Debate



Rate Filings Are Not Exact Rate Needs

Indications are point estimates within a plausible range, not certainties – single-snapshot research can mislead.



Claim Count Definitions Vary

Insurers count claims differently; unadjusted comparisons can produce false conclusions about frequency or severity.



Indicated vs. Implemented Rate

Filing below the full indication is common and reflects competition or compliance, not a gap that must be 'recovered' elsewhere.



Catastrophe Pricing Is State-Level

Models calibrated to one state's exposure may be updated using science learned elsewhere, which is improved science, not cross-subsidization.

SECTION 5

Layered Consumer Protection

Bringing it together: why this architecture protects consumers without permitting cross-state cost shifting.

Four Layers, Working Together

1



Legal Standard

Rates must be not excessive, not inadequate, not unfairly discriminatory, backed by state-specific data.

2



Front-End Filing Review

Regulators scrutinize loss projections, catastrophe loadings, and expenses before rates take effect.

3



Back-End Market Conduct

Exams catch real-world deviations, like misapplied factors or unfiled surcharges, after rates are in force.

4



Competitive Market Pressure

Insurers pricing above local risk lose business, making artificially high rates unsustainable.



Premiums are forward-looking estimates of future cost, not a vehicle for recovering one state's past losses from another state's policyholders.

State-based rate regulation is a holistic core consumer protection system: it ties rates to risk, subjects them to rigorous review, and helps ensure insurance remains both available and financially sound.

Casualty Actuarial and Statistical (C) Task Force | 2026



Questions & Discussion

Thank you for your time and engagement on this important topic for homeowners insurance regulation.

NAIC Contact: Kris DeFrain, kdefrain@naic.org
Casualty Actuarial and Statistical (C) Task Force

NAIC Property and Casualty Insurance (C) Committee | 2026

3. Received an Update on the Rate Regulation White Paper and Cross-Subsidization

Lederer said at the Spring National Meeting, the Property and Casualty Insurance (C) Committee adopted this charge for the Task Force: “Draft a white paper that explains how homeowners’ insurance rates are regulated across states, with particular attention to public questions and academic claims regarding potential cross-state subsidization of catastrophic losses.” On June 26, the Task Force exposed a white paper to seek feedback from all parties. The paper was exposed with a 40-day public comment period ending Aug. 5. Written comments were directed to be sent to Kris DeFrain (NAIC). She said the Task Force will then offer opportunities for oral presentations of written comments and discussion at the Summer National Meeting. Lederer thanked the white paper oversight group and NAIC committee support for producing a thorough draft in only two and a half months.

Members of the white paper oversight group, including Citarella, Vigliaturo, Chou, Torblaa, Darby, and McKenney, presented an overview of the paper (Attachment Two-A).

Discussion among Task Force members centered on the framing of the cross-subsidization question and noted that it would be interesting to delve into issues in which an individual company might have varying levels of rate adequacy across states. McKenney noted that would be a different issue from what the Task Force was charged to do. Stolyarov said some insurers have intentionally sought to reduce growth by increasing rates and cited Nevada’s rate review experience, in which regulators reduced proposed increases and estimated substantial consumer savings. He suggested that a more comprehensive empirical study across multiple states and over longer time periods would be needed to fully evaluate that issue. Huntington said he would be concerned if consumers in one state paid higher rates because rates elsewhere are inadequate, but questioned that regulators would be permitting persistent inadequacy in another state. Steinert agreed that individual exceptions exist but viewed the paper as accurately describing the general operation of insurance markets and regulation. Chou acknowledged that insurers may attempt aggressive or unreasonable actions and stressed that effective regulatory review and professional actuarial oversight help prevent inappropriate rates.

Additional feedback included notice that the American Academy of Actuaries’ (Academy’s) Homeowners Insurance Task Force would be submitting comments on the paper and appreciation from participants, including a positive comment from Birny Birnbaum, regarding the quality and thoughtfulness of the draft paper.

4. Received Liaison Reports

Vigliaturo reported that the Natural Catastrophe Risk and Resilience (EX) Task Force met June 15, and the Severe Peril (EX) Working Group met July 13 to hear a presentation from Verisk on severe peril trends, including hail, roof, and market impacts.

Chou reported that the Cybersecurity (H) Working Group has exposed the cybersecurity event response coordination framework and extended the public comment period to July 24.

Darby reported that the Third-Party Data and Models (H) Working Group exposed the third-party framework for property/casualty (P/C) pricing and underwriting for a public comment period ending Aug. 5.

Having no further business, the Casualty Actuarial and Statistical (C) Task Force adjourned.

Draft 6/17/26

Casualty Actuarial and Statistical (C) Task Force
E-Vote
June 26, 2026

The Casualty Actuarial and Statistical (C) Task Force conducted an e-vote that concluded June 26, 2026. The following Task Force members participated: Andrew N. Mais represented by Wanchin Chou (CT); Doug Ommen represented by Travis Grassel (IA); Holly W. Lambert represented by Larry Steinert (IN); Marie Grant represented by Aaron Levine (MD); Robert L. Carey represented by Sandra Darby (ME); Grace Arnold represented by Phil Vigliaturo (MN); Eric Dunning represented by Nguyen Thai (NE); Judith L. French represented by Thomas Botsko (OH); Michael Humphreys represented by Michael McKenney (PA); Michael Wise represented by Will Davis (SC); Amanda Crawford represented by Nicole Elliott (TX); Taj Samsom represented by Rosemary Raszka (VT); Patty Kuderer represented by William Wilder (WA); and Allan L. McVey (WV).

1. Adopted the 2023 Homeowners Report

The Task Force conducted an e-vote to consider adoption of the *2023 Dwelling Fire, Homeowners Owner-Occupied, and Homeowners Tenant and Condominium/Cooperative Unit Owner's Insurance Report* (Homeowners Report). The motion passed unanimously.

Having no further business, the Casualty Actuarial and Statistical (C) Task Force adjourned.

Draft: 6/12/26

Casualty Actuarial and Statistical (C) Task Force
E-Vote
June 10, 2026

The Casualty Actuarial and Statistical (C) Task Force conducted an e-vote that concluded June 10, 2026. The following Task Force members participated: Joshua Hershman represented by Wanchin Chou (CT); Karima M. Woods represented by David A. Christhilf (DC); Doug Ommen represented by Travis Grassel (IA); Holly W. Lambert represented by Larry Steinert (IN); Vicki Schmidt represented by Nicole Boyd (KS); Timothy N. Schott represented by Sandra Darby (ME); Anita G. Fox represented by Kevin Dyke (MI); Grace Arnold represented by Phil Vigliaturo (MN); Judith L. French represented by Tom Botsko (OH); Michael Wise represented by Will Davis (SC); Amanda Crawford represented by Nicole Elliott (TX); Kaj Samsom represented by Rosemary Raszka (VT) and Allan L. McVey (WV).

1. Adopted the 2024 Profitability Report

The Task Force conducted an e-vote to consider adoption of the *Report on Profitability by Line by State* (Profitability Report). The motion passed unanimously.

Having no further business, the Casualty Actuarial and Statistical (C) Task Force adjourned.

Draft: 7/23/26

Casualty Actuarial and Statistical (C) Task Force
Virtual Meeting
June 9, 2026

The Casualty Actuarial and Statistical (C) Task Force met June 9, 2026. The following Task Force members participated: D.J. Bettencourt, Chair, represented by Christian Citarella (NH); Angela L. Nelson, Vice Chair, represented by Julie Lederer (MO); Heather Carpenter represented by Chad Bennett (AK); Mark Fowler represented by Charles Hale (AL); Ricardo Lara represented by Tina Shaw (CA); Joshua Hershman represented by Kristin Fabian (CT); Michael Yaworsky represented by Richie Frederick (FL); Doug Ommen represented by Travis Grassel (IA); Vicki Schmidt represented by Nicole Boyd (KS); Timothy J. Temple represented by Nichole Torblaa (LA); Marie Grant represented by Walter Dabrowski (MD); Timothy N. Schott represented by Sandra Darby (ME); Anita G. Fox represented by Kevin Dyke (MI); Grace Arnold represented by Phil Vigliaturo (MN); Eric Dunning represented by Nguyen Thai (NE); Ned Gaines represented by Gennady Stolyarov (NV); Michael Humphreys represented by Michael McKenney (PA); Michael Wise represented by Will Davis (SC); Amanda Crawford represented by Nicole Elliott and Miriam Fisk (TX); Kaj Samsom represented by Rosemary Raszka (VT); Patty Kuderer represented by William Wilder (WA); and Allan L. McVey represented by Juanita Wimmer (WV).

1. Adopted the Report of the Actuarial Opinion (C) Working Group

Fisk reported that the Actuarial Opinion (C) Working Group plans to meet June 10 in regulator-to-regulator session. Additionally, the Working Group plans to meet June 24 to discuss observations and issues regarding the Property/Casualty (P/C) Statement of Actuarial Opinion Instructions and Regulatory Guidance documents.

Fisk made a motion, seconded by Lederer, to adopt the report of the Actuarial Opinion (C) Working Group. The motion passed unanimously.

2. Adopted the Report of the Statistical Data (C) Working Group

Darby reported that the Statistical Data (C) Working Group is updating the *Statistical Handbook of Data Available to Insurance Regulators* (Handbook). The Working Group met May 20 and will continue discussions in monthly meetings, with its next meeting on June 17. The goal is to have the Handbook adopted by year-end.

The *Dwelling Fire, Homeowners Owner-Occupied, and Homeowners Tenant and Condominium/Cooperative Unit Owner's Insurance Report* (Homeowners Report) is being considered for adoption. The *Competition Database Report* (Competition Report) and the *Auto Insurance Database Average Premium Supplement* will be distributed for review this week.

Darby made a motion, seconded by Dyke, to adopt the report of the Statistical Data (C) Working Group. The motion passed unanimously.

3. Discussed Schedule P Next Steps

Lederer said the Task Force's proposal to modify instructions for P/C Schedule P is exposed at the Blanks (E) Working Group. The Title Insurance (C) Working Group asked if the Task Force could propose similar changes to the Title Schedule P instructions. Lederer presented a proposal and identified specific areas where feedback is needed. One question is that the title instructions provide little guidance on what should be in the prior year's row, and the practice of reporting appears to be different from P/C companies.

The Title Schedule P instructions were exposed for 45 days with comments due July 24. The Title Insurance (C) Working Group will receive the announcement of the exposure too.

4. Discussed Homeowners Rate Regulation and Potential Rate Cross-Subsidization Across States

Citarella said the Task Force was charged at the Spring National Meeting to draft a white paper that explains how homeowners insurance rates are regulated across states, with particular attention to public questions and academic claims regarding potential cross-state subsidization of catastrophic losses.

The Task Force discussed the definition of cross-state subsidization. Torblaa proposed a definition for the white paper that would focus on structural, market-wide distortions, in which policyholders in one state pay inadequate rates while policyholders in another state pay more than expected costs to offset it. Actions by large individual insurers that may materially affect a market would also be considered. State insurance regulators discussed concerns such as single-company behavior, profit provisions, capital allocation, and differences in actuarial soundness across states.

Citarella said the white paper draft should be exposed later in June. He said the Oversight Group and NAIC committee support are removing extraneous regulatory background that does not directly help explain whether cross-state subsidization exists.

5. Received Liaison Reports

The Catastrophe Risk (E) Subgroup has conducted a few meetings to review severe convective storm model updates and evaluate impact analyses. The Cybersecurity (H) Working Group has focused on the implementation of the cybersecurity event response coordination framework.

6. Discussed Other Matters

Citarella announced he is leaving the New Hampshire Insurance Department to work at the Connecticut Insurance Department.

Having no further business, the Casualty Actuarial and Statistical (C) Task Force adjourned.

Draft: 5/22/26

Casualty Actuarial and Statistical (C) Task Force
Virtual Meeting
May 12, 2026

The Casualty Actuarial and Statistical (C) Task Force met May 12, 2026. The following Task Force members participated: D.J. Bettencourt, Chair, represented by Sean Rosene (NH); Angela L. Nelson, Vice Chair, represented by Julie Lederer (MO); Ricardo Lara represented by Tina Shaw (CA); Joshua Hershman represented by Wanchin Chou (CT); Karima M. Woods represented by David A. Christhlf (DC); Michael Yaworsky represented by Richie Frederick (FL); Doug Ommen represented by Travis Grassel (IA); Vicki Schmidt represented by Nicole Boyd (KS); Timothy J. Temple represented by Nichole Torblaa (LA); Marie Grant represented by Walter Dabrowski and Arthur Schwartz (MD); Robert L. Carey represented by Sandra Darby (ME); Anita G. Fox represented by Kevin Dyke (MI); Grace Arnold represented by Phil Vigliaturo (MN); Eric Dunning represented by Nguyen Thai (NE); Ned Gaines represented by Gennady Stolyarov (NV); Judith L. French represented by Tom Botsko (OH); Glen Mulready represented by Andy Schallhorn (OK); TK Keen represented by Raven Collins (OR); Amanda Crawford represented by Nicole Elliott (TX); and Kaj Samsom represented by Rosemary Raszka (VT).

1. Adopted the Report of the Statistical Data (C) Working Group

Darby reported that the Statistical Data (C) Working Group will meet May 20 to discuss the *Statistical Handbook of Data Available to Insurance Regulators*. NAIC committee support is making edits to the *Report on Profitability by Line by State in 2024* (Profitability Report) based on comments received. The *Dwelling, Fire, Homeowners Owner-Occupied, and Homeowners Tenant and Condominium/Cooperative Unit Owner's Insurance Report* (Homeowners Report) is under regulatory review until May 22.

Darby made a motion, seconded by Dyke, to adopt the report of the Statistical Data (C) Working Group. The motion passed unanimously.

2. Discussed Schedule P Next Steps

Lederer said the Schedule P instructions adopted during the April 14 meeting were sent to the Blanks (E) Working Group for consideration for year-end 2027 instructions. She said there were a few remaining issues that could be considered in Phase 3 of this project, but given competing priorities and efficient use of time, she recommended ending this project and letting anyone start a new project if they wish to propose additional changes to Schedule P blanks or instructions.

3. Heard Presentations about Homeowners Rate Regulation and Potential Rate Cross-Subsidization Across States

Answering the Task Force's open invitation to speak about the Task Force's new charge to "[d]raft a white paper that explains how homeowners' insurance rates are regulated across states with particular attention to public questions and academic claims regarding potential cross-state subsidization of catastrophic losses," three speakers gave presentations (Attachment Six-A).

Norman Niami (American Property Casualty Insurance Association—APCIA) said a lot of references have been made to homeowners issues over the last few years, which, based on his knowledge of actuarial work and actuarial professional obligations, are not true. In particular, for property, because of extreme weather, inflation, population moving, and construction in riskier areas, homeowners insurance prices are going up. Therefore, several claims have been made that companies may be shifting losses from one jurisdiction to another to recover

those costs. However, based on regulatory requirements and professional obligations, that is generally not the case. He said that if the claim is correct, small companies would have a problem passing losses to other states because they would face competitive issues.

If losses were transferred from one state to another, there would be flatter loss ratios across states. Niami said a focus on risk-based pricing is critical because, without it, many market challenges arise. Some states have tried to impact regulation in a particular area or in general, but then the residual market grows, resulting in one segment of the market subsidizing the others. He said the APCIA has some case studies in California, Florida, Massachusetts, New Jersey, and South Carolina.

Niami said in 2023 that prior-approval states had average rate increases about 1% lower than those in use-and-file states. In terms of actuarial principles and standards, he said, passing on losses from one jurisdiction to another is pretty much impossible in terms of losses and claims. He said a rate is considered reasonable if it is an actuarially sound estimate of the expected value of all future costs associated with an individual risk transfer, plus the actuary must determine the extent to which historical data are available and appropriate for estimating future costs. He said New York law states the “Superintendent shall further determine whether any component of such rates represents an effort on the part of the insurer to recover losses incurred in another state.”

Niami said there is a possibility of a \$100 billion loss in New York, which would be a large multiple of the average annual loss. He said if that occurred, it would take companies almost 70 years to collect enough premium to cover those losses in terms of return on net worth.

Mike Goldman (Perr & Knight) said each state has its own statutes, filing requirements, regulatory culture, political pressures, and tolerance for rate changes. He said catastrophe risk does not respect state regulatory boundaries. He said catastrophes are concentrated geographically: wildfire risk in the West, hurricane risk along the Gulf Coast and the Atlantic, and severe convective storms (SCS) across the Plains and central U.S.

Goldman said there are many considerations when it comes to rates being too low or too high. If rates are not adequate, there are solvency and availability issues. Low rates may seem consumer-friendly, but there could be capacity issues down the line, and if carriers cannot get rate increases when they need, the insurers may take actions such as restricting new business, changing coverage, non-renewing, or exiting the market.

Goldman says cross-subsidization arises when one of the objectives of “not excessive, not inadequate, or not unfairly discriminatory” is emphasized in a way that shifts costs from one place to another. For example, if affordability concerns lead to suppressed rates in a high-risk area, those unrecovered costs are likely to show up elsewhere, whether through a residual market mechanism, higher rates elsewhere, or federal support.

Goldman identified three distinct claims of cross-subsidization, the first being residual markets, such as the Fair Access to Insurance Requirements (FAIR) plan and the Texas Windstorm Insurance Association. Costs are spread within the same state. Residual market growth is often associated with rate friction, reinsurance costs, catastrophe (CAT) model results, litigation environment, capital availability and capacity, inflation, and the market's risk appetites. Second, cross-state subsidization occurs with national carrier portfolios. He said this is difficult to observe directly, but the argument is that an insurer may need to alleviate financial pressure somewhere else, where rate increases are easier to implement. He said it is debatable. He said the rate pressure might be relieved by lowering returns to shareholders, tightening underwriting standards, changing the insurer's market, or leaving the market. Third, there is federal cross-subsidization through the National Flood Insurance Program (NFIP) and disaster aid, which can be analyzed with NFIP subsidies.

Erica Weyhenmeyer (NAMIC) said the educational purpose of the charge is valuable. She said cross-subsidization is not how homeowners insurance markets work. A rate indicator for one state is simply not loaded to pay for catastrophe losses in another state. The actuarial process is prospective and risk-based. Insurers estimate expected losses, including CAT losses, where relevant, using exposure, geography, construction, coverage terms, reinsurance costs, expenses, and other actuarially supported inputs. The actuarial and regulatory framework is designed to reflect catastrophe costs in the state's rate level, not transfer them invisibly to policyholders elsewhere.

Weyhenmeyer said it is important to distinguish pooling from cross-subsidy. Insurance necessarily pools similar risks and spreads volatility over time across policyholders and through capital and reinsurance, but that is not the same as charging homeowners in one state to subsidize inadequate rates in another. Risk pooling supports solvency and claim paying.

Capacity cross-subsidization implies a rate structure disconnected from expected costs. State regulation, actuarial standards, competitive market constraints, and company-level financial oversight all work against that result.

Weyhenmeyer said the white paper should avoid implying that cross-subsidization is occurring in the absence of evidence in filed rates and actual support. The ideal framing is to explain how state-based regulation, actual indications, catastrophe modeling reinsurance, and insurer capital interact to produce homeowners rates. That explanation will help regulators respond to public concerns while preserving the core principle that rates should remain risk-based, actuarially sound, and state-specific.

Chou said the Task Force should focus on state cross-subsidization. State regulators do not control the other types of potential cross-subsidization presented. He said the long-term care rate cross-subsidization issues from a few years ago are political, not actuarially based. He said the Task Force should focus on actuarial ratemaking principles and making sure carriers provide evidence to support their rate changes, including the catastrophe model. Niami said that in California, where companies previously could not charge the price of risk, they had to decide whether to stay in business. They did not charge 12 other states for what it was losing in California.

Stolyarov said a recent catastrophe model showed large increases in wildfire rates were needed in Nevada, even though the most destructive wildfire in Nevada history affected 29 homes. He said Nevada's wildfire risk is two to three orders of magnitude lower than in California, yet some large insurers are initially proposing larger rate increases on double-digit profitable books of business than they are proposing in California. He added that competition has an important role and agrees that if an insurer tried to pass on losses from one state to another, it would face a competitive disadvantage from other insurers. He said it is not done overtly but could be much subtler, such as being more conservative in assumptions than in other states (e.g., use a 7% trend instead of 3%). He said there is a range of reasonable trend assumptions. Another approach would be credibility, where if a state has few claims, the complement of credibility can be given to experience in another state. He said these examples would not run afoul of actuarial standards, but regulators need to evaluate those proposals. He would like to see the subtler pressures and mechanisms addressed.

Niami disagreed, noting that if an actuary is doing that, it should be pursued. He said the academic discussions are often theoretical and rely on complex mathematical models. He said the central question is whether there is evidence of cross-subsidization actually occurring in practice. Stolyarov said there may not be an explicit motive to cross-subsidize, but catastrophe risk may serve as a de facto cross-subsidy. He said regulators have a responsibility to question unreasonable assumptions, but there is also a broader misalignment between how risk is distributed across states and how it is perceived to be distributed at higher decision-making levels, which perhaps, as an industry, needs to be challenged.

4. Heard Liaison Reports

Botsko said the risk-based capital (RBC) preamble is being revised, and actuaries could provide feedback.

Vigliaturo said the Natural Catastrophe Risk and Reliance (EX) Task Force heard presentations from Aon on the future of insurability in the face of catastrophe risks, from the Center for Risk and Insurance Research on regulator/university partnerships, and about a natural catastrophe risk dashboard. Two working groups were formed regarding pre-disaster mitigation and risk modeling and severe perils.

Having no further business, the Casualty Actuarial and Statistical (C) Task Force adjourned.

Cross-Subsidization in Homeowners Insurance

Public questions, academic evidence, and practical implications

The question is structural

State regulation and national capital allocation are not built on the same map.



When these layers do not move together, costs can shift across policyholders, states, or federal programs.

Regulatory reality

Formal model matters less than how much discretion is exercised.

Prior approval

Rates generally require approval before use

File-and-use

Rates are filed and may be used unless disapproved

Use-and-file

Rates are used first and filed shortly after

The regulatory environment is shaped by approvals, delays, filing scrutiny, and political pressure.

The standard regulatory test

The same three words drive very different policy tensions.

Not excessive

Consumer affordability

Not inadequate

Premium adequacy

Not unfairly discriminatory

Fair classification

Cross-subsidization arises when one objective is emphasized in a way that shifts cost to another group.

Three distinct claims

The debate becomes clearer when the mechanisms are separated.

Claim 1

WITHIN-STATE

Residual markets

Assessments spread costs within one state

Claim 2

CROSS-STATE

Carrier portfolios

National writers may shift pressure across states

Claim 3

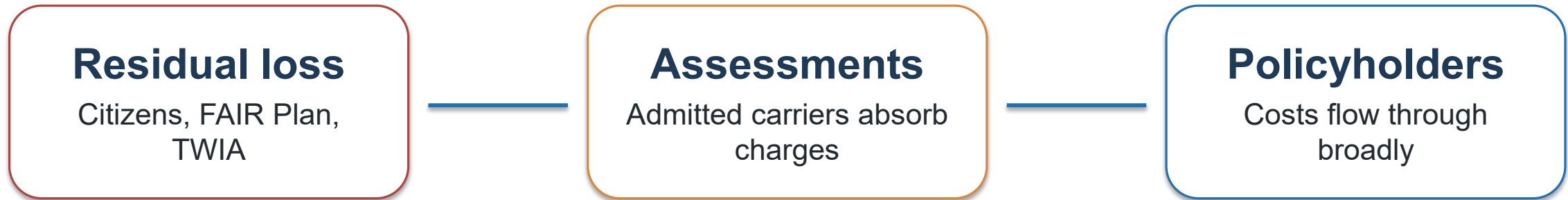
FEDERAL

NFIP + disaster aid

Federal programs shape homeowners decisions

Claim 1: Residual markets spread cost

The mechanism is explicit, observable, and state-specific.



This is the cleanest cross-subsidization claim because it produces visible cash flows.

Claim 1: What the evidence supports

Residual-market growth is real, but the cause is not one-dimensional.

Most observable support

Statutes, assessments, residual-market
policy counts

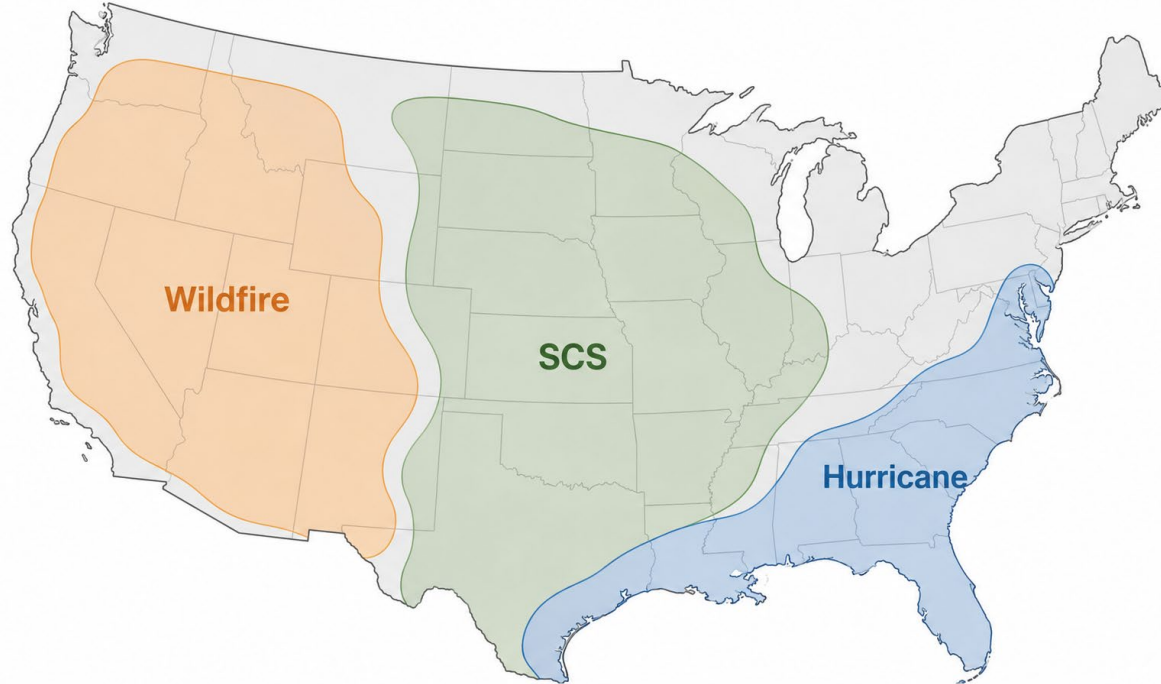
Important caveat

Capacity withdrawal also reflects reinsurance,
models, capital, and litigation

**Interpretation: residual-market expansion correlates with rate friction, but
rate suppression is not the only driver.**

Peril geography matters

Before moving to cross-state spillovers, it helps to separate the major CAT perils.



Wildfire

California and WUI stress

Hurricane

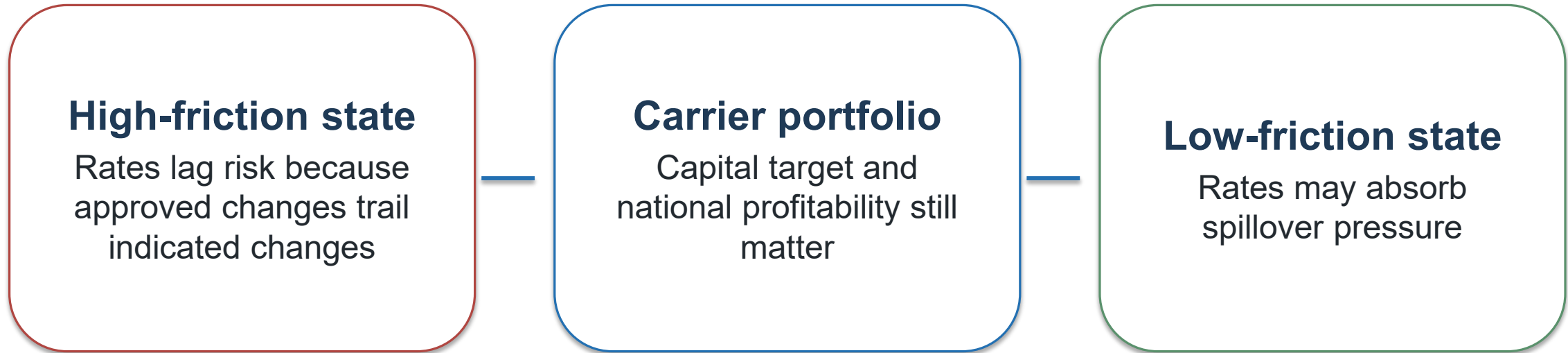
Florida, Gulf, Atlantic coast

SCS

Plains, Midwest, expanding footprint

Claim 2: Cross-state carrier portfolios

This claim is harder to observe directly, so the evidence is inferential.

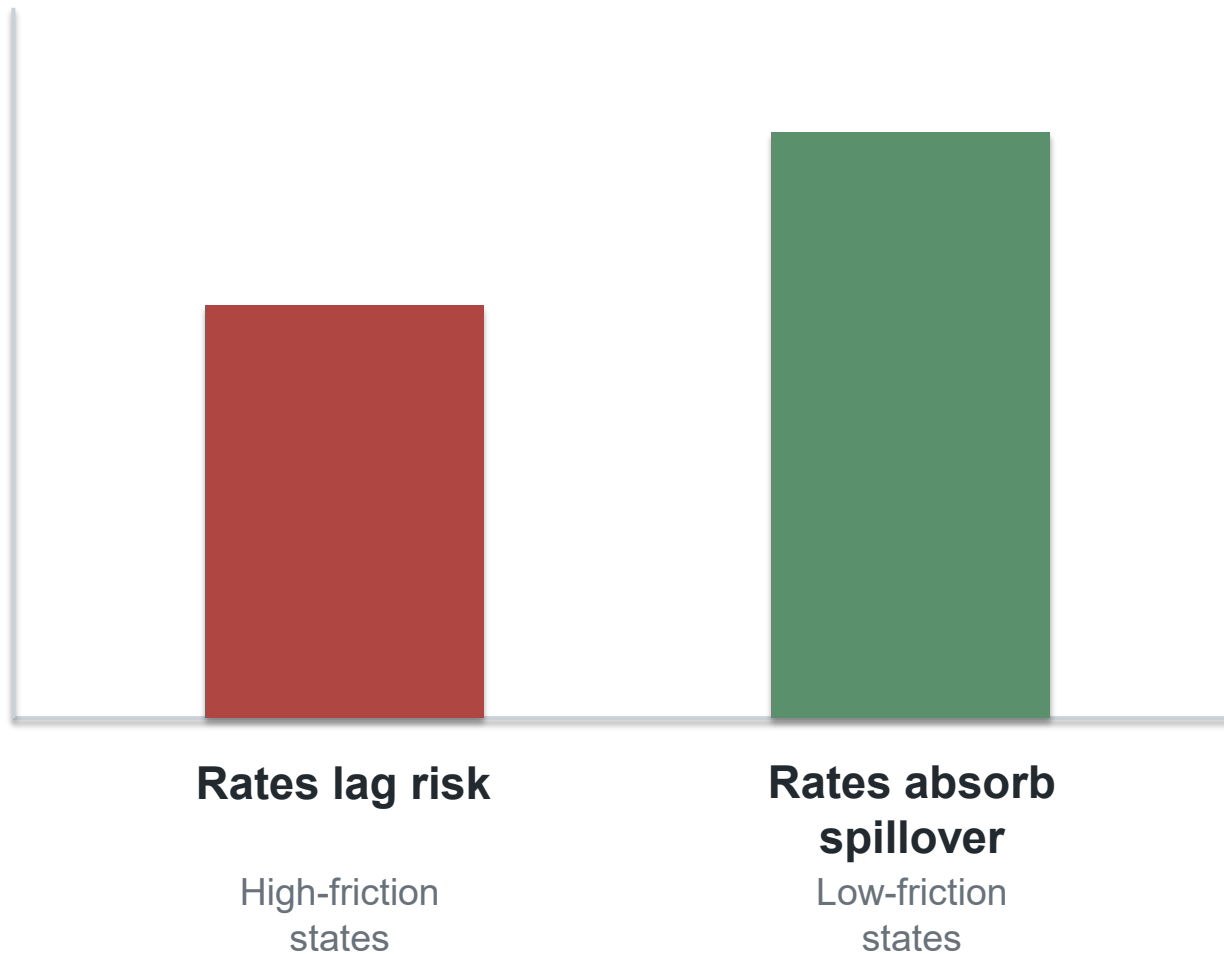


The empirical question is where the cost ultimately shows up.

Claim 2: High-friction vs. low-friction states

Attachment Six-A

Oh, Sen, and Tenekedjieva find asymmetric spillovers across regulatory environments.



Asymmetric pattern

Losses in constrained states raise rates elsewhere

Persistent increases

Rate decreases are typically rare

Claim 2: Market exits are the pressure-release valve

Attachment Six-A

When cross-state absorption is no longer sustainable, availability changes.

Signs of Market Pressure

- Carriers reduce writings: stopping new business, non-renewed policies
- Market withdrawals
- Insolvencies
- Residual Market Growth

Interpretation

Market exit is the endpoint when rate friction and capital pressure collide

Sustained underpricing leads to an insurance availability problem.

Claim 3: Federal programs shape homeowners decisions

Attachment Six-A

Flood is excluded from standard homeowners coverage, so federal policy fills part of the gap.



The result is potential explicit subsidy (NFIP) and implicit subsidy (post-event aid), with real effects on insurance take-up.

SCS is the counterexample worth studying

Severe Convective Storm markets have absorbed pressure differently.

Rates adjust

Many SCS-exposed states allow rate increases to reflect loss trend

Coverage narrows

ACV roofs, percentage deductibles, and matching limits shift cost

Markets function

Capacity remains broader than in high-friction CAT states

The trade-off is not cost-free: homeowners pay more, retain more risk, or both.

The core trade-off

Different regulatory choices change how visible the cost becomes.

Affordability today

Premium relief, but more
pressure on capacity

Availability tomorrow

Adequacy supports private
capacity

Transition zone

Form changes, residual-
market pressure, or rate
actions

The policy question is how to balance affordability, adequacy, and market availability over time.

Implications for practitioners

The mechanisms show up in everyday actuarial and advisory work.

Ratemaking

CAT models, climate trend,
and filing support carry more
weight

Capital / reserves

Residual assessments and
reinsurance terms matter
more

Strategy

State selection increasingly
turns on regulatory
predictability

The actuarial profession can clarify how costs move and what trade-offs each choice creates.

Closing

The debate is clearer once the mechanisms are separated.

Strongest evidence

NFIP and residual-market assessments

Most debated

Cross-state carrier spillovers

Open question

How far SCS markets can absorb trend

Mechanisms matter more than labels

Costs move through rates, coverage, availability, or public programs.

Sources

Selected sources supporting the presentation.

Primary empirical paper

Oh, Sen & Tenekedjieva (2022), Federal Reserve FEDS 2022-064

Federal flood / disaster aid

CBO, GAO, FEMA Risk Rating 2.0 materials

Industry context

Aon, Swiss Re sigma, NAIC, CAS / Academy climate resources

Questions?



Homeowners Insurance -- Ratemaking Principles, and Rate Regulation

NAIC CASTF – May 12, 2026

Norman Niami, FCAS, MAAA, Affiliate IFoA



Agenda

- **Background**
- **Issue**
- **Risk-Based Pricing is Critical**
- **Actuarial Principles and Standards of Practice**



Background



Homeowners Insurance Market

- “Given three consecutive years of net underwriting losses in the U.S. homeowners insurance segment owing to elevated natural catastrophes that have continued in the first half of **2023**, combined with other ongoing market challenges, **AM Best has revised its outlook on the segment to negative from stable.**”
- “AM Best is revising its market segment outlook for the U.S. homeowners’ insurance segment to stable from negative, citing moderating premium growth and enhanced catastrophe risk management practices amid improved property reinsurance market dynamics.” (**December 1, 2025**)



NAIC - Report on Profitability by Line by State in 2023

Comparison of Rates of Return on Net Worth		
(In Percent)		
Year	(1) NAIC Property/Casualty Insurance	(2) Fortune Magazine All Industry
2014	6.6	14.3
2015	6.6	12.7
2016	4.8	13.1
2017	3.2	13.9
2018	7.3	15.4
2019	7.2	15.3
2020	6.4	10.3
2021	6.1	20.0
2022	4.7	17.1
2023	7.3	17.4
2014 - 2023 Averages	6.0	14.9

(1) Returns are calculated using mean and net worth.

(2) Returns are calculated using year-end net worth.

2023 Profitability Report
Countrywide - Direct
Underwriting Profit
As a Percent of Direct Premiums Earned

Line Of Business	(1) 2014	(2) 2015	(3) 2016	(4) 2017	(5) 2018	(6) 2019	(7) 2020	(8) 2021	(9) 2022	(10) 2023	(11) AVG
Homeowners Multiple Peril	14.4	13.7	11.2	(12.2)	(9.5)	5.7	(3.3)	(5.4)	(6.2)	(3.7)	0.5



Homeowners Insurance Market

- Profitability has been far below cost of capital:
 - 40 years return net worth (equity) = 1.9%
 - 20 years = 3.7%
 - Most recent 10 years = 3.4% (through 2025)



Issue



Rates Do Not Cross Subsidize Losses Among States

- An insurer that would try to pass on losses from one state to another, would face competitive disadvantage from other insurers.
- Insurance is one of the most regulated industries and one of the most competitive industries in the U.S.



2025 HO Combined Ratios

- If insurers used cross subsidies, range of experience among states would probably be a lot narrower than it is:
 - **2025** combined ratios (best result in most recent 5 years)

Countrywide	86.9%
Median	76.5%
Smallest	39.9%
Largest	203.2%
Standard Deviation	24.5%
 - **2022** combined ratios (worst result in most recent 5 years)

Countrywide	105.9%
Median	96.6%
Smallest	66.3%
Largest	195.0%
Standard Deviation	26.6%



Risk-Based Pricing is Critical



APCIA--“PRICE REGULATION AND ITS EFFECTS ON INSURANCE MARKETS: Analysis and Case Studies”*

- Risk-based pricing is key for a viable, functioning and stable market. Artificial distortions of risk measures create wrong signals.
- Delicate balance of protecting consumers from excessive prices and maintaining a healthy, competitive insurance market.
- Strict price regulation often may lead to unintended negative consequences: significant growth in residual markets; firms leaving markets when price regulation became too restrictive; cross-subsidization between low-risk and high-risk consumers.

*: <https://api2.apci.org/attachment/downloadnsfile?id=11269&area=s>



APCIA: “PRICE REGULATION AND ITS EFFECTS ON INSURANCE MARKETS”

- Case studies: Florida and California Property; New Jersey, Massachusetts, South Carolina, and California Auto.
- Indicated and implemented rate increases are lower for prior approval states, but the difference is just over 1%. The difference between indicated and implemented rate increases is higher for use and file states, suggesting that competitive or strategic concerns matter when deciding on rates to file.

Line	States' Regulatory Statistics (Average), 2023						
	Days to Approval	Std Dev Days	Pages in Filing	N Filings	% Indicated	% Implemented	Difference
Personal Auto (Prior Approval)	64	55	1459	211	15.136	9.119	7.957
Personal Auto (Use and File)*	45	42	372	95	21.397	10.386	13.997
Commercial Auto (Prior Approval)	34	33	205	343	11.812	5.646	13.168
Commercial Auto (Use and File)*	30	20	165	60	11.612	5.471	13.262

**Insurers still must file. The difference is that they need no approval prior to using the rates.
SPGMI, Insurance Product Filings for the Calendar Year 2023.*



U.S. Government Accountability Office

- Report to the Ranking Member Senate Committee on Banking, Housing, and Urban Affairs:
 - HOMEOWNERS INSURANCE – February 2026

Premiums Generally Tracked Inflation but Rose More in Disaster-Prone Areas

“A critical risk-management tool for insurers is risk-based pricing, which enables them to align premiums collected to the underlying risks.”



Actuarial Principles and Standards of Practice



Rates Cannot Include Cross Subsidies between States

- CAS Statement of Principles Regarding Property and Casualty Insurance Ratemaking:
 - Principle 1: A rate is an estimate of the expected value of future costs.
 - Principle 2: A rate provides for all costs associated with the transfer of risk.
 - Principle 3: A rate provides for the costs associated with an individual risk transfer.
 - Principle 4: **A rate is reasonable and not excessive, inadequate, or unfairly discriminatory if it is an actuarially sound estimate of the expected value of all future costs associated with an individual risk transfer.**



Rates Cannot Include Cross Subsidies between States

- ASB ACTUARIAL STANDARD OF PRACTICE NO. 53 -- Estimating Future Costs for Prospective Property/Casualty Risk Transfer and Risk Retention:
 - 3.1 Future Cost Estimate -- The actuary should determine the **elements that are appropriate** to include in the future cost estimate.
 - 3.8 Use of Historical Data -- The actuary should determine the extent to which historical data (premium, exposure, loss, and loss adjustment) are available and **appropriate for estimating future costs**.



Rates Cannot Include Cross Subsidies between States

- 4.2 Disclosures -- The actuary should also include the following in an actuarial communication, if and when applicable:
 - d. if the actuary estimates future costs for a coverage or exposure when the historical data are unavailable, limited, or not fully representative, the actuary should disclose the data used and any appropriate adjustments made to the data



Rates Cannot Include Cross Subsidies between States

- Beyond professional principles and standards of practice binding on actuaries, and regulators review of analysis and rates, some states also specifically limit or disallow use of experience from other jurisdictions:

Section 2303 of **New York Law states** -- Rates shall not be excessive, inadequate, unfairly discriminatory, destructive of competition or detrimental to the solvency of insurers. In determining whether rates comply with the foregoing standards, the superintendent shall include all income earned by such insurer and any insurer controlling or controlled by such insurer or under common control by or with such insurer on all its investments of any kind and wherever located. **The superintendent shall further determine whether any component of such rates represent an effort on the part of the insurer to recover losses incurred in another state due to any referendum, law or regulation** which requires a general reduction in rates for the kinds of insurance described in section two thousand three hundred two of this article. **Such a finding shall be deemed unfairly discriminatory for the purposes of this article.**



Thank You

Draft: 4/15/26

Casualty Actuarial and Statistical (C) Task Force
Virtual Meeting
April 14, 2026

The Casualty Actuarial and Statistical (C) Task Force met April 14, 2026. The following Task Force members participated: D.J. Bettencourt, Chair, represented by Christian Citarella (NH); Angela L. Nelson, Vice Chair, represented by Julie Lederer (MO); Heather Carpenter represented by Austin Childs (AK); Mark Fowler represented by Charles Hale (AL); Ricardo Lara represented by Sarah Ye (CA); Joshua Hershman represented by Wanchin Chou (CT); Michael Yaworsky represented by Peshala Disanyaka (FL); Vicki Schmidt represented by Nicole Boyd (KS); Timothy J. Temple represented by Nichole Torblaa (LA); Marie Grant represented by Arthur Schwartz (MD); Robert L. Carey represented by Sandra Darby (ME); Anita G. Fox represented by Kevin Dyke (MI); Grace Arnold represented by Phil Vigliaturo (MN); Eric Dunning represented by Nguyen Thai (NE); Ned Gaines represented by Gennady Stolyarov (NV); Judith L. French represented by Tom Botsko (OH); Glen Mulready represented by Andy Schallhorn (OK); Michael Humphreys represented by Michael McKenney and James DiSanto (PA); Amanda Crawford represented by Nicole Elliott (TX); Kaj Samsom represented by Rosemary Raszka (VT); Patty Kuderer represented by William Wilder (WA); and Allan L. McVey represented by Heather Mihalik (WV).

1. Adopted the Report of the Statistical Data (C) Working Group

Darby reported that the Statistical Data (C) Working Group is updating the *Statistical Handbook of Data Available to Insurance Regulators*. The Working Group met April 8 to walk through the homeowners and mobile home section of the report, focusing on proposed changes that need further consideration. The Working Group is working closely with statistical agents to refine the data elements and align definitions. The Working Group plans to meet April 29 and May 20.

The *Report on Profitability by Line by State in 2024* (Profitability Report) was distributed to the Working Group and this Task Force for review during this meeting. This will be followed closely by reviews of the *Dwelling, Fire, Homeowners Owner-Occupied, and Homeowners Tenant and Condominium/Cooperative Unit Owner's Insurance Report* (Homeowners Report) and *Competition Database Report* (Competition Report). Last year's statistical reports will be sent to the Task Force for adoption soon.

Darby made a motion, seconded by Elliott, to adopt the report of the Statistical Data (C) Working Group. The motion passed unanimously.

2. Received an Update on its 2026 Charges

Citarella said that the Property and Casualty Insurance (C) Committee adopted the following charge for the Task Force: "Draft a white paper that explains how homeowners' insurance rates are regulated across states, with particular attention to public questions and academic claims regarding potential cross-state subsidization of catastrophic losses."

He appointed members from New Hampshire, California, Connecticut, Iowa, Louisiana, Maine, Minnesota, and Pennsylvania to serve as a drafting group for this white paper. He said the Task Force will work in coordination with NAIC staff and the Center for Insurance Policy and Research (CIPR) to develop the white paper. Regulators and interested parties will be asked to provide comments and questions during the process, during typical NAIC exposures, and throughout. He said the paper will be developed in a collaborative manner.

Citarella said one of the first steps in this process is to collect information. He asked for speakers to present about states' rate regulation in the homeowners market during the Task Force's May 12 meeting. Kris DeFrain (NAIC) said that some papers on rate regulation were recently released, and those authors are welcome to speak.

3. Discussed Schedule P Proposed Changes ("Phase Two") and Comments Received

Lederer said the proposed Schedule P instructions were exposed for a 45-day public comment period that ended March 26. Several comments were received (Attachment Seven-A). Lederer said she revised the proposal based on comments received and documented her response to each comment (Attachment Seven-B).

Lederer provided the background that a couple of years ago, Schedule P was changed to require 10 years of data for all lines of business, whereas some had previously only required two years. During the exposure of that proposal at the Blanks (E) Working Group, comment letters were received proposing additional changes to the Schedule P instructions unrelated to the current proposal. One comment said that the Schedule P instructions for the prior years can be quite vague and are sometimes not provided. The Task Force decided to start a project to look at the Schedule P instructions with that in mind. She said the project has had two phases so far. DeFrain took the lead on phase one to make the wording of instructions consistent, add instructions about prior year rows, and eliminate outdated, unnecessary information (e.g., instructions for prior to 2000). On a Task Force call in October 2024, volunteers for the project were requested. Lederer and Miriam Fisk (TX) volunteered. The phase one changes were adopted and implemented in the year-end 2025 instructions.

Phase two was started this year to further develop instructions for prior year rows. At the Task Force's Feb. 10 meeting, Lederer described the proposed phase two changes. She said that just like in phase one, the goal was to improve the instructions, not change reporting or the blanks. Phase two includes proposed changes to correct information, reorganize the content, make minor improvements, increase clarity without changing the meaning, correct information that is no longer true, and add more examples for prior years.

Lederer said there are unresolved comments, especially regarding the claim counts and why they are required for only some lines of business. Potential future changes could be grouped into two different categories. Some focus on instructions, which could be included in a third phase of the current project, and others are more in-depth and could require changes to the blank. Lederer said she has questions about Schedule P, Parts Six and Seven.

Interested parties and members discussed phase two and agreed with the proposal. Lederer said that phase two accomplishes the goals. There are some remaining issues that could be easily handled in a third phase, and others that likely belong in a separate project, if there is interest.

Lederer made a motion, seconded by DiSanto, to adopt the Schedule P instructions proposal and forward it to the Blanks (E) Working Group for consideration. The motion passed unanimously.

4. Discussed Rate Filing Review Training

Citarella, Darby, and Kelsey McElroy (MN) conducted a basic rate-filing training session for regulators that covered topics such as indications, trends, and credibility at the Spring National Meeting. There was significant participation, with more than 140 attendees. Citarella said the purpose of the training was to assist regulators with few to no actuarial exams. The plan is to address the main lines of business (e.g., homeowners, auto, personal umbrella) but not expand into areas of expertise, such as predictive modeling. He said pet insurance might be a good topic. Volunteers to assist with training are encouraged. Darby added that experts who can ad lib or provide advice during the event were helpful in the first presentation and do not have to volunteer for duties such as creating slides.

5. Received Liaison Reports

Citarella added some NAIC groups to the list of NAIC groups the Task Force should follow, including those that focus on catastrophe, pre-disaster, and resilience issues. He said that Minnesota is implementing a home risk mitigation project that involves actuaries in determining a discount. He asked for volunteers to serve as 2026 liaisons to report to the Task Force about activities in other NAIC groups. An updated liaison list was created (Attachment Seven-C).

Chou stated that work is underway on supplemental cybersecurity reporting.

Darby said the Homeowners Market Data Call (C) Task Force released its data call. She stated that she and Eric Lowe (VA) recorded a presentation that can be viewed on the Task Force's web page and helps answer industry questions.

6. Discussed Other Matters

Citarella said the Task Force is charged with overseeing the Rate Model Review Team and updating the adopted Model Review Manual. He said the charge is to evaluate the queue of filings on a quarterly basis and oversee the rate model review for staffing and resources. He asked for three to five volunteers to lead this effort.

He said the Task Force might consider creating a working group for its predictive model work. DeFrain said some of the work is now in the maintenance stage, but there are opportunities to build on it. She said that the Book Club can bring in different speakers and topics. DeFrain suggested that there could be oversight of the Rate Model Review Team's work, and there is a need to update the Model Review Manual with information on different types of models to keep it useful. She said that something more formal could be established to allow a forum for rate model reviewers to explain their models to a large regulatory audience. Citarella said it would be helpful to set up such a forum rather than consider each case and emphasized that there would be no approval process, but that discussions would be helpful.

Having no further business, the Casualty Actuarial and Statistical (C) Task Force adjourned.

March 18, 2026

Kris DeFrain, MAAA, FCAS, CPCU
Director of Research and Actuarial Services
National Association of Insurance Commissioners (NAIC) Central Office
(via email: kdefrain@naic.org)

RE: NAIC Property 2025 Schedule P -- Phase 2

Dear Ms. DeFrain,

Thank you for the opportunity to provide feedback regarding Phase 2 of the NAIC Property 2025 Schedule P.

APCIA¹ appreciates clarifications, improvements and corrections in the exposed document.

We believe additional language to the new point 11 would add further clarity: "The reserves reported are expected to represent the ultimate amounts to be paid, including anticipated inflation for incurred losses."

Please do not hesitate to contact me if there are any questions.

Thank you,



Norman Niemi, FCAS, MAAA, Affiliate IFoA
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¹ The American Property Casualty Insurance Association (APCIA) is the primary national trade association for home, auto, and business insurers. APCIA promotes and protects the viability of private competition for the benefit of consumers and insurers, with a legacy dating back 150 years. APCIA represents the broadest cross-section of home, auto, and business insurers of any national trade association. APCIA membership consists of over 1,200 member companies (or over 300 member groups). APCIA member companies P&C countrywide market share is 66% (total 74% commercial lines, 60% personal lines).



March 26, 2026

D.J. Bettencourt, Chair
 Angela L. Nelson, Vice Chair
 Casualty Actuarial and Statistical (C) Task Force
 National Association of Insurance Commissioners (NAIC)

Re: Schedule P Phase 2

Dear Chair Bettencourt and Vice Chair Nelson:

On behalf of the Casualty Practice Council's Committee on Property and Liability Financial Reporting (the Committee) of the American Academy of Actuaries,¹ I appreciate the opportunity to comment to the Casualty Actuarial and Statistical (C) Task Force regarding Schedule P Phase 2 exposed on February 10.² The Committee reviewed the exposure and offers the following comments as well as the enclosed suggested editorial edits that are intended generally to provide clarity to users or to promote consistency within the document and with other sections of the Property/Casualty Annual Statement Instructions. We would be happy to discuss any questions you may have related to our suggestions.

In addition to the enclosed suggested edits, we offer the following comments for your consideration:

1. We suggest that the terms "pooling" and "affiliated pooling" used throughout the Instructions be changed to "intercompany pooling" to align to *SSAP No. 63* and to clarify that the Schedule P Instructions that relate to pooling are exclusive to intercompany pooling, as opposed to voluntary or involuntary pooling, which are also discussed in *SSAP No. 63*.

Further, we suggest adding a clarifying comment that under these Instructions, intercompany pooling will cause the numbers reported in Schedule P not to 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 & Investment Exhibit.

Finally, Instruction #5 for Schedule P – Part 1 currently states "*For reporting entities reporting on a pooling basis, the pooling percentage should be applied to claim count as well as dollar amounts.*" We encourage the NAIC to clarify that this instruction only applies to pooled business (not to all business).

2. Instruction #9 for Schedule P states "*Schedule P, Part 1 should be gross of non-tabular discount and net of tabular discount.*" We believe this is only true through Column 31 of Part 1, as Columns 35 and 36 are net of all discount (per Instruction #16 for Schedule P – Part 1).

¹ The American Academy of Actuaries is a 20,000-member professional association whose mission is to serve the public and the U.S. actuarial profession. For 60 years, the Academy has assisted public policymakers on all levels by providing leadership, objective expertise, and actuarial advice on risk and financial security issues. The Academy also sets qualification, practice, and professionalism standards for actuaries in the United States.

² [Schedule P Phase 2](#), NAIC, February 2026

3. We suggest deleting Instruction #10 and Instruction #11 for Schedule P. These two instructions describe two important factors that management should consider in setting the reserves for unpaid losses and loss adjustment expenses, but the factors named within the Schedule P Instructions are not the only important considerations for management. *SSAP No. 55* provides more detailed and explicit requirements on how management should set reserves, and we believe the two items named in these Instructions do not add additional value.

If the Task Force elects to retain these Instructions, we suggest that a reference to *SSAP No. 55* be added, similar to the reference to *SSAP No. 65* in Instruction #9.

4. Instruction #1 for Schedule P – Part 1 states that amounts “*paid, unpaid, and incurred should reconcile with the Statement of Income page.*” We believe that the Statement of Income page only shows amounts incurred, and does not show amounts paid or unpaid.
5. Instruction #3 for Schedule P – Part 1 states “*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.*” We believe that this statement could create confusion with respect to re-opened claims, as it could imply that re-opened claims should be double-counted (i.e., the claim was closed with or without payment in a previous calendar year and is currently open). We suggest clarifying this statement.
6. Instruction #5 for Schedule P – Part 1 limits the lines of business for which claim counts are reported. We suggest that the Task Force consider whether such information might be useful for other lines of business. In particular, given the responsibility of the Appointed Actuary to reconcile data used in the actuarial analysis to Schedule P, we note that the absence of claim counts for certain lines of business in Schedule P means that this reconciliation cannot be performed for those lines of business.
7. Instruction #5 for Schedule P – Part 1 states that reporting entities should “*Indicate in the Interrogatories whether claim count information is reported per claim or per claimant.*” We suggest that the Task Force consider whether other claim count metrics might be acceptable if appropriately disclosed in the Interrogatories, such as claim counts per feature.
8. Instruction #7 for Schedule P – Part 1 states “*Loss payments are to be reported net of salvage and subrogation received in Schedule P.*” While we acknowledge that salvage and subrogation commonly applies to loss payments, it is possible to subrogate loss adjustment expenses. We suggest clarifying how salvage and subrogation should be handled for loss adjustment expenses.
9. Instruction #7 for Schedule P – Part 1 states “*The workpapers that show a reconciliation explaining reinsurance, discounting, and salvage and subrogation adjustments should be available for examination on request.*” We have no comments on the phrasing of this Instruction but observe that it is broader than the other items covered in Instruction #7 and suggest that it be made a separate Instruction that stands on its own.
10. Instruction #8 for Schedule P – Part 1 states “*In projecting the necessary reserves for [DCC and A&O] expenses, actuaries use a different approach for each of the two types of expenses.*” We suggest that this sentence be deleted. In our experience, this statement is not always true, and we do not believe that it adds value to the Instructions.
11. Instruction #17 for Schedule P – Part 1 states “*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.*” We observe that anticipated salvage and

subrogation is not always readily quantifiable if the actuarial analysis was performed on data that is net of salvage and subrogation. In such a case, the resulting estimate of unpaid loss and loss adjustment expense is inherently net of salvage and subrogation, but the amount was not quantified as part of the analysis. We suggest that the Task Force consider how reporting entities should populate Column 23 in this case.

12. Instructions #1 through #5 for Schedule P – Parts 1A Through 1U clarify how premiums and losses should be reported between claims-made and occurrence lines. However, we observe that only the Other Liability and Product Liability lines of business are segmented between claims-made and occurrence within Schedule P. Therefore, we suggest clarifying that these Instructions do not apply to Parts 1A through 1U, but only to Parts 1H and 1R.
13. Instruction #1 for Schedule P – Parts 2, 3, and 4 states that Part 2 “*provides a loss and expense development overview to test the adequacy of the reporting entity’s reserves.*” We believe that the term “test” may not be appropriate in this context as it could imply a standard against which the reserves are tested. We suggest that this sentence be changed to “*Schedule P, Part 2 provides a summary of the loss and DCC expense values over time to review the adequacy of the reporting entity’s reserves.*”

Further, this Instruction states that Part 4 “*does not show development of [bulk and IBNR] reserves.*” We observe that Part 4 does show the development of bulk and IBNR reserves over time and suggest that this sentence be deleted.

14. Instruction #4 for Schedule P – Parts 2, 3, and 4 states “*The Bulk and IBNR reserves in Part 4 are the actuarially determined reserves and are included in the losses unpaid and DCC expenses unpaid reported in Schedule P, Parts 1 and 2.*” We note that, per SSAP No. 55, the determination of the unpaid loss and DCC expenses, including the bulk and IBNR component, is the responsibility of entity management. While these reserves may be actuarially determined, it is not necessarily true that what is recorded in the financial statements was determined by an actuary, with input from an actuary, or using actuarial techniques. Therefore, we suggest that this sentence be changed to “*The Bulk and IBNR reserves in Part 4 are the reserves determined by management in accordance with SSAP No. 55 and are included in the losses unpaid and DCC expenses unpaid reported in Schedule P, Parts 1 and 2.*”
15. Instruction #4 for Schedule P – Part 5 states “*“Direct and assumed” means direct plus the proportion of a pool plus proportional reinsurance assumed.*” We believe that this sentence is incorrect and conflicts with the pooling guidance provided earlier in the document.
16. Instruction #1 for Schedule P – Part 6 refers to “*the written premium file.*” We suggest clarification as it is unclear to what file this phrase is referring.

The Committee looks forward to the continued collaborative dialogue with the NAIC as you continue your work on this project. If you have any questions or would like to discuss these comments further, please contact Rob Fischer, policy project manager, casualty (fischer@actuary.org, 202-785-7865).

Sincerely,

Michelle L. Iarkowski, MAAA, FCAS
Chairperson, Committee on Property and Liability Financial Reporting

SCHEDULE P

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. 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. Schedule P displays ten years of historical data for all lines of business.
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. The lines of business in Schedule P are groupings of the lines of business used on the 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 State Page should be included in the Other Liability sections of Schedule P.
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. 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 a pooling agreement, show only its share of the business, not the total for all participants.
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. Schedule P, Part 1 should be gross of non-tabular discount and net of tabular 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. 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. 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.
11. The reserves reported are expected to represent the ultimate amounts to be paid, including anticipated inflation.
12. 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.

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The Prior Row:

13. 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.

SCHEDULE P – PART 1

1. Premiums earned, losses, and loss adjustment expenses paid, unpaid, and incurred should reconcile with the Statement of Income page. Part 1 – Summary is the total of the Schedule P lines.
2. The columnar headings provide instructions necessary for completion.
 - a. "Assumed" means reinsurance assumed, including from affiliated pooling agreements, but excluding any non-proportional reinsurance assumed reported as a separate line and reported accordingly.
 - b. "Direct" means as directly written, but not if part of an affiliated pooling agreement.
 - c. "Ceded" means reinsurance ceded on business so reported as direct or assumed.
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.
4. If the company changes its method of counting claims, the new method should be disclosed in Schedule P Interrogatories, Interrogatory 7.
5. 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. For each year, this Column should include the cumulative number of claims reported through the annual statement date for pooled and non-pooled business. Number of Claims Outstanding, Column 25, must be reported for all lines, except Non-proportional assumed reinsurance – Property, Liability and Financial Lines. For reporting entities reporting on a pooling basis, the pooling percentage should be applied to claim count as well as dollar amounts. Indicate in the Interrogatories whether claim count information is reported per claim or per claimant.
6. Cumulative salvage and subrogation received and losses and loss adjustment expenses paid should be reported for each specified incurred year.
7. In Schedule P, Part 1, salvage and subrogation received should be reported net of reinsurance, if any. Loss payments are to be reported net of salvage and subrogation received in Schedule P.

The workpapers that show a reconciliation explaining reinsurance, discounting, and salvage and subrogation adjustments should be available for examination on request.
8. The loss adjustment expenses from the Underwriting and Investment Exhibit, Part 3, are separated into one of two categories: DCC or A&O. In projecting the necessary reserves for these expenses, actuaries use a different approach for each of the two types of expenses.
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:
 - a. Surveillance expenses;
 - b. Fixed amounts for medical cost containment expenses;
 - c. Litigation management expenses;
 - d. Loss adjustment expenses for participation in voluntary and involuntary market pools if reported by accident year;
 - 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. Attorney fees incurred owing to a duty to defend, even when other coverage does not exist; and
 - g. The cost of engaging experts.

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

- a. Fees and expenses of adjusters and settling agents;
- b. Loss adjustment expenses for participation in voluntary and involuntary market pools if reported by calendar year;
- c. Attorney fees incurred in the determination of coverage, including litigation between the reporting entity and the policyholder;
- d. Fees or salaries for appraisers, private investigators, hearing representatives, reinspectors and fraud investigators, if working in the capacity of an adjuster; and
- e. Adjustment expenses arising from claims related lawsuits such as extra contractual obligations and bad faith lawsuits.

11. The foregoing list is not intended to be all-inclusive. Reporting entities are to use reasonable judgment in particular situations.

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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. **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. 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. Column 28, "Net," equals Column 26 – Column 27, which equals Column 11 + Column 24.

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 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 reports on a pooling basis, then the percentage of that pool reported therein 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. 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.)

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

19. All proportional reinsurance must be allocated to appropriate lines.

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

Prior Row:

22. 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.
23. Column 4 - 5 + 6 - 7 in the prior row equals column 10 - 9 in the Part 3 prior row.
24. 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.
25. The prior row should show the number of claims outstanding in the Summary and for all lines except Non-proportional 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.
26. There is no reporting required on the prior row for earned premiums, incurred loss and loss adjustment expenses, loss and loss adjustment expense percentages, or the inter-company pooling participation percentages.

SCHEDULE P – PARTS 2, 3, AND 4

1. Schedule P, Part 2 provides a loss and **DCC** 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 development of these reserves, and it will not, by itself, provide a test of the adequacy of these reserves.

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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. All amounts in Schedule P, Parts 2, 3, and 4 are reported net of reinsurance.

b. Parts 2 and 3 show cumulative amounts by incurred year.

c. All amounts are to be reported net of salvage and subrogation paid and anticipated.

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d. All amounts in Parts 2 and 4 must be reported gross of both tabular and non-tabular discounting.

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e. 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.

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Loss Adjustment Expenses:

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

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Bulk and IBNR Reserves:

4. The **bulk** and IBNR reserves for losses and **DCC** expenses in Part 4 are intended to include reserves for incurred but not reported claims, reopened claims, development on case reserves of reported claims, and aggregate reserves on newly reported claims without specific case reserves. The **bulk** and IBNR reserves in Part 4 are the actuarially determined reserves and are included in the losses unpaid and **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.

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5. The **bulk** and IBNR reserves in Part 4 include **DCC** expenses, unlike the reserves reported in the Underwriting and Investment Exhibit, Part 2A.

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Prior Row:

6. Part 2, Line 1, Column 1 should show 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.

The subsequent development each year across Line 1 relates 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.

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.

**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. 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.

SCHEDULE P – PART 5

1. 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. 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.
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.

4. All claim count information reported in Schedule P should be on a "direct and assumed" basis. "Direct and assumed" means direct plus the proportion of a pool plus proportional reinsurance assumed. The same percentage used for dollar amounts should also be used for the claim counts.

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Prior Row:

5. 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.
6. In Section 2, the Prior Row should show the number of claims outstanding as of the year-end in the column header for all incurred years prior to the most recent 10 years.
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. 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.

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SCHEDULE P – PART 6

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

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

- At December 31, 2013, the exposure year 2013 earned premium is \$2,500 ($=\$10,000 \times 0.25$).
 - At September 30, 2014, the exposure year 2013 earned premium is \$2,500, and the exposure year 2014 earned premium is \$7,500 ($=\$10,000 \times 0.75$).
 - The payroll audit is distributed over the policy term, so on December 31, 2014, the exposure year 2013 earned premium is \$2,750 ($=\$2,500 + 0.25 \times \$1,000$) and the exposure year 2014 earned premium is \$8,250 ($=\$7,500 + 0.75 \times \$1,000$).
 - 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 exposure year of coverage consistent with the loss and DCC expense by incurred year. 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. 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.
 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.

Prior Row:

7. The Prior Row should show the incremental earned premium adjustment in the calendar year corresponding to the column header for all incurred years prior to the most recent 10 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.

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 expense as of 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 expense on a policy year basis.

One reasonability benchmark that can be used to verify that the data is presented on a policy year basis is to compare the magnitude of an issue year's ultimate loss and DCC expense 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, issue year 2004 estimate of ultimate losses and DCC expense at year-end 2005 should be approximately twice as great as the estimate of issue year 2004 ultimate losses and DCC expense 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. 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 policy year basis.

One reasonability benchmark that can be used to verify that the data is presented on a policy year 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, 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) 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.

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From: Long, Chantel <Chantel.Long@illinois.gov>

Sent: Monday, February 23, 2026 12:25 PM

To: Lederer, Julie <Julie.Lederer@insurance.mo.gov>

Cc: McClintock, Reid <Reid.McClintock@illinois.gov>

Subject: FW: CASTF Exposure: Property 2025 Schedule P Phase 2

Good Afternoon Julie,

I hope you are doing well. Reid McClintock, who is copied on this email, is ILDOI's main representative on CASTF and he shared the revised Schedule P documents internally for input. First, I want to say that your time and effort you put into this did not go unnoticed. The language is much more cohesive and the examples you included are very helpful. Kudos on a great job!

I assume that as part of this exercise, you have likely done quite a bit of research on Schedule P, which is the reason for this email. There are a few items (claim counts and development) that ILDOI is interested in understanding further:

1. Regarding Schedule P – Part 1 Paragraph 5 (in your Phase 2 version of the Schedule P Instructions):
 - a. It specifies which lines of business (LOB) apply to Column 12 (Reported Claims), with Auto Physical Damage (APD) being one of them. Consequently, these also appear to be the required LOBs that are reported in Schedule P - Part 5, as shown in the 2025 P&C Annual Statement Blank. However, APD is not shown in the Blank for Part 5.
 - i. I am wondering if that is an oversight in the Blank or if APD should not be listed in the Instructions?
 - ii. Should the LOBs that must show Reported Claims in Column 12 of Schedule P – Part 1 also be the same LOBs for which Schedule P – Part 5 must be filled out? If so, should Schedule P – Part 5 of the Instructions reiterate the LOBs applicable to Part 5?
 - b. Further in Schedule P – Part 1 Paragraph 5 of the Instructions, it states that Column 25 (Outstanding Claims) must be reported for all lines except the non-proportional assumed reinsurance lines that are listed. Do you know why only some lines of business have to disclose the number of Reported Claims in Column 12 and why that requirement differs for Outstanding Claims in Column 25?

2. Regarding Schedule P – Parts 2, 3 and 4 (in your Phase 2 version of Schedule P Instructions), the Instructions do not disclose which LOBs should report on Closed Claims with Payments and Closed Claims without Payments in Columns 11 and 12, respectively, of Part 3? These appear to be the same LOBs for Schedule P – Part 1 Column 12. Currently, I believe the only way to verify this would be the Blank, unless I have overlooked it elsewhere.
3. Schedule P only reports net incurred loss and DCC development, while Notes to Financial Statements #25 report net incurred loss and LAE development. Many times, companies have incorrectly reported the development amount from Schedule P in Note #25. Those amounts should only be the same if A&O development is zero. This is also very confusing for our financial analysts. I know this is outside the scope of your work for the Schedule P Instructions, but have you ever heard from regulators that it would be nice having another column in Schedule P that reported net incurred loss and LAE development by accident year and in total (which would then tie to Note #25)?

Again, thanks for always trying to improve the processes and procedures that impact our work.

Take care,

Chantel



Chantel Long

Property & Casualty Actuarial Examiner

Illinois Department of Insurance

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Cell: 217.220.0753

320 West Washington

Springfield, Illinois 62767



From: Nichole Torblaa <Nichole.Torblaa@ldi.la.gov>
Sent: Friday, February 13, 2026 11:56 AM
To: DeFrain, Kris <kdefrain@naic.org>
Cc: Sobhanian, John <John.Sobhanian@ldi.la.gov>; Malone, Caleb <caleb.malone@ldi.la.gov>
Subject: Fw: CASTF Exposure: Property 2025 Schedule P Phase 2_My feedback

Hi Kris - Please see below from my team. Thanks!

From: John Sobhanian <John.Sobhanian@ldi.la.gov>
Sent: Friday, February 13, 2026 9:41 AM
To: Nichole Torblaa <Nichole.Torblaa@ldi.la.gov>
Subject: FW: CASTF Exposure: Property 2025 Schedule P Phase 2_My feedback

Hi Nichole. I have one feedback(item1) and one question(item 2) per my review. Thanks.

1)On page 1: The below statement is not universally true given that columns 35 and 36 shall be net of both non-tabular discount and tabular discount. Perhaps an addition like “with exception of columns 35 & 36” would be informative.

9. Schedule P, Part 1 should be gross of non-tabular discount and net of tabular 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

*While non-tabular discounts are typically disclosed in specific columns (32 and 33) of SChP P part1, , the tabular discount itself does not necessarily need to be shown separately in the columns in part 1. The below sentence is used for reconciliation of part 2 using column 24 of part 1. Given companies are not required to provide a separate column for tabular discounts, how is the below note useful for reconciliation?

From Part 1: Column 11 - (Column 8 - Column 9) + Column 24 - (Column 21 - Column 22), plus any tabular discount netted from the loss reserves in Column 24



JOHN SOBHANIAN, ACAS

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LDI

Louisiana
 Department of
 Insurance

March 26, 2026

Christian Citarella (NH), Chair
Julie Lederer (MO), Vice Chair
NAIC Casualty Actuarial and Statistical Task Force
via email: kdefrain@naic.org

RE: Comments Requested on Property 2025 Schedule P Phase 2

Chair Citarella and Members of the Working Group:

On behalf of the National Association of Mutual Insurance Companies (NAMIC)¹, we are writing in response to the Casualty Actuarial and Statistical Task Force's recent exposure of Property Schedule P Phase 2 redlines. Our member feedback is limited to some clarifying questions for the Task Force to consider.

Please do not hesitate to reach out with questions; NAMIC looks forward to continuing its engagement in the Task Force's efforts.

Sincerely,



Erica Weyhenmeyer, CPCU, AIE, MCM, WCP
Policy Vice President - Market Regulation and Workers' Compensation
NAMIC

¹ The National Association of Mutual Insurance Companies (NAMIC) is the foremost trade association representing the property/casualty insurance industry. Serving more than 1,300 member companies—including local and regional insurers as well as some of the nation's largest carriers—NAMIC members collectively write \$467 billion in annual premiums, representing 61% of the homeowners and 53% of the automobile insurance markets. For more than 130 years, NAMIC has been the leading voice advancing public policy solutions and regulatory frameworks that promote a strong, competitive market and protect our members and their policyholders.

SCHEDULE P

1. There are seven parts and the interrogatories within Schedule P. Part 1 provides detailed information on losses and loss 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 claims. 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. 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. Schedule P displays ten years of historical data for all lines of business.
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. The lines of business in Schedule P are groupings of the lines of business used on the 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 State Page should be included in the Other Liability sections of Schedule P.
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. 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 a pooling agreement, show only its share of the business, not the total for all participants.
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 expense reserves and from its schedules and exhibits.
9. Schedule P, Part 1 should be gross of non-tabular discount and net of tabular 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. 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. 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.
11. The reserves reported are expected to represent the ultimate amounts to be paid, including anticipated inflation.
12. 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:

13. 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.

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Commented [JL2]: Moved this from the Parts 1A through 1U section to this intro section since this applies to all parts of Schedule P.

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Deleted: Except for medical professional liability, other liability and products liability which separately display data for occurrence and claims-made coverages and the reinsurance lines

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Commented [JL4]: There is not an "aggregate write-ins for other lines of business" line on the statement of income. There is an "aggregate write-ins for other lines of business" line on the state pages and on the Underwriting and Investment Exhibit.

Commented [EW5]: In this section "State Page" is capitalized and non-capitalized.

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Commented [JL6]: Edited the wording for clarity without changing the meaning. When the existing wording says "a discount implicit in tabular reserves may be included in Schedule P, Part 1," the word "included" could be ambiguous, and the "may be" suggests that the company has flexibility on how to report tabular discounts in Part 1.

Deleted: 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.

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Commented [JL8]: Moved this from the discounting paragraph above because it doesn't reference discounting.

Commented [JL9]: Moved this from below because it seems to fit better here in the overview section than in the "prior row" section.

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12. For salvage and subrogation received on the "prior" row, report losses and expenses paid in the current year.

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Pooling:

14. Many insurers have a 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 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 pooling arrangements, not before.
15. Pooled business ceded is that which, if retained instead of ceded, would be pooled among the affiliated companies that are party to the pooling agreement. Any such business that is ceded by the 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 pooling, as well as any pooled business that is ceded after the pooling distribution has been made.
16. Direct and Assumed columns include the participation in any pool. In addition, all direct business not pooled plus assumed business from other than the pool is to be included. Ceded columns include the company's participation in the pool such as any ceding by the company to companies independent of the pool.
17. Claim counts should be reported in accordance with the 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 pool, then 40% of the claim count should be reported.
18. The pooling percentage is to reflect the company's participation in the pool as of year-end. When changes to pooling agreements impact previous 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 pooling changes only impact future incurred years, no restatement of historical values should be made. Any significant changes in the pooling arrangements should be reported in the Schedule P Interrogatories. An illustration for reporting pooled business, Exhibit A, follows.

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Commented [JL11]: We changed "accident year" to "incurred year" in Phase 1, but some instances were missed.

Commented [EW12R11]: Is this handled consistently among the SSAPs and SAO, or would the move to "incurred year" create confusion?

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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 lead company; 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.

Commented [JL13]: “Lead” matches the terminology in the instructions for the statement of actuarial opinion. (See paragraph 1C of the instructions.)

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Sample Situation

	Company A	Company B	Company C	Company D	Total
Pool Business:					
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)	(15,000)(c)	(5,000)(b)	-	-	(20,000)
4. Net Before Pooling Dist.	100,000	-	-	-	100,000
5. Pooling Dist. Assumed (Ceded)	(25,000)	15,000	7,000	3,000	-
6. Net Retained – Amount	75,000	15,000	7,000	3,000	100,000
– Percent Specified	75%	15%	7%	3%	100%
Non-Pool Business:					
7. Direct & Assumed (e)	5,000	4,000	-	-	9,000
8. (Ceded)	(2,000)(e)	(1,000)(e)	(5,000)(d)	-	(8,000)
9. Net	3,000	3,000	(5,000)	-	1,000
Total Business:					
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)	(25,000)	15,000	7,000	3,000	-
14. Net	78,000	18,000	2,000	3,000	101,000

- (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

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Schedule P Reporting

Reporting Principle for 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. 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.

2. The columnar headings provide instructions necessary for completion.

- a. “Assumed” means reinsurance assumed, including from affiliated pooling agreements, but excluding any non proportional reinsurance assumed reported as a separate line and reported accordingly.
- b. “Direct” means as directly written, but not if part of an affiliated pooling agreement.
- c. “Ceded” means reinsurance ceded on business so reported as direct or assumed.

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.

4. If the company changes its method of counting claims, the new method should be disclosed in Schedule P Interrogatories, Interrogatory 7.

5. 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. For each year, this Column should include the cumulative number of claims reported through the annual statement date for pooled and non-pooled business. Number of Claims Outstanding, Column 25, must be reported for all lines, except Non-proportional assumed reinsurance – Property, Liability and Financial Lines. For reporting entities reporting on a pooling basis, the pooling percentage should be applied to claim count as well as dollar amounts. Indicate in the Interrogatories whether claim count information is reported per claim or per claimant.

6. Cumulative salvage and subrogation received and losses and expenses paid should be reported for each specified incurred year.

7. In Schedule P, Part 1, salvage and subrogation received should be reported net of reinsurance, if any. Loss payments are to be reported net of salvage and subrogation received in Schedule P.

The workpapers that show a reconciliation explaining reinsurance, discounting, and salvage and subrogation adjustments should be available for examination on request.

8. The loss adjustment expenses from the Underwriting and Investment Exhibit, Part 3, are separated into one of two categories: DCC or A&O. In projecting the necessary reserves for these expenses, actuaries use a different approach for each of the two types of expenses.

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:

- a. Surveillance expenses;
- b. Fixed amounts for medical cost containment expenses;
- c. Litigation management expenses;
- d. Loss adjustment expenses for participation in voluntary and involuntary market pools if reported by accident year;
- 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. Attorney fees incurred owing to a duty to defend, even when other coverage does not exist; and
- g. The cost of engaging experts.

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Commented [JL15]: Moved these paragraphs from the Parts 1A through 1U section since this applies to all parts of Part 1, including the Summary.

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Deleted: 7. Report cumulative amounts paid or received for specific years...¶

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Deleted: 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. ...

Deleted: It is the character of the expenses that is most important, not whether the expenses were internal or external to the reporting entity.

Commented [JL19]: Made edits in this and the next paragraph to bring the language into agreement with paragraph 6 of SSAP No. 55 in the March 2025 AP&P Manual.

E.g., the SSAP did not used to have the “Adjustment expenses arising from claims related lawsuits such as extra contractual obligations and bad faith lawsuits” paragraph defining one of the categories of A&O expenses. (I don’t know when this was added, but I checked the 2002 and 2011 editions and it was not in there.)

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Deleted: “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:

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Commented [EW20]: Should this also be updated to “incurred year”?

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10. A&O expenses are loss adjustment expenses other than DCC. These expenses include, but are not limited to, the following items:	Deleted: 10.
	Deleted: are the remaining loss adjustment expenses
a. Fees and expenses of adjusters and settling agents;	Deleted: a.
b. Loss adjustment expenses for participation in voluntary and involuntary market pools if reported by calendar year;	Deleted: (but not if engaged in a contentious defense)
c. Attorney fees incurred in the determination of coverage, including litigation between the reporting entity and the policyholder;	Deleted: ¶
d. Fees or salaries for appraisers, private investigators, hearing representatives, reinspectors and fraud investigators, if working in the capacity of an adjuster; and	Deleted: ¶
e. Adjustment expenses arising from claims related lawsuits such as extra contractual obligations and bad faith lawsuits.	Deleted: and¶
	Deleted: <#>¶
11. The foregoing list is not intended to be all-inclusive. We are relying on the reporting entities to use reasonable judgment in particular situations.	Deleted: 11.
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.	Deleted: 12.
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.	Deleted: 13.
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.	Deleted: 14.
15. Column 28, “Net,” equals Column 26 – Column 27, which equals Column 11 + Column 24.	Deleted: 15.
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 expenses, in regard to non-tabular losses and 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 Financial Statements.) Columns 35 and 36 are the Column 24 unpaid losses and 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 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.	Deleted: 16.
	Deleted: the
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.)	Deleted: 17.
↓	Deleted: ¶
18. The definitions of the named lines are the same as used on the State Pages.	Deleted: s
19. All proportional reinsurance must be allocated to appropriate lines.	Deleted: 19.
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.	Deleted: 20.
21. For contracts that afford both proportional and non-proportional reinsurance, allocate premiums and losses to their component parts.	Deleted: 21.
Prior Row:	Deleted: The
↓	Deleted: 22. Row 1 “Prior” row, Columns 4 through 11, should only reflect amounts paid or received in the current calendar year.

22. In the prior row for losses and expenses paid and salvage and subrogation received (columns 4 through 10), report only losses and expenses paid and salvage and subrogation received in the current calendar year for all incurred years prior to the most recent ten years.
23. Column 4 - 5 + 6 - 7 in the prior row equals column 10 - 9 in the Part 3 prior row.
24. The unpaid losses and loss expenses on the prior row are the unpaid losses and loss expenses as of the annual statement date for all incurred years prior to the most recent ten years.
25. The prior row should show the number of claims outstanding in the Summary and for all lines except Non-proportional 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.
26. There is no reporting required on the prior row for earned premiums, incurred loss and loss expenses, loss and loss expense percentages, or the inter-company pooling participation percentages.

Commented [JL23]: Moved this from the intro section above since this applies specifically to Part 1.

Commented [JL24]: No changes are intended with these added instructions. These instructions describe what is reported on the prior rows. The industry has asked for the instructions to include more information on the prior rows.

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SCHEDULE P – PARTS 1A THROUGH 1U

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."
2. "Occurrence Earned Premiums" are all premiums which are not claims-made.
3. "Tail Earned Premiums" applicable to a claims-made insurance program are to be included in the occurrence Part for the respective line.
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. 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.

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Deleted: <#>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."

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Deleted: 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.

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Deleted: Report loss payments net of salvage and subrogation received....¶

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SCHEDULE P – PARTS 2, 3, AND 4

1. Schedule P, Part 2 provides a 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. All amounts in Schedule P, Parts 2, 3, and 4 are reported net of reinsurance.
- b. Parts 2 and 3 show cumulative amounts by incurred year.
- b. All amounts are to be reported net of salvage and subrogation paid and anticipated.
- c. All amounts in Parts 2 and 4 must be reported gross of both tabular and non-tabular discounting.
- 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.

Commented [EW32]: We would like clarity on how this applies to counts. For example, in entities that have 100% quota share agreements, carriers are still providing counts in part 3, col 11 & 12 due to the 'direct & assumed' comment about counts in Part 5.

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Commented [JL33]: I added this because I wasn't sure that we were clear anywhere else in this document that Parts 2 and 3 are cumulative.

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Loss Adjustment Expenses:

3. 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:

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

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Commented [JL35]: Kris had recommended adding something like this for the description of the Part 4 prior years row, but it seems like it might fit well here.

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Prior Row:

5. Part 2, Line 1, Column 1, should show 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.

The subsequent development each year across Line 1 relates 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.

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.

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

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

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)

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

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)

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

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)

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

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:
 $300,000 + 630,000 = 930,000$

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).

6. 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 are also 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. (These payments are also 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.

Commented [JL37]: Added this based on a recommendation in the Gain Compliance/AXA XL letter to Blanks dated 1/19/24.

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Deleted: 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.

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**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.*

7. 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.

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Deleted: 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....

Deleted: 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....¶

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Deleted: 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

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Commented [EW42]: This statement is the reason we fill out Part 3, though Part 3 states that it is net. Clarity here would be appreciated.

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SCHEDULE P – PART 5

1. 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. 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.
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.
2. All claim count information reported in Schedule P should be on a "direct and assumed" basis. "Direct and assumed" means direct plus the proportion of a pool plus proportional reinsurance assumed. The same percentage used for dollar amounts should also be used for the claim counts.

Prior Row:

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.
4. In Section 2, the Prior Row should show the number of claims outstanding as of the year-end in the column header for all incurred years prior to the most recent 10 years.
5. 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. 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. 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.

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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 \$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

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

- At December 31, 2013, the exposure year 2013 earned premium is \$2,500 ($=\$10,000 \times 0.25$).
- At September 30, 2014, the exposure year 2013 earned premium is \$2,500, and the exposure year 2014 earned premium is \$7,500 ($=\$10,000 \times 0.75$).
- The payroll audit is distributed over the policy term, so on December 31, 2014, the exposure year 2013 earned premium is \$2,750 ($=\$2,500 + 0.25 \times \$1,000$) and the exposure year 2014 earned premium is \$8,250 ($=\$7,500 + 0.75 \times \$1,000$).
- 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 exposure year of coverage consistent with the loss and DCC expense by incurred year. 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. 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.
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.

Prior Row:

7. The Prior Row should show the incremental earned premium adjustment in the calendar year corresponding to the column header for all incurred years prior to the most recent 10 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.

Commented [JL44]: I always have to remind myself what’s in Part 6 so I thought an example might help me and others.

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Commented [JL45]: Isn’t it by exposure year of coverage? The rows in Part 6 are exposure years. And this is what makes the premiums in Part 6 more analogous to the incurred year losses. (Exposure year premium is allocated to year based on the exposures in each year, just like incurred year losses are allocated to year based on the accidents in each year.)

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Commented [JL46]: No longer necessary to state. Part 6 shows ten years of data, plus a “prior” row.

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Commented [JL49]: I tried to state this in a clearer way.

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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 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%).

Commented [JL50]: Net premiums written are not shown on the income statement but are shown on the UW&I Exhibit, Part 1.

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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 expense as of 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 expense on a Policy Year basis.

One reasonability benchmark that can be used to verify that the data is presented on a Policy Year basis is to compare the magnitude of an issue year's ultimate loss and DCC expense 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, Issue Year 2004 estimate of ultimate losses and DCC expense at year-end 2005 should be approximately twice as great as the estimate of Issue Year 2004 ultimate losses and DCC expense 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. 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 Policy Year basis.

One reasonability benchmark that can be used to verify that the data is presented on a Policy Year 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, 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) 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.

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Prior Row:

- 15. The “Prior” row in Sections 2 and 3 should display the reported estimate of ultimate losses and DCC Expense on a Policy 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 Policy Year basis for all policy years ten or more years older than the current policy year.

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Commented [EW51]: Change expense to lower case consistent with other edits to the document.

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>

Commented [JL52]: Part 2 is gross of tabular discount whereas Part 1 is net.

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

Commented [EW53]: Question: Would it be appropriate in this table to update "ay" to "iy" (incurred year) consistent with the rest of the change throughout the document from accident year to incurred year?

Commented [JL54]: I highlighted this cell gray because the formula in the footnote works for the prior row too for Part 4.

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

Commented [JL55]: Part 4 is gross of tabular discount whereas Part 1 is net.

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
	1	2	3	4	5	6	7	8	9	10	11
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
	1	2	3	4	5	6	7	8	9	10	11
1. Prior	10,900	6,300	(1,000)	(3,000)	3,600	(1,500)	(2,900)	0	(100)	0	0
2. 2015	130,000	139,000	146,000	146,000	146,000	144,000	142,000	142,000	143,000	143,000	0
3. 2016		164,000	181,000	187,000	187,000	186,000	185,000	182,000	182,000	182,000	0
4. 2017			213,000	234,000	239,000	241,000	240,000	235,000	233,000	233,000	0
5. 2018				217,000	225,000	229,000	229,000	227,000	222,000	222,000	0
6. 2019					239,000	252,000	256,000	258,000	255,000	253,000	(2,000)
7. 2020						253,000	256,000	259,000	259,000	255,000	(4,000)
8. 2021							258,000	280,000	285,000	284,000	(1,000)
9. 2022								263,000	285,000	289,000	4,000
10. 2023									279,000	294,000	15,000
11. 2024										305,000	305,000
12. Total											317,000

Commented [JL56]: I added this exhibit to clarify the

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13. Earned Premiums (Sch P-Pt. 1)	140,900	179,300	236,000	241,000	255,600	267,500	258,100	280,000	296,900	317,000	
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Part 1 EP

SCHEDULE P

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. 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. Schedule P displays ten years of historical data for all lines of business.
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. 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 state page should be included in the Other Liability sections of Schedule P.
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. 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. 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. 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. 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. 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:

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.
- Intercompany Pooling:
12. 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

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Commented [JL2]: Moved this from the Parts 1A through 1U section to this intro section since this applies to all parts of Schedule P.

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Commented [JL4]: There is not an “aggregate write-ins for other lines of business” line on the statement of income. There is an “aggregate write-ins for other lines of business” line on the state pages and on the Underwriting and Investment Exhibit.

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Commented [JL5]: Edited the wording for clarity without changing the meaning. When the existing wording says “a discount implicit in tabular reserves may be included in Schedule P, Part 1,” the word “included” could be ambiguous, and the “may be” suggests that the company has flexibility on how to report tabular discounts in Part 1.

Deleted: 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.

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Commented [JL7]: Moved this from below because it seems to fit better here in the overview section than in the “prior row” section.

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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.

13. Pooled business ceded is that which, if retained instead of ceded, would be pooled among the affiliated companies 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.

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14. 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.

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15. 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.

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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.

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 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 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.

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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 lead company; 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.

Commented [JL10]: “Lead” matches the terminology in the instructions for the statement of actuarial opinion. (See paragraph 1C of the instructions.)

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Sample Situation

	Company A	Company B	Company C	Company D	Total
Pool Business:					
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)	(15,000)(c)	(5,000)(b)	-	-	(20,000)
4. Net Before Pooling Dist.	100,000	-	-	-	100,000
5. Pooling Dist. Assumed (Ceded)	(25,000)	15,000	7,000	3,000	-
6. Net Retained – Amount	75,000	15,000	7,000	3,000	100,000
– Percent Specified	75%	15%	7%	3%	100%
Non-Pool Business:					
7. Direct & Assumed (e)	5,000	4,000	-	-	9,000
8. (Ceded)	(2,000)(e)	(1,000)(e)	(5,000)(d)	-	(8,000)
9. Net	3,000	3,000	(5,000)	-	1,000
Total Business:					
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)	(25,000)	15,000	7,000	3,000	-
14. Net	78,000	18,000	2,000	3,000	101,000

- (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

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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. Premiums earned, losses 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.
2. The columnar headings provide instructions necessary for completion.
- a. “Assumed” means reinsurance assumed, including from intercompany pooling agreements, but excluding any nonproportional reinsurance assumed reported as a separate line and reported accordingly.
- b. “Direct” means as directly written, but not if part of an intercompany pooling agreement.
- c. “Ceded” means reinsurance ceded on business so reported as direct or assumed.
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.
4. If the company changes its method of counting claims, the new method should be disclosed in Schedule P Interrogatories, Interrogatory 7.
5. 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 pooling.
6. Number of Claims Outstanding, Column 25, must be reported for all lines, except Nonproportional Assumed Reinsurance – Property, Liability and Financial Lines.
7. 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.
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.
9. Cumulative salvage and subrogation received and losses and loss adjustment expenses paid should be reported for each specified incurred year.
10. 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.
11. The workpapers that show a reconciliation explaining reinsurance, discounting, and salvage and subrogation adjustments should be available for examination on request.
12. The loss adjustment expenses from the Underwriting and Investment Exhibit, Part 3, are separated into one of two categories: DCC or A&O.
13. DCC expenses include defense, litigation and medical cost containment expenses, whether internal or external. DCC include, but are not limited to, the following items:
- a. Surveillance expenses;
- b. Fixed amounts for medical cost containment expenses;
- c. Litigation management expenses;

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Commented [JL12]: Moved these paragraphs from the Parts 1A through 1U section since this applies to all parts of Part 1, including the Summary.

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Commented [JL16]: Made edits in this and the next paragraph to bring the language into agreement with paragraph 6 of SSAP No. 55 in the March 2025 AP&P Manual.

E.g., the SSAP did not used to have the “Adjustment expenses arising from claims related lawsuits such as extra contractual

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	d. Loss adjustment expenses for participation in voluntary and involuntary market pools if reported by accident year;	Deleted: d.
	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;	Deleted: e.
	f. Attorney fees incurred owing to a duty to defend, even when other coverage does not exist; and	Deleted: f.
	g. The cost of engaging experts.	Deleted: g.
14.	A&O expenses are loss adjustment expenses other than DCC. These expenses include, but are not limited to, the following items:	Deleted: 10. Deleted: are the remaining loss adjustment expenses
	a. Fees and expenses of adjusters and settling agents;	Deleted: a.
	b. Loss adjustment expenses for participation in voluntary and involuntary market pools if reported by calendar year;	Deleted: (but not if engaged in a contentious defense)
	c. Attorney fees incurred in the determination of coverage, including litigation between the reporting entity and the policyholder;	Deleted: ¶
	d. Fees or salaries for appraisers, private investigators, hearing representatives, reinspectors and fraud investigators, if working in the capacity of an adjuster; and	Deleted: ¶
	e. Adjustment expenses arising from claims related lawsuits such as extra contractual obligations and bad faith lawsuits.	Deleted: and¶ Deleted: <#>¶
15.	The foregoing list is not intended to be all-inclusive. Reporting entities are to use reasonable judgment in particular situations.	Deleted: 11. Deleted: We are relying on the r
16.	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.	Deleted: 12.
17.	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.	Deleted: 13.
18.	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.	Deleted: 14.
19.	Column 28, “Net,” equals Column 26 – Column 27, which equals Column 11 + Column 24.	Deleted: 15.
20.	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 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.	Deleted: 16. Deleted: the
21.	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.)	Deleted: 17. Deleted: ¶
22.	The definitions of the named lines are the same as used on the state page.	Deleted: s Deleted: S Deleted: P Deleted: s
23.	All proportional reinsurance must be allocated to appropriate lines.	Deleted: 19.

24. As used in this instruction “nonproportional reinsurance” means reinsurance in excess of retention by the ceding company, and “proportional reinsurance” means fixed percentage of all losses.
25. For contracts that afford both proportional and nonproportional reinsurance, allocate premiums and losses to their component parts.

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Prior Row:

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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.

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

Commented [JL19]: Moved this from the intro section above since this applies specifically to Part 1.

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.

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.

Commented [JL20]: No changes are intended with these added instructions. These instructions describe what is reported on the prior rows. The industry has asked for the instructions to include more information on the prior rows.

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SCHEDULE P – PARTS 1H and 1R

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."
2. "Occurrence Earned Premiums" are all premiums which are not claims-made.
3. "Tail Earned Premiums" applicable to a claims-made insurance program are to be included in the occurrence Part for the respective line.
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.
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.

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<#>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."

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11. In Column 28, "Net," the amount should equal Column 26 – Column 27, which equals Column 11 + Column 24.

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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 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.
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. 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.
- b. Parts 2 and 3 show cumulative amounts by incurred year.
- c. All amounts are to be reported net of salvage and subrogation paid and anticipated.
- d. All amounts in Parts 2 and 4 must be reported gross of both tabular and non-tabular discounting.
- e. 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.

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:

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

Bulk and IBNR Reserves:

5. The bulk and IBNR reserves for losses and DCC expenses in Part 4 are intended to include reserves for incurred but not reported claims, reopened claims, development on case reserves of reported claims, and aggregate reserves on newly reported claims without specific case reserves. The bulk and IBNR reserves in Part 4 are included in the losses unpaid and 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.
6. The bulk and IBNR reserves in Part 4 include DCC expenses, unlike the reserves reported in the Underwriting and Investment Exhibit, Part 2A.

Prior Row:

7. Part 2, Line 1, Column 1, should show 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.

The subsequent development each year across Line 1 relates 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

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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.

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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)

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

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)

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

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)

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

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)

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

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:
 $300,000 + 630,000 = 930,000$

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).

Commented [JL32]: Added this based on a recommendation in the Gain Compliance/AXA XL letter to Blanks dated 1/19/24.

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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 are also 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. (These payments are also 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.*

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.

SCHEDULE P – PART 5

1. 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. 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.

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.

4. All claim count information reported in Schedule P should be on a "direct and assumed" basis. "Direct and assumed" means direct business not subject to intercompany pooling, plus the company's proportionate share of the total number of pooled claims, plus assumed from other than the intercompany pool. Assumed claim counts on proportional reinsurance arrangements should use the same proportion as losses.

Prior Row:

5. 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.

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

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. 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.

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SCHEDULE P – PART 6

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

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

- At December 31, 2013, the exposure year 2013 earned premium is \$2,500 ($=\$10,000 \times 0.25$).
- At September 30, 2014, the exposure year 2013 earned premium is \$2,500, and the exposure year 2014 earned premium is \$7,500 ($=\$10,000 \times 0.75$).
- The payroll audit is distributed over the policy term, so on December 31, 2014, the exposure year 2013 earned premium is \$2,750 ($=\$2,500 + 0.25 \times \$1,000$) and the exposure year 2014 earned premium is \$8,250 ($=\$7,500 + 0.75 \times \$1,000$).
- 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 exposure year of coverage consistent with the loss and DCC expense by incurred year. 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. 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.
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.

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Commented [JL40]: No longer necessary to state. Part 6 shows ten years of data, plus a "prior" row.

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Prior Row:

7. The Prior Row should show the incremental earned premium adjustment in the calendar year corresponding to the column header for all incurred years prior to the most recent 10 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.

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Commented [JL43]: I tried to state this in a clearer way.

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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 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%).

Commented [JL44]: Net premiums written are not shown on the income statement but are shown on the UW&I Exhibit, Part 1.

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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 expense as of **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 expense on a **policy year** basis.

One reasonability benchmark that can be used to verify that the data is presented on a **policy year** basis is to compare the magnitude of an issue year's ultimate loss and DCC expense 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 Year 2004** estimate of ultimate losses and DCC expense at year-end 2005 should be approximately twice as great as the estimate of Issue Year 2004 ultimate losses and DCC expense 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.

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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**. 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 **policy year** basis.

One reasonability benchmark that can be used to verify that the data is presented on a **policy year** 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**, the ratios as of twelve months will look very different than the ratios as of twenty-four months.

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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) should only include the experience of contracts with a variable premium.

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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.

Prior Row:

15. The “Prior” row in Sections 2 and 3 should display the reported estimate of ultimate losses and DCC expense on a policy 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 policy year basis for all policy years ten or more years older than the current policy year.

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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>

Commented [JL45]: Part 2 is gross of tabular discount whereas Part 1 is net.

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 thru 2022 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 thru 2023 on 2022	paid thru 2023 on 2022	paid thru 2024 on 2022	paid thru 2025 on 2022		
2023								paid in 2023 thru 2024 on 2023	paid thru 2024 on 2023	paid thru 2025 on 2023		
2024									paid in 2024 thru 2025 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	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
2017		rsvs ye 2017 on 2017	rsvs ye 2018 on 2017	rsvs ye 2019 on 2017	rsvs ye 2020 on 2017	rsvs ye 2021 on 2017	rsvs ye 2022 on 2017	rsvs ye 2023 on 2017	rsvs ye 2024 on 2017	rsvs ye 2025 on 2017
2018			rsvs ye 2018 on 2018	rsvs ye 2019 on 2018	rsvs ye 2020 on 2018	rsvs ye 2021 on 2018	rsvs ye 2022 on 2018	rsvs ye 2023 on 2018	rsvs ye 2024 on 2018	rsvs ye 2025 on 2018
2019				rsvs ye 2019 on 2019	rsvs ye 2020 on 2019	rsvs ye 2021 on 2019	rsvs ye 2022 on 2019	rsvs ye 2023 on 2019	rsvs ye 2024 on 2019	rsvs ye 2025 on 2019
2020					rsvs ye 2020 on 2020	rsvs ye 2021 on 2020	rsvs ye 2022 on 2020	rsvs ye 2023 on 2020	rsvs ye 2024 on 2020	rsvs ye 2025 on 2020
2021						rsvs ye 2021 on 2021	rsvs ye 2022 on 2021	rsvs ye 2023 on 2021	rsvs ye 2024 on 2021	rsvs ye 2025 on 2021
2022							rsvs ye 2022 on 2022	rsvs ye 2023 on 2022	rsvs ye 2024 on 2022	rsvs ye 2025 on 2022
2023								rsvs ye 2023 on 2023	rsvs ye 2024 on 2023	rsvs ye 2025 on 2023
2024									rsvs ye 2024 on 2024	rsvs ye 2025 on 2024
2025										rsvs ye 2025 on 2025

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

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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
	1	2	3	4	5	6	7	8	9	10	11
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
	1	2	3	4	5	6	7	8	9	10	11
1. Prior	10,900	6,300	(1,000)	(3,000)	3,600	(1,500)	(2,900)	0	(100)	0	0
2. 2015	130,000	139,000	146,000	146,000	146,000	144,000	142,000	142,000	143,000	143,000	0
3. 2016		164,000	181,000	187,000	187,000	186,000	185,000	182,000	182,000	182,000	0
4. 2017			213,000	234,000	239,000	241,000	240,000	235,000	233,000	233,000	0
5. 2018				217,000	225,000	229,000	229,000	227,000	222,000	222,000	0
6. 2019					239,000	252,000	256,000	258,000	255,000	253,000	(2,000)
7. 2020						253,000	256,000	259,000	259,000	255,000	(4,000)
8. 2021							258,000	280,000	285,000	284,000	(1,000)
9. 2022								263,000	285,000	289,000	4,000
10. 2023									279,000	294,000	15,000
11. 2024										305,000	305,000
12. Total											317,000

Commented [JL48]: I added this exhibit to clarify the

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13. Earned Premiums (Sch P-Pt. 1)	140,900	179,300	236,000	241,000	255,600	267,500	258,100	280,000	296,900	317,000	
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Part 1 EP

Schedule P Instructions project

Background:

Gain Compliance and AXA XL sent a letter to the NAIC's Blanks Working Group (BWG) on 1/29/2024 in response to the request for comments on 2023-16BWG. (2023-16BWG recommended that Schedule P be changed to show 10 years of data and a "prior" row for all lines of business beginning in 2024.) Gain Compliance and AXA XL made several recommendations, including that the instructions for the "prior" row be clarified for Parts 2, 3, and 5 and for the claim count columns in Part 3. They wrote, "The Schedule P instructions for this information are either vague or not included at all, leaving the preparer or software vendors to interpret the data requested."

This letter was shared with CASTF, and we decided to review the Schedule P instructions, with an eye toward clarifying the instructions for the "prior" rows.

Phase 1:

Kris DeFrain took the lead on Phase 1 of the project, which involved changes such as adding more sections to explain the "prior" rows and performing some clean-up, such as adding paragraph numbering and eliminating instructions that applied to business prior to 2000. In a 10/8/2024 CASTF meeting, Kris proposed that regulators consider these changes first and think about making additional changes in a second phase of the project. She requested volunteers to review the Phase 1 proposals before exposure. Miriam Fisk (Texas) and I (Julie Lederer, Missouri) volunteered.

No comments were received during CASTF's exposure of Phase 1. BWG concurrently exposed the proposal and recommended the deletion of one sentence. CASTF adopted the amended proposal on 3/24/2025, and BWG adopted the proposal on 5/29/2025 (2025-07BWG). The year-end 2025 annual statement instructions reflect the Phase 1 changes.

Phase 2:

As Kris mentioned in the 10/8/2024 CASTF meeting, it seemed like the instructions might benefit from additional changes beyond those proposed in Phase 1. This led to Phase 2. As described in the document I shared on the 2/10/2026 CASTF call ("Overview of Phase 2 proposals.docx"), the Phase 2 proposals include correcting incorrect information, moving content without changing the content, making minor improvements, increasing clarity without changing the meaning, and correcting information that used to be true based on old annual statement blanks but is no longer true. As in Phase 1, the main focus is still addressing the instructions for the "prior" rows by enhancing descriptions and adding examples.

CASTF exposed the Phase 2 proposal for a 45-day public comment period ending on 3/26/2026. We received comments from APCIA, COPLFR, the Illinois Department of Insurance, the Louisiana Department of Insurance, and NAMIC. Thank you to those who reviewed the proposal.

Below is a summary of the comments and my (JL's) responses. Some of the comments would entail proposing changes to the annual statement blank. This would require CASTF to expand the scope of the project beyond merely improving the instructions and clarifying expectations for the "prior" rows.

Phase 2 comments and responses:

APCIA

1. We believe additional language to the new point 11 would add further clarity: "The reserves reported are expected to represent the ultimate amounts to be paid, including anticipated inflation for incurred losses."

JL response: I deleted this sentence based on COPLFR's recommendation #3.

COPLFR

1. We suggest that the terms "pooling" and "affiliated pooling" used throughout the Instructions be changed to "intercompany pooling" to align to SSAP No. 63 and to clarify that the Schedule P Instructions that relate to pooling are exclusive to intercompany pooling, as opposed to voluntary or involuntary pooling, which are also discussed in SSAP No. 63.

JL response: I added "intercompany" before "pool" or "pooling" where it seemed to make sense. I changed "affiliated pooling" to "intercompany pooling." I added "SSAP No. 63 establishes statutory accounting principles for intercompany pools." to the first paragraph in the pooling section. The definitions of DCC and A&O expenses reference involuntary and involuntary pools, so I did not say that the Schedule P instructions are exclusively referencing intercompany pools.

Further, we suggest adding a clarifying comment that under these Instructions, intercompany pooling will cause the numbers reported in Schedule P not to 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 & Investment Exhibit.

JL response: I added this as a separate paragraph in the pooling section:
"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.”

Finally, Instruction #5 for Schedule P – Part 1 currently states “For reporting entities reporting on a pooling basis, the pooling percentage should be applied to claim count as well as dollar amounts.” We encourage the NAIC to clarify that this instruction only applies to pooled business (not to all business).

JL response: I added “for the business subject to intercompany pooling” to the end of the sentence.

2. Instruction #9 for Schedule P states “Schedule P, Part 1 should be gross of non-tabular discount and net of tabular discount.” We believe this is only true through Column 31 of Part 1, as Columns 35 and 36 are net of all discount (per Instruction #16 for Schedule P – Part 1).

JL response: I changed the sentence to “Schedule P, Part 1 should be gross of nontabular discount and net of tabular discount, with the exception of Columns 35 and 36, which are net of all discount.”

3. We suggest deleting Instruction #10 and Instruction #11 for Schedule P. These two instructions describe two important factors that management should consider in setting the reserves for unpaid losses and loss adjustment expenses, but the factors named within the Schedule P Instructions are not the only important considerations for management. SSAP No. 55 provides more detailed and explicit requirements on how management should set reserves, and we believe the two items named in these Instructions do not add additional value.

If the Task Force elects to retain these Instructions, we suggest that a reference to SSAP No. 55 be added, similar to the reference to SSAP No. 65 in Instruction #9.

JL response: I deleted those two paragraphs. Those are not instructions for filling out Schedule P and don’t seem to belong here.

4. Instruction #1 for Schedule P – Part 1 states that amounts “paid, unpaid, and incurred should reconcile with the Statement of Income page.” We believe that the Statement of Income page only shows amounts incurred, and does not show amounts paid or unpaid.

JL response: I changed the sentence to “Premiums earned, losses incurred, and loss adjustment expenses incurred should reconcile with the Statement of Income page.”

5. Instruction #3 for Schedule P – Part 1 states “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.” We believe that this statement could create confusion with respect to re-opened claims, as it could imply that re-opened claims should be double-counted (i.e., the claim was closed with or without payment in a previous calendar year and is currently open). We suggest clarifying this statement.

JL response: I added “possibly with adjustments for reopened claims” to the end of the sentence. I believe some companies do count reopened claims as an additional claim.

6. Instruction #5 for Schedule P – Part 1 limits the lines of business for which claim counts are reported. We suggest that the Task Force consider whether such information might be useful for other lines of business. In particular, given the responsibility of the Appointed Actuary to reconcile data used in the actuarial analysis to Schedule P, we note that the absence of claim counts for certain lines of business in Schedule P means that this reconciliation cannot be performed for those lines of business.

JL response: Please see the response to Illinois’s comment 1.b.

7. Instruction #5 for Schedule P – Part 1 states that reporting entities should “Indicate in the Interrogatories whether claim count information is reported per claim or per claimant.” We suggest that the Task Force consider whether other claim count metrics might be acceptable if appropriately disclosed in the Interrogatories, such as claim counts per feature.

JL response: I don’t disagree. E.g., sometimes medical professional liability claims are reported per defendant. The interrogatories would need to change before the instructions, and interrogatory changes would require a change to the blanks.

8. Instruction #7 for Schedule P – Part 1 states “Loss payments are to be reported net of salvage and subrogation received in Schedule P.” While we acknowledge that salvage and subrogation commonly applies to loss payments, it is possible to subrogate loss adjustment expenses. We suggest clarifying how salvage and subrogation should be handled for loss adjustment expenses.

JL response: I changed the sentence to “Loss and loss adjustment expense payments are to be reported net of salvage and subrogation received in Schedule P.” Other places in the instructions say that “amounts” or “figures” should be net of salvage and subrogation without specifying losses or loss adjustment expenses, which suggests that both loss and LAE are to be net of salvage and subrogation.

9. Instruction #7 for Schedule P – Part 1 states “The workpapers that show a reconciliation explaining reinsurance, discounting, and salvage and subrogation adjustments should be available for examination on request.” We have no comments on the phrasing of this Instruction but observe that it is broader than the other items covered in Instruction #7 and suggest that it be made a separate Instruction that stands on its own.

JL response: I made this a separate paragraph.

10. Instruction #8 for Schedule P – Part 1 states “In projecting the necessary reserves for [DCC and A&O] expenses, actuaries use a different approach for each of the two types of expenses.” We suggest that this sentence be deleted. In our experience, this statement is not always true, and we do not believe that it adds value to the Instructions.

JL response: I deleted the sentence. That is not an instruction for filling out Schedule P and does not seem to belong here.

11. Instruction #17 for Schedule P – Part 1 states “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.” We observe that anticipated salvage and subrogation is not always readily quantifiable if the actuarial analysis was performed on data that is net of salvage and subrogation. In such a case, the resulting estimate of unpaid loss and loss adjustment expense is inherently net of salvage and subrogation, but the amount was not quantified as part of the analysis. We suggest that the Task Force consider how reporting entities should populate Column 23 in this case.

JL response: Interesting comment. Column 23 is just a memo column in Schedule P, provided for information only and not used in calculations. Do you know what reporting entities typically do in the situation you described?

12. Instructions #1 through #5 for Schedule P – Parts 1A Through 1U clarify how premiums and losses should be reported between claims-made and occurrence lines. However, we observe that only the Other Liability and Product Liability lines of business are segmented between claims-made and occurrence within Schedule P. Therefore, we suggest clarifying that these Instructions do not apply to Parts 1A through 1U, but only to Parts 1H and 1R.

JL response: I changed the title of this section to “Schedule P – Parts 1H and 1R.”

13. Instruction #1 for Schedule P – Parts 2, 3, and 4 states that Part 2 “provides a loss and expense development overview to test the adequacy of the reporting entity’s reserves.” We believe that the term “test” may not be appropriate in this context as it

could imply a standard against which the reserves are tested. We suggest that this sentence be changed to “Schedule P, Part 2 provides a summary of the loss and DCC expense values over time to review the adequacy of the reporting entity’s reserves.”

JL response: I changed the sentence to “Schedule P, Part 2 provides a summary of the loss and DCC expense values over time and may be used to review the adequacy of the reporting entity’s reserves.”

Further, this Instruction states that Part 4 “does not show development of [bulk and IBNR] reserves.” We observe that Part 4 does show the development of bulk and IBNR reserves over time and suggest that this sentence be deleted.

JL response: I deleted that sentence.

14. Instruction #4 for Schedule P – Parts 2, 3, and 4 states “The Bulk and IBNR reserves in Part 4 are the actuarially determined reserves and are included in the losses unpaid and DCC expenses unpaid reported in Schedule P, Parts 1 and 2.” We note that, per SSAP No. 55, the determination of the unpaid loss and DCC expenses, including the bulk and IBNR component, is the responsibility of entity management. While these reserves may be actuarially determined, it is not necessarily true that what is recorded in the financial statements was determined by an actuary, with input from an actuary, or using actuarial techniques. Therefore, we suggest that this sentence be changed to “The Bulk and IBNR reserves in Part 4 are the reserves determined by management in accordance with SSAP No. 55 and are included in the losses unpaid and DCC expenses unpaid reported in Schedule P, Parts 1 and 2.”

JL response: I changed that sentence to “The bulk and IBNR reserves in Part 4 are included in the losses unpaid and DCC expenses unpaid reported in Schedule P, Parts 1 and 2.”

15. Instruction #4 for Schedule P – Part 5 states ““Direct and assumed” means direct plus the proportion of a pool plus proportional reinsurance assumed.” We believe that this sentence is incorrect and conflicts with the pooling guidance provided earlier in the document.

JL response: I changed this sentence to ““Direct and assumed’ means direct business not subject to intercompany pooling, plus the company’s proportionate share of the total number of pooled claims, plus assumed from other than the intercompany pool.” I also changed “The same percentage used for dollar amounts should also be used for the claim counts.” To “Assumed claim counts on proportional reinsurance arrangements should use the same proportion as losses.” I think this brings this paragraph into alignment with “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.” from the pooling section of the document.

16. Instruction #1 for Schedule P – Part 6 refers to “the written premium file.” We suggest clarification as it is unclear to what file this phrase is referring.

JL response: I believe this is referencing the insurer’s internal policy database.

JL note: In addition to the comment letter, COPLFR provided a Word document with suggested edits in track changes mode. I made the majority of the recommended edits.

Illinois Department of Insurance

1. Regarding Schedule P – Part 1 Paragraph 5 (in your Phase 2 version of the Schedule P Instructions):
 - a. It specifies which lines of business (LOB) apply to Column 12 (Reported Claims), with Auto Physical Damage (APD) being one of them. Consequently, these also appear to be the required LOBs that are reported in Schedule P - Part 5, as shown in the 2025 P&C Annual Statement Blank. However, APD is not shown in the Blank for Part 5.
 - i. I am wondering if that is an oversight in the Blank or if APD should not be listed in the Instructions?

JL response: Good observation. The blank for Part 1J, Column 12 indicates that reported claims should be shown for auto physical damage. There is not a Part 5J in the blanks for auto physical damage. I’m not sure if there is intended to be a one-to-one correspondence between the lines of business for which Part 1, Column 12 needs to be reported and the lines of business for which Part 5 needs to be completed.

- ii. Should the LOBs that must show Reported Claims in Column 12 of Schedule P – Part 1 also be the same LOBs for which Schedule P – Part 5 must be filled out? If so, should Schedule P – Part 5 of the Instructions reiterate the LOBs applicable to Part 5?

JL response: I’m not sure if there is intended to be a one-to-one correspondence between the lines of business for which Part 1, Column 12 needs to be reported and the lines of business for which Part 5 needs to be completed.

- b. Further in Schedule P – Part 1 Paragraph 5 of the Instructions, it states that Column 25 (Outstanding Claims) must be reported for all lines except the non-proportional assumed reinsurance lines that are listed. Do you know

why only some lines of business have to disclose the number of Reported Claims in Column 12 and why that requirement differs for Outstanding Claims in Column 25?

JL response: Good question. I don't know why there are some lines of business (Special Liability, Special Property, Fidelity/Surety, Other [including credit and accident and health], International, Financial Guaranty/Mortgage Guaranty, and Pet Insurance) for which Part 1, Column 25 (outstanding claims) needs to be reported and Part 1, Column 12 (reported claims) does not. Feldblum's seminal January 2002 Schedule P paper says, "Reported claim counts are not shown for lines combining different types of coverage, such as special liability, special property, international, and non-proportional reinsurance." I added this quote to the "Schedule P – Part 1" section of the document.

I understand that assumed and ceded claims for non-proportional reinsurance can be hard to measure, which is why neither reported nor outstanding counts are required to be shown for the nonproportional assumed reinsurance lines of business (Parts 1N, 1O, and 1P). Feldblum says for these three lines of business, "Since the reinsurer is assuming a layer of loss, not the entire loss, the number of outstanding claims is not a meaningful figure" and "For non-proportional 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, and assumed claim counts are not shown for non-proportional reinsurance." I added the second quote above to the "Schedule P – Part 1" section of the document.

Feldblum provides these examples of why it's hard to assign claim counts to nonproportional reinsurance:

- "An explosion in a large factory may reverberate through several excess reinsurance layers and their retrocession agreements. Rules for the percentage of a claim shown by each reinsurer would be arbitrary."
- "An aggregate retention in an excess-of-loss treaty would cause a reinsurance recoverable stemming from the complete book of business. There is no claim count."

2. Regarding Schedule P – Parts 2, 3 and 4 (in your Phase 2 version of Schedule P Instructions), the Instructions do not disclose which LOBs should report on Closed Claims with Payments and Closed Claims without Payments in Columns 11 and 12, respectively, of Part 3? These appear to be the same LOBs for Schedule P – Part 1 Column 12. Currently, I believe the only way to verify this would be the Blank, unless I have overlooked it elsewhere.

JL response: Yes, the blanks suggest that the lines of business that need reporting on Part 3, columns 11 and 12 are the same as those that require reporting on Part 1, column 12. I added this sentence to the “Schedule P – Parts 2, 3, and 4” section: “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.”

3. Schedule P only reports net incurred loss and DCC development, while Notes to Financial Statements #25 report net incurred loss and LAE development. Many times, companies have incorrectly reported the development amount from Schedule P in Note #25. Those amounts should only be the same if A&O development is zero. This is also very confusing for our financial analysts. I know this is outside the scope of your work for the Schedule P Instructions, but have you ever heard from regulators that it would be nice having another column in Schedule P that reported net incurred loss and LAE development by accident year and in total (which would then tie to Note #25)?

JL response: Interesting comment. I am not aware of other regulators bringing this up, but I understand the challenge in reconciling Schedule P Part 2 to Note 25.

Louisiana Department of Insurance

1. On page 1: The below statement [“Schedule P, Part 1 should be gross of non-tabular discount and net of tabular discount.”] is not universally true given that columns 35 and 36 shall be net of both nontabular discount and tabular discount. Perhaps an addition like “with exception of columns 35 & 36” would be informative.

JL response: I changed the sentence to “Schedule P, Part 1 should be gross of nontabular discount and net of tabular discount, with the exception of Columns 35 and 36, which are net of all discount.”

2. Regarding the footnote on the Schedule P – Part 2 exhibit that says “From Part 1: Column 11 - (Column 8 - Column 9) + Column 24 - (Column 21 - Column 22), plus any tabular discount netted from the loss reserves in Column 24”: While non-tabular discounts are typically disclosed in specific columns (32 and 33) of SCHP P part1, , the tabular discount itself does not necessarily need to be shown separately in the columns in part 1. The below sentence is used for reconciliation of part 2 using column 24 of part 1. Given companies are not required to provide a separate column for tabular discounts, how is the below note useful for reconciliation?

JL response: I agree. The existing formula was not correct for a company that uses tabular discounting, so I corrected it. But you're right that one can't reconcile Parts 1 and 2 with the information currently provided in the annual statement. An interested party suggested adding columns in Part 1 for tabular discounting (one column for case and one for IBNR), which would permit a reconciliation. This would involve proposing a Blanks change.

NAMIC

NAMIC provided comments within the Word document of the exposure draft. I summarized the comments below.

1. "State Page" is sometimes capitalized and sometimes not.

JL response: And "state page" is just a nickname for the Exhibit of Premiums and Losses anyway. I changed the first instance of "state page" to "Exhibit of Premiums and Losses ('state page')" and then used "state page" in the later reference.

2. Could the move from "accident year" to "incurred year" cause confusion? Is this handled consistently among the SSAPs and SAO?

JL response: This was a Phase 1 change, which was made because the trigger for coverage is not always the occurrence of an accident.

3. Should the reference to "accident year" in the description of DCC expenses change to "incurred year"?

JL response: I did not alter any language that was taken directly from SSAP No. 55.

4. Regarding the statement "All amounts in Schedule P, Parts 2, 3, and 4 are reported net of reinsurance.": We would like clarity on how this applies to counts. For example, in entities that have 100% quota share agreements, carriers are still providing counts in part 3, col 11 & 12 due to the 'direct & assumed' comment about counts in Part 5.

JL response: I believe claim counts in Schedule P are all on a direct and assumed basis. I changed "All amounts in Schedule P, Parts 2, 3, and 4 are reported net of reinsurance." to "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."

5. Regarding the statement: "All claim count information reported in Schedule P should be on a 'direct and assumed' basis. 'Direct and assumed' means direct plus the proportion of a pool plus proportional reinsurance assumed. The same

percentage used for dollar amounts should also be used for the claim counts.”: This statement is the reason we fill out Part 3, though Part 3 states that it is net. Clarity here would be appreciated.

JL response: Please see the response to item #4 above. Also, please see the changes made to the quoted information in response to one of COPLFR’s comments.

6. Regarding the prior row section for Sections 6 and 7 of Part 7: Change “Expense” to lower case consistent with other edits to the document.

JL response: I fixed this.

7. Regarding the Part 4 formulas: Question: Would it be appropriate in this table to update “ay” to “iy” (incurred year) consistent with the rest of the change throughout the document from accident year to incurred year?

JL response: I deleted the ay’s in the Part 4 formulas. This is consistent with the Parts 2 and 3 formulas, which say, for example, “paid thru 2020 + rsvs on 2017 @ ye 2020” and “paid thru 2018 on 2017.”

Areas for future discussion:

The goal of this project was to review the Schedule P instructions with a focus on enhancing the description of the “prior” rows. Phases 1 and 2 have accomplished that goal.

If CASTF wishes to continue the project, or start a new project, here are some potential areas for discussion. Some of these entail further edits to the instructions and therefore might fit within a Phase 3 of the current project. Others might entail proposing changes to the blanks, so they go beyond the scope of the current project.

Potential Phase 3 edits and discussions:

1. I recommend adding something like the following to the “Prior Row” subsection of the “Schedule P – Parts 2, 3, and 4” section of the document: “If the year in Column 1 is 20XX, Line 1 of Part 3, Column 11 shows claims closed with loss payment in calendar years 20XX+1 through 20XX+9 on incurred years 20XX-1 and prior. If the year in Column 1 is 20XX, Line 1 of Part 3, Column 12 shows claims closed without loss payment in calendar years 20XX+1 through 20XX+9 on incurred years 20XX-1 and prior.”

The instructions do not currently have a description of the prior rows for the claim count columns in Part 3, as noted in the Gain Compliance/AXA XL letter to BWG. I believe this added description is what regulators expect in these cells but would

appreciate if someone could double-check. Considering count activity in calendar years 20XX+1 through 20XX+9 makes these instructions analogous to those for the payments in the prior row.

2. Assuming there's agreement on the point above:
 - a. I recommend adding something like the following to the "Prior Row" subsection of the "Schedule P – Part 5" section: "The value in Part 3, Line 1, Column 11 will always be greater than or equal to the value in Part 5, Section 1, Line 1, Column 10. The Part 3 value in the 2024 annual statement equals the claims closed with loss payment in calendar years 2016 through 2024 for incurred years prior to 2015. The Part 5 value equals the claims closed with loss payment in calendar year 2024 for incurred years prior to 2015." This would answer a question in the Gain Compliance/AXA XL letter to BWG.
 - b. We could add formulas to the claim count columns in the "Schedule P – Part 3" exhibit.
3. Could these footnotes be added to Exhibit A? I would appreciate a double check of the formulas for rows 5 and 6.

$$4 = 1+2+3$$

$$5 = 6-4$$

$$6 = 4 \text{ Total} * \text{pooling percentage}$$

$$9 = 7+8$$

$$10 = 1+7$$

$$11 = 2$$

$$12 = 3+8$$

$$13 = 5$$

$$14 = 10+11+12+13$$

4. I recommend specifying that the formulas in the "Formulas for Schedule P, Parts 2024" section are for the 2025 annual statement and NOT subsequently updating them every year. Annual updates make errors more likely, and companies should be able to use the 2025 template to fill out the schedule for any year's annual statement.
5. The "Sections 2 and 3: Loss Development" subsection of the "Schedule P – Part 7" section of the document has a paragraph that begins "One reasonability benchmark that can be used to verify that the data is presented on a policy year basis...". I'm not sure this paragraph is true. Doesn't the estimate of ultimate for a policy year at 12 months contemplate the ultimate losses on unearned exposures? I understand that the *case incurred* losses (case + paid) could be about twice as large at 24 months than at 12 months, but why would this be true for *ultimates* as well? (I also

understand that the reserves at 12 months should not contemplate losses on unearned exposures, which would mean adjusting the policy year ultimate before subtracting paid amounts.)

6. The “Sections 2 and 3: Loss Development” subsection of the “Schedule P – Part 7” section of the document has these sentences: “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.” I don’t know if the second sentence is true. It seems like this might be true for case incurred losses (case reserves + paid losses) but not necessarily for ultimate losses.
7. There are still some minor inconsistencies in the document. E.g., sometimes we use “company” and other times “reporting entity,” sometimes we use “row” and other times “line,” and sometimes we use the Oxford comma and sometimes not.

For further discussion:

1. Is there intended to be a one-to-one correspondence between the lines of business for which Part 1, Column 12 (reported claim counts) needs to be reported and the lines of business for which Part 5 needs to be completed? (See Illinois’s comment letter.)
2. Why are there some lines of business for which Part 1, Column 25 (outstanding claim counts) needs to be reported and Part 1, Column 12 (reported claim counts) does not? (See Illinois’s comment letter, as well as the AXA XL/Gain Compliance letter to the BWG.)
3. Is it reasonable to require outstanding claim counts to be reported in Part 1, Column 25 of the Summary but not to require outstanding claim counts for the three nonproportional reinsurance assumed lines of business (Parts 1N, 1O, and 1P)? If it’s hard to determine claim counts for nonproportional reinsurance, it’s not clear how companies with this exposure are completing Part 1, Summary.
4. The “Prior Row” subsection of the “Schedule P – Part 5” section says, “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.” Does this make sense? I assumed that the reason for not requiring prior row reporting was that the information was hard to come by. This suggests that companies should have it.

5. We could consider recommending a change to the blanks for Part 3 to specify that the claim counts should be on a direct and assumed basis. (See NAMIC's comment letter.)
6. Is the count information in Schedule P useful to regulators?
7. Should we recommend a change to the blanks for Part 6? The label for the leftmost column in Part 6 says "Years in Which Premiums Were Earned [...]." I believe this should say something like "Years in Which Premiums Were Exposed to Loss [...]". As it stands, the label in Part 6 is the same as in Part 1, where the premiums reflect calendar year experience.

E.g., the 2015 row in Part 1 shows premium earned in calendar year 2015, while the 2015 row in Part 6 shows premium exposed to loss in 2015 (some or all of which may be earned in 2015). Row 13 of Part 6 shows the calendar year earned premium corresponding to the column label, which ties to Part 1.

8. I recommend that we propose a blanks change to remove the prior row in Sections 2 through 7 of Part 7. Most importantly, this row is not used in calculating the RBC credit for loss sensitive contracts. Part 7 is designed to show how sensitive the premium is to losses, which requires matching premium to losses; aggregate premium and loss data from multiple policy years would not help in measuring this sensitivity.

Also, the instructions require companies to retain information for old policy years as of prior year-ends. For example, the instructions for the Section 2 prior years row in the 2024 annual statement seem to require the company to retain a record of the ultimates for policy years 2014 and prior as of year-end 2017. The prior row instructions for Part 7 are different from the prior row instructions for all the other parts of Schedule P and don't seem to align with companies' data retention practices.

Feldblum's footnote 84 says, "The designers of Schedule P, Part 7, had no intentions for the prior years row. This row is not used for quantifying premium sensitivity. Companies should ignore this row."

9. Regarding the "Sections 6 and 7 (Part 7B only): Commission Development" subsection of the "Schedule P – Part 7" section of the document: The earned premiums in Section 4 are supposed to include the reserve for premium adjustments in Section 5. Is the same true for Section 6? I.e., should the commissions in Section 6 contemplate the accruals in Section 7?
10. The "Sections 6 and 7 (Part 7B only): Commission Development" subsection of the "Schedule P – Part 7" section of the document says, "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. Wouldn't additional commissions that the insurer expects to pay be reported as a positive value? That would seem to make Section 7 align with Section 6, since I assume that commissions paid and payable in Section 6 are reported as positive values.

4/14/26

CASUALTY ACTUARIAL AND STATISTICAL (C) TASK FORCE

2026 LIAISONS

EXECUTIVE COMMITTEE

- Natural Catastrophe and Resilience (EX) Task Force - Phil Vigliaturo (MN)
- Pre-Disaster Mitigation & Risk Modeling (EX) Working Group - Sandra Darby (ME)

PROPERTY AND CASUALTY INSURANCE (C) COMMITTEE

- Workers' Compensation (C) WG—Michael McKenney (PA)
- Title Insurance (C) Working Group—[OPEN](#)
- Homeowners Market Data Call (C) Task Force – Sandra Darby (ME)

MARKET REGULATION AND CONSUMER AFFAIRS (D) COMMITTEE

- Speed to Market (D) Working Group—Thomas Botsko (OH) in consultation with Maureen Motter (OH)

SERFF

- System for Electronic Rates & Forms Filing (SERFF) Product Steering Committee's (PSC's) SERFF Modernization Project—Sandra Darby (ME)

FINANCIAL CONDITION (E) COMMITTEE

- Capital Adequacy (E) Task Force—Thomas Botsko (OH)
- Property and Casualty Risk-Based Capital (E) Working Group—Thomas Botsko (OH)
- Catastrophe Risk (E) Subgroup of the Property and Casualty Risk-Based Capital (E) Working Group—Wanchin Chou (CT)
- Blanks (E) Working Group—Michael McKenney (PA)
- Statutory Accounting Principles (E) Working Group—[OPEN](#)

INNOVATION, CYBERSECURITY, AND TECHNOLOGY (H) COMMITTEE

- Innovation, Cybersecurity, and Technology (H) Committee—Christian Citarella (NH)
- Big Data and AI (H) Working Group—Christian Citarella (NH)
- Cybersecurity (H) Working Group—Wanchin Chou (CT)
- Third-Party Data and Models (H) Task Force—Travis Grassel (IA)

Draft: 7/29/26

Actuarial Opinion (C) Working Group
Virtual Meeting
July 15, 2026

The Actuarial Opinion (C) Working Group of the Casualty Actuarial and Statistical (C) Task Force met July 15, 2026. The following Working Group members participated: Miriam Fisk, Chair (TX); Julie Lederer, Vice Chair (MO); Susan Gozzo Andrews (CT); David A. Christhlf (DC); Chantel Long (IL); Sandra Darby (ME); Tom Botsko (OH); and Andy Schallhorn (OK). Also participating was: Arthur Schwartz (MD).

1. Discussed Changes to 2026 P/C Regulatory Guidance

Fisk reviewed proposed revisions to the *2026 Property/Casualty (P/C) Regulatory Guidance*, including edits Lederer proposed to the qualification documentation section. The revisions added sample language and illustrative examples addressing basic education, experience, continuing education (CE), accepted actuarial designation, and professional actuarial association membership. Michelle larkowski (American Academy of Actuaries [Academy] Committee on Property and Liability Financial Reporting [COPLFR]) said the examples, in addition to the sample language, would be helpful to appointed actuaries.

larkowski said an Academy committee was considering potential revisions to Section 3 of the U.S. Qualification Standards (USQS), including whether “responsible work” should be defined for purposes of the alternative basic education requirement, and welcomed regulator feedback.

Schwartz commented on the guidance for Exhibit B, Item 11. He said the phrase “at no additional charge” could be misleading because the cost of extended reporting coverage may be incorporated into rates. Fisk noted that the phrase was consistent with *Statement of Statutory Accounting Principles (SSAP) No. 65—Property and Casualty Contracts* and the 2026 instructions and, therefore, it should remain in the exposure draft. Schwartz proposed separate wording clarifying that coverage arising from death, disability, or retirement may apply to professional liability lines other than medical professional liability. Fisk agreed to incorporate that clarification.

Lederer made a motion, seconded by Christhlf, to expose the draft *2026 P/C Regulatory Guidance*, incorporating Schwartz’s clarification, for a 37-day public comment period ending Aug. 21. The motion passed.

Having no further business, the Actuarial Opinion (C) Working Group adjourned.

Draft: 7/7/26

Actuarial Opinion (C) Working Group
Virtual Meeting
June 24, 2026

The Actuarial Opinion (C) Working Group of the Casualty Actuarial and Statistical (C) Task Force met June 24, 2026. The following Working Group members participated: Miriam Fisk, Chair (TX); Julie Lederer, Vice Chair (MO); Susan Gozzo Andrews (CT); Chantel Long (IL); Sandra Darby (ME); Tom Botsko (OH); Andy Schallhorn (OK); and James Di Santo (PA).

1. Discussed Changes to 2026 P/C Regulatory Guidance

Fisk said the Working Group was beginning its review of possible 2027 instruction changes and the year-end 2026 regulatory guidance document. Fisk noted that the Working Group adopted several changes to the Property/Casualty (P/C) Statement of Actuarial Opinion (SAO) instructions the prior year, but those changes apply to year-end 2026 opinions and have not yet been used in practice. As a result, the Working Group does not anticipate making many additional instruction changes for 2027 until 2026 opinions are evaluated.

Fisk reviewed proposed edits to the 2026 Regulatory Guidance document. The proposed edits included updating the introduction to focus on 2026 instruction changes; revising language on making use of another's work to reflect new requirements in the 2026 instructions; retaining guidance and example language regarding P/C long-duration unearned premium reserves; and updating Exhibit B references to reflect the removal and renumbering of certain items. Fisk also discussed proposed revisions to the guidance on Exhibit B, Item 11, regarding extended reporting endorsement policy reserve associated contracts.

Fisk also reviewed proposed edits to the qualification documentation section. Michelle Iwarkowski (American Academy of Actuaries—COPLFR) said the existing examples remain valuable because appointed actuaries continue to have questions about how to prepare qualification documentation. The Working Group discussed retaining and improving sample language.

Fisk then asked state insurance regulators to share examples of qualification documentation they have found useful. She said revised edits would be prepared for review before the next meeting, where the Working Group could discuss additional changes and consider exposing the Regulatory Guidance for public comment.

2. Discussed Observations Regarding P/C SAO, P/C AOS, and Title SAO Instructions

Fisk said the Working Group did not currently expect to make major changes to the P/C SAO, P/C Actuarial Opinion Summary (AOS), or Title SAO instructions for 2027. No substantive proposed instruction edits were raised.

Lederer provided an update on her review of the *Financial Analysis Handbook* worksheet for actuarial opinions. Lederer said the current worksheet applies to both P/C and title and includes parenthetical comments where title differs from P/C. Lederer said she had identified places where additional title-related parentheticals may be needed and asked Working Group members to consider whether separate P/C and title worksheets would be more useful than a combined worksheet. Fisk suggested that the Working Group review actuarial references in the *Financial Condition Examiners Handbook* during a future meeting.

Having no further business, the Actuarial Opinion (C) Working Group adjourned.

Draft: 8/5/26

Statistical Data (C) Working Group
Virtual Meeting
July 29, 2026

The Statistical Data (C) Working Group of the Casualty Actuarial and Statistical (C) Task Force met July 29, 2026. The following Working Group members participated: Sandra Darby, Chair, (ME); Brad Gerling, Vice Chair (MO); Kyle Ogden and Ken Williamson (AL); Lori Dreaver Munn (AZ); Ross Gjede, George Bradner, and Christian Citarella (CT); Sean Rosene (NH); Tom Botsko (OH); Andy Schallhorn (OK); and David Dahl (OR).

1. Adopted its June 17 and May 20 Minutes

The Working Group met June 17 and May 20 to continue discussion on updates to the *Statistical Handbook of Data Available to Regulators* (Handbook).

Botsko made a motion, seconded by Gerling, to adopt the Working Group's June 17 (Attachment Ten-A) and May 20 (Attachment Ten B minutes. The motion passed unanimously.

2. Discussed Comments on Handbook Sections 1, 2, 3, 5, 7, and 8

Darby said the Working Group would return to the claim count note in the homeowners section before moving into the private passenger auto section. She said the American Association of Insurance Services (AAIS) had previously raised concerns about the difficulty of reporting claim counts because the note allows claims to be counted on either a per-accident basis or a per-claimant basis.

Darby reviewed information provided by AAIS regarding its statistical plan. The information stated that the claim count field captures the number of new claims and that the first loss record reported for a claim must have a claim count of one, regardless of whether it is a paid or outstanding loss record. It also stated that paid and outstanding loss adjustment expenses are not reported with a claim count, and that certain salvage and subrogation recovery records may carry a zero or negative claim count depending on whether the recovery is full or partial.

Mary Annese (Insurance Services Office—ISO) said the ISO's process is similar. She said the ISO receives claim counts when a loss payment is made, or a reserve is established, but not when the record is only for loss adjustment expense. She said when a payment is made, and reserves remain outstanding, the claim count may be carried on either the payment or the outstanding loss, but the claim is not counted twice. Al Burton (Independent Statistical Services—ISS) said the ISS' process is essentially the same.

Susan Chudwick (Travelers) asked whether the potential confusion relates to the phrase "per claimant." She said a single accident could involve multiple claimants and asked whether any statistical agent counts each claimant separately rather than counting one accident as one claim. Bradner said homeowners generally involve a one-to-one relationship, but rare liability examples could involve multiple claimants from a single occurrence. Annese said the ISO uses a claim ID field to identify multiple claimants while keeping the claim count per accident.

Mike Puchner (AAIS) said the AAIS also uses an accident-based claim count with claim IDs for claimants. He said the current note could be removed or revised because it suggests that insurers notify statistical agents of the reporting basis, while statistical agents actually instruct insurers how to report.

Gerling said he wanted to ensure that claim counts are collected consistently. He said that if one statistical agent collected data on a per-claimant basis while others collected on a per-accident basis, aggregation would be inappropriate. Darby suggested revising the language to state that claim counts should be reported on a per-accident basis and that, where multiple claimants are involved, claim IDs or similar identifiers should be used without increasing the claim count. Botsko said the approach was acceptable.

Becky Konkle (National Independent Statistical Service—NISS) said similar language appears in the private passenger auto section, and for auto, the NISS has companies report on a claimant basis because the current language states that claimant-based reporting is preferable. Puchner said the AAIS reports auto claim counts on an accident basis, with claim IDs for each claimant. Darby said the issue should be placed on the next agenda because it may result in different statistical agents collecting different data. She said the Working Group should consider how to revise the language without losing information needed for excess loss reporting. Konkle agreed to send information from the NISS statistical plan for review.

The Working Group reviewed proposed changes to the private passenger auto section. Darby reviewed Section 5.2, which included removing “station wagons” and adding “SUV.” No concerns were raised.

The Working Group reviewed Section 5.6 and related class group changes. Darby said territory references were being removed because the Working Group had decided to use ZIP codes. The Working Group discussed revised class group variables, including gender, age, business use, farm use, annual mileage, marital status, and principal operator. Darby clarified that the data would be split by variables such as gender and age, rather than reported only through combined legacy class descriptions. Gerling said the proposed changes to the class group were good.

The Working Group discussed annual mileage buckets. Puchner said the AAIS currently has more granular ranges within the proposed buckets but uses 25,000-plus as its maximum bucket. Darby asked whether the proposed 20,000-to-50,000 and 50,000-plus mileage buckets were necessary. Gerling and Munn said the highest-mileage buckets were likely unnecessary because those records would be rare. The Working Group discussed revising the mileage buckets to 20,000-to-25,000 and 25,000-plus.

Citarella said the method used to obtain mileage could be relevant, such as whether the mileage is operator-reported or obtained through a third party. Darby said that would likely require additional information from carriers and statistical agents and should be considered further.

The Working Group reviewed changes to the loss amount, including the addition of salvage and subrogation. No concerns were raised. The Working Group also reviewed claim count changes, including the addition of closed without payment and total loss. Gerling confirmed that closed without payment had been added.

The Working Group reviewed type-of-loss changes. Gerling asked how the data would be broken down by type of loss and said that a template would help visualize it. Darby said statistical agents had been assigned sections and were expected to bring dummy data templates to the September meeting. Gerling also asked about language that would allow statistical agents to collect no-fault outstanding losses either in total of all types or in detail. He said he preferred detail if available and suggested that the Working Group revise the language if statistical agents already collect detailed information consistently. Darby asked statistical agents to review what they currently collect for no-fault outstanding losses before the next meeting.

Darby said the Working Group had time to begin reviewing Section 1. The Working Group questioned whether the reference to page 15 of the annual statement remains accurate. Gerling said the relevant page may now be page 19. Darby asked NAIC committee support to highlight the reference and determine what it currently references.

Darby said Section 1.2 did not appear to need changes. She asked whether references to certain NAIC materials, including the Annual Statement Instructions and the *Accounting Practices and Procedures Manual* (AP&P Manual), remain accurate. Gerling confirmed that “Accounting Practices and Procedures Manual” remains the title.

Darby noted that Section 1.6 refers to the Statistical Information Task Force, which no longer exists. She asked NAIC committee support to update the reference to the appropriate current group. Darby asked that a similar update be made in Section 1.7.

Darby and Munn discussed two paragraphs regarding the NAIC model regulation and states that have not adopted it. Munn said the paragraphs appear to conflict. Darby said the language should be highlighted for future editorial changes. Darby asked whether statistical agents collect data for all states in which reporting companies write business, regardless of the state’s adoption of the model regulation. Puchner said the AAIS has data in every state except Texas. Munn noted that Texas has its own approach. Chudwick indicated that personal auto and commercial auto in Massachusetts are also exceptions. Darby said the group should revise the paragraphs because they appear contradictory.

3. Discussed Other Matters

Darby said the Working Group will not meet in August because of the Summer National Meeting. She said the next meeting is scheduled for Sept. 23.

Having no further business, the Statistical Data (C) Working Group adjourned.

Draft: 7/30/26

Statistical Data (C) Working Group
Virtual Meeting
June 17, 2026

The Statistical Data (C) Working Group of the Casualty Actuarial and Statistical (C) Task Force met June 17, 2026. The following Working Group members participated: Sandra Darby, Chair (ME); Charles Hale and Kyle Ogden (AL); Lori Dreaver Munn (AZ); Ross Gjede and George Bradner (CT); Colton Schulz (ND); Sean Rosene (NH); Alexander Vajda (NY); Andy Schallhorn and Landon Hubbard (OK); David Dahl (OR); and Nicole Elliott (TX). Also participating were: Daniel Zhong (FL); John Sobhanian (LA); Phillip Glasovatz (MI); Kelsey McElroy (MN); Ashely Perez (MT); and Eric Scott and Kaleb Short (TN).

1. Discussed Comments on Handbook Sections 1, 2, 3, 5, 7, and 8

The Working Group revisited whether farmowners policies should be classified as commercial lines or personal lines. Andy Regis (American Association of Insurance Services—AAIS) said AAIS differentiates between farm personal liability and commercial liability. Bradner said Connecticut does not allow farmowners policies to be submitted on personal lines. Elliott said the same is true for Texas. The Working Group agreed not to make any changes to the farmowners section of the *Statistical Handbook of Data Available to Regulators* (Handbook).

Darby asked the participating statistical agents, AAIS, Insurance Services Office (ISO), Independent Statistical Service (ISS), and National Independent Statistical Service (NISS) to each provide dummy data for one of the personal lines sections. She asked for them to provide data based on the current version of the Handbook and another data set based on the suggested changes to the Handbook.

Darby said the Working Group has aligned many of the changes in the dwelling fire and allied lines section of the Handbook with those in the homeowners section, including replacing experience period with loss date, removing territory reporting, and adding property mitigation designations. Bradner said it makes sense to mirror the changes made in the homeowners section.

Darby said the Working Group made edits to the property mitigation elements in the homeowners section to clarify that mitigation designations similar to the Insurance Institute for Business & Home Safety (IBHS) designation should also be reported. She asked if that same edit should be made in the dwelling fire and allied lines section. The Working Group agreed that the edit should be implemented.

Darby said the Working Group will discuss the private passenger auto (PPA) section during its next meeting.

Having no further business, the Statistical Data (C) Working Group adjourned.

Draft: 7/30/26

Statistical Data (C) Working Group
Virtual Meeting
May 20, 2026

The Statistical Data (C) Working Group of the Casualty Actuarial and Statistical (C) Task Force met May 20, 2026. The following Working Group members participated: Sandra Darby, Chair (ME); Brad Gerling, Vice Chair (MO); Charles Hale and Kyle Ogden (AL); Lori Dreaver Munn (AZ); George Bradner (CT); David A. Christhlf (DC); Colton Schulz (ND); Christian Citarella (NH); Alexander Vajda (NY); Landon Hubbart (OK); David Dahl (OR); and Ken Burton (TX). Also participating were: Luciano Gobbo (CA); Daniel Zhong (FL); Julie Rachford (IL); John Sobhanian, Nichole Torblaa, and Niles Watson (LA); Phillip Glasovatz (MI); Kelsey McElroy (MN); Mari Kindberg (MT); Eric Scott and Kaleb Short (TN); Kelly Christensen (UT); William Wilder (WA); and Jeff Grothman (WI).

1. Adopted its April 8 Minutes

The Statistical Data (C) Working Group met April 8 to discuss comments on the *Statistical Handbook of Data Available to Regulators* (Handbook).

Schulz made a motion, seconded by Gerling, to adopt the Working Group's April 8 minutes (Ten-B1). The motion passed unanimously.

2. Discussed Comments on Handbook Sections 1, 2, 3, 5, 7, and 8

Darby said questions that were outstanding from the Working Group's April 8 meeting were sent to statistical agents. She said statistical agents were asked how they collect protection codes and how carriers that do not use protection codes in rating are handled for homeowners policies. The National Independent Statistical Service (NISS) said it recently made changes to its statistical plan for homeowners and now uses the same protection codes as the Insurance Services Office (ISO). NISS also said it added a code for companies that do not use protection codes in rating. Independent Statistical Service (ISS) said it assigns a code for companies that do not use protection codes in rating. The American Association of Insurance Services (AAIS) said it collects fire protection rating codes based on AAIS classification plans, and it can also collect fire loss assignments. Laura Panesso (ISO) said ISO collects the actual Public Protection Classification (PPC), and if a carrier does not utilize the PPC, the ISO can grant it permission to report a default code.

Darby asked the Working Group whether protection codes should be collected as is, broken out and collected individually, or the Handbook should add a code to indicate companies that do not use protection codes. Bradner agreed that the Handbook should at least collect a code for companies that do not use protection codes. He said there are companies that are creating new protection classes, and the Handbook should allow for that flexibility. Schulz suggested breaking out the protection codes and using an additional code for companies that do not use the PPC. The Working Group agreed to break out each individual protection code, add a code for companies that do not use the PPC, and insert language that companies should match to the closest equivalent code if using a different type of code.

Darby said statistical agents were asked if collect the data outlined in the transaction identifiers section for endorsements. NISS responded that it collects written premium and written exposures for endorsements. ISS responded that it collects written premium, paid losses, and outstanding losses but not allocated losses. AAIS and ISO responded that they do collect the transaction identifier elements for endorsements. The Working Group agreed to collect written premium and paid loss amounts for endorsements.

Darby said statistical agents were asked if they had suggestions for catastrophe codes. NISS responded that some larger companies collect Property Claim Services (PCS) catastrophe codes, and some companies have their own internal catastrophe codes. NISS said it would be important for the Handbook to clearly define “catastrophe” as this will not be reported the same by all companies. ISS responded that companies have different internal thresholds for catastrophes. AAIS responded that it does not directly collect catastrophe codes. Panesso said ISO does not collect the PCS codes for this data, and it would not be a one-size-fits-all approach in terms of defining catastrophes. Schulz said the PCS codes could be backed into with the date of loss. The Working Group agreed with this approach and did not implement catastrophe codes.

Darby said statistical agents were asked if they had suggested changes to the type of loss section. NISS responded that it recently made changes to its cause of loss field due to mandates in North Carolina. ISS responded that any changes to type of loss need to be consistent across all statistical agents. AAIS and ISO responded that they collect more granular loss codes. Panesso said the Handbook should not collect anything too granular, especially across the different types of fire losses. The Working Group agreed to combine fire and fire caused by lightning, and to separately collect lightning damage with no fire. It also agreed to collect wildfire as its own type of loss.

Darby said statistical agents were asked to verify if their farmowners programs were classified as personal lines or commercial lines. NISS and ISS said they do not distinguish between personal lines and commercial lines for farmowners. AAIS said it has a data field that distinguishes personal lines from commercial lines. ISO said farmowners is collected under their commercial statistical plan. Bradner said smaller farming operations should be collected as personal lines and distinguished from large commercial farming operations. Darby asked the statistical agents to look into the eligibility requirements for farmowners being reported as a commercial line.

The Working Group discussed the current instructions in the Handbook that specify reporting either the all other perils deductible or the wind and hail deductible if it is different from the all other perils deductible. The Working Group agreed that the Handbook should be changed to specify reporting the deductible applying to all other perils and the highest deductible amount of any peril-specific deductible.

Darby asked statistical agents to look into how they are reporting out claim counts when they collect claim counts on both a per-accident and per-claimant basis.

Having no further business, the Statistical Data (C) Working Group adjourned.

Draft: 4/17/26

Statistical Data (C) Working Group
Virtual Meeting
April 8, 2026

The Statistical Data (C) Working Group of the Casualty Actuarial and Statistical (C) Task Force met April 8, 2026. The following Working Group members participated: Sandra Darby, Chair, (ME); Brad Gerling, Vice Chair (MO); Charles Hale and Kyle Ogden (AL); Lori Dreaver Munn (AZ); George Bradner (CT); David A. Christhlf (DC); Colton Schulz (ND); Christian Citarella (NH); Alexander Vajda (NY); Landon Hubbart (OK); David Dahl (OR); and Ken Burton (TX). Also participating were: Luciano Gobbo (CA); Daniel Zhong (FL); Julie Rachford (IL); John Sobhanian, Nichole Torblaa, and Niles Watson (LA); Phillip Glasovatz (MI); Kelsey McElroy (MN); Mari Kindberg (MT); Eric Scott and Kalen Short (TN); Kelly Christensen (UT); William Wilder (WA); and Jeff Grothman (WI).

1. Discussed Comments on Handbook Sections 1, 2, 3, 5, 7, and 8

Darby said the Working Group plans to wrap up discussion of the personal lines and introductory sections of the handbook by the end of 2026. She said that finalizing these sections will allow statistical agents to start implementing changes into their systems without having to wait for the rest of the commercial lines sections to be finished.

Regarding the Homeowners section of the Statistical Handbook of Data Available to Regulators (Statistical Handbook) Darby asked if any additional coverages should be added to the coverages list in the Homeowners section which currently includes credit card and debris removal. Jenny Tornquist (American Association of Insurance Services—AAIS) asked why credit card is included. Bradner said homeowners policy may cover a certain amount for credit card theft. Tornquist clarified that this is just a list of what would be included in the coverage and not a separate collection of this specific data element. Bradner said the Linux Foundation is building out a platform on homeowners and auto data that might be useful to the Working Group. Mike Puchner (AAIS) said the Linux Foundation group would like to align with the Working Group and the Statistical Handbook on the technical specifications of the data. Darby said the current wording in the Statistical Handbook makes these additional coverages seem limiting to what is listed. She asked NAIC to reword the sentence to be inclusive of any additional coverages provided by a homeowners policy.

Darby said based on previous discussion the Working Group removed the data element called Dates and Amounts of Premium because premium is now included in a new element called Transaction Identifier. Tornquist asked if this change clarifies that only written premium will be reported because earned premium can be calculated from the dates provided. Darby agreed that it does.

Darby said there were no issues raised in the previous discussion on changes to Calendar Year and Loss Date for Claims and Losses.

Darby asked if any statistical agents have an issue with removing territory and only reporting zip code data. There were no issues raised. She asked if everyone was in agreement on the additional policy forms and construction type. There was no disagreement.

Darby and Bradner said the Property Mitigation section should be expanded to not be exclusive to Insurance Institute for Business and Home Safety (IBHS) designations. Darby suggested talking with regulators in Florida about their standards.

Darby said the Working Group should look further into the use of specific protection codes versus grouping protection codes into buckets. Schulz suggested using generic codes that could allow for easy mapping.

Darby said the Statistical Handbook should clarify if endorsement data is only collecting the counts of endorsements or if it is being broken out by the Transaction Identifiers. Darby asked statistical agents to provide information on what kind of data they have for endorsements.

Darby said the Working Group has previously discussed collecting both all-peril and wind/hail deductibles instead of only one. Schulz said to future proof the Statistical Handbook the Working Group should think about allowing for per peril deductible collection.

Darby said there are additional data elements the group has discussed adding to this section but are in need of definitions. Laura Panesso (Insurance Services Office—ISO) said they can help provide definitions for some of the elements as a starting point.

Puchner asked about the intention of separating Fire and Fire Caused by Lightning. He said AAIS does not currently capture these as separate elements. He asked if the intention is to find what caused the loss or what caused the fire. Munn said Arizona regulators would like to see the cause of the fire. Schulz said that makes sense because carriers would be interested in the cause of the fire for underwriting purposes. Darby said she would like to know the cause of fire and it might not be limited to lightning. Wilder said some type of catastrophe code associated with wildfire and other catastrophes could help identify wildfire losses. Nancy Clark (ISO) said the dates of claims and losses, which was added as a new element, could help identify whether a loss was due to a catastrophic event.

Darby said the Working Group will continue discussion during the next meeting on April 29.

Having no further business, the Statistical Data (C) Working Group adjourned.

SharePoint/NAIC Support Staff Hub/Member Meetings/C CMTE/2026_Summer/CASTF/SDWG/StatDataWGmin_0408

Responses to comments received on title Schedule P instructions exposure draft

Rebecca Armon, Texas Department of Insurance

Comments sent by email on June 8, 2026

JL response to Rebecca's comment #1:

I changed the quoted text in the "Schedule P – Part 1" section to read (text added to the current language is shown in bold red font):

The "Prior Years" category can be completed using one of the following methods:

- 1. "Prior Years" consists of all policies issued by the company from inception of the company forward, **with the exception of policies that are presented elsewhere on the exhibit.***
- 2. "Prior Years" consists of all policies issued by the company from 1970 forward, **with the exception of policies that are presented elsewhere on the exhibit.***

Part 1 shows ten individual years of policy year data. Parts 2 and 4, which are supposed to use the same "prior years" definition as in Part 1, show twenty individual years of policy year data.

I changed the quoted text in the "Schedule P – Part 3" section to read (text added to the current language is shown in bold red font):

The "Prior Years" category for report year need not be the same as for policy year. Several methods are acceptable, but once established, the company should not alter its method at a later time. The following methods are acceptable:

- 1. "Prior Years" consists of all claims reported by the company from inception of the company forward, **with the exception of reported claims that are presented elsewhere on the exhibit.***
- 2. "Prior Years" consists of all claims reported by the company from 1980 forward, **with the exception of reported claims that are presented elsewhere on the exhibit.***

Parts 3 and 5 both show ten individual years of report year data, and Part 5 is supposed to use the same "prior years" definition as in Part 3. Other wording would be acceptable here, such as "with the exception of claims reported in the most recent ten years," but I used the proposed wording for consistency with the proposed wording in the Part 1 section.

JL response to Rebecca's comment #2:

I changed the first sentence in the “Schedule P – Part 1” section to “Part 1 – Summary provides detailed information on losses, loss adjustment expenses, written premium, and claim counts.”

Ronald Blitenthal, Old Republic National Title Insurance Company

Comments sent by email on June 26, 2026

JL response: This comment provides helpful confirmation. If the title insurance industry or regulators who work with title insurance would like more detailed instructions in the title Schedule P instructions on what should be in the “prior years” rows, I recommend that they form a working group (in consultation with the NAIC’s Title Insurance (C) Working Group) to codify what should be in those rows.

COPLFR

Comments sent by email on July 24, 2026

JL response: COPLFR’s proposal would entail a change to the Schedule P blanks. The scope of this project only encompasses the Schedule P instructions.



July 23, 2026

Angela L. Nelson, Chair
 Timothy N. Schnott, Vice Chair
 Casualty Actuarial and Statistical (C) Task Force
 National Association of Insurance Commissioners (NAIC)

Re: [Schedule P Title Exposure](#)

Dear Chair Bettencourt and Vice Chair Nelson:

On behalf of the Casualty Practice Council's Committee on Property and Liability Financial Reporting (Committee) of the American Academy of Actuaries,¹ we appreciate the opportunity to comment on the updated Schedule P Title instructions, issued for comment on June 9, by the Casualty Actuarial and Statistical (C) Task Force. The Committee has reviewed the exposure and offers the following comments. We would be happy to discuss any questions you may have regarding our suggestions.

We suggest updating Schedule P to display 20 years instead of 10 years in all parts. To do so, we recommend the following edits to Schedule P – Part 1:

“Part 1 – Summary provides a 20~~10~~-year summary of loss and loss adjustment expense experience for the company. Part 1 – Summary should be equal to the sum of Part 1A and Part 1B. Columnar headings provide instructions necessary for completion.”

The “Prior Years” category can be completed using one of the following methods:

1. “Prior Years” consists of all policies issued by the company from inception of the company forward, with the exception of policies issued in the most recent ~~ten~~-twenty years.
2. “Prior Years” consists of all policies issued by the company from 1970 forward, with the exception of policies issued in the most recent ~~ten~~-twenty years.

The Committee looks forward to the continued collaborative dialogue with the NAIC as it continues its work on this project. If you have any questions or would like to discuss these comments further, please contact Rob Fischer, policy project manager, casualty (fischer@actuary.org, 202-785-7865).

Sincerely,

Michelle L. Iarkowski, MAAA, FCAS
 Chairperson, Committee on Property and Liability Financial Reporting

¹ The American Academy of Actuaries is a 20,000-member professional association whose mission is to serve the public and the U.S. actuarial profession. For 60 years, the Academy has assisted public policymakers on all levels by providing leadership, objective expertise, and actuarial advice on risk and financial security issues. The Academy also sets qualification, practice, and professionalism standards for actuaries in the United States.

From: Blitenthal, Ronald <RBlitenthal@OldRepublicTitle.com>

Sent: Friday, June 26, 2026 10:28 AM

To: Beydler, Nancy <nbeydler@naic.org>; DeFrain, Kris <kdefrain@naic.org>

Cc: Ikegami, Jane <JIkegami@OldRepublicTitle.com>

Subject: RE: Exposure: Title Schedule P Instructions Proposal

CAUTION: This email originated from outside of the organization. Do not click links or open attachments unless you recognize the sender and know the content is safe.

Dear Kris and Nancy:

We appreciate the opportunity to comment on the proposed Schedule P changes regarding title insurance. We concur with Julie Lederer's comment #1 in the second attachment. There is a difference in the P&C and Title instructions on defining "Prior Year" rows. We agree with Ms. Lederer that the Title instruction indicating cumulative data is correct for us and title insurers should not follow the P&C instructions. We don't know what the P&C rationale is for only using the current calendar year payments and incurred versus the cumulative data. But for Title, using cumulative information fully and correctly matches all of the policy year losses (not just the current calendar year losses for those policy years) with the policy year premiums.

Please let us know if you have any questions.

Take care,

Ron



Ronald Blitenthal

SVP | Old Republic National Title Insurance Company

Chief Regulatory Counsel | Corporate Legal Department

Old Republic Title

1408 N. Westshore Blvd., Suite 900 | Tampa | Florida | 33607

O: 612-371-3812 | M: 612-747-8099

rblitenthal@oldrepublictitle.com

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From: Lederer, Julie <Julie.Lederer@insurance.mo.gov>
Sent: Tuesday, June 9, 2026 1:17 PM
To: DeFrain, Kris <kdefrain@naic.org>; Perez Santiago, Roberto <rperez1@naic.org>
Subject: FW: Title Insurance Schedule P Instructions suggestions

Here is the email correspondence between me and Rebecca that I recommend sending with the exposure draft. Thanks!

From: Rebecca Armon <Rebecca.Armon@tdi.texas.gov>
Sent: Monday, June 8, 2026 2:07 PM
To: Lederer, Julie <Julie.Lederer@insurance.mo.gov>
Subject: RE: Title Insurance Schedule P Instructions suggestions



Rebecca Armon reacted to your message:

From: Lederer, Julie <Julie.Lederer@insurance.mo.gov>
Sent: Monday, 08 June 2026 19:05:06
To: Rebecca Armon <Rebecca.Armon@tdi.texas.gov>
Subject: RE: Title Insurance Schedule P Instructions suggestions

Hi Rebecca,

Thank you so much for the careful review! I appreciate the time you took to go through this.

Good point on #1.

On #2, I agree. That's not a good description of Part 1. I checked the P/C instructions, which say, "Part 1 provides detailed information on losses and loss adjustment expenses." That's also not a good description. If we want to keep something and retain some harmony with the P/C instructions, maybe we could change the description to something like, "Part 1 – Summary provides detailed information on losses, loss adjustment expenses, written premium, and claim Julie Lederer, FCAS, MAAA

Property and Casualty Actuary

Missouri Department of Commerce & Insurance

816-889-2219

Julie.Lederer@insurance.mo.gov



- counts.” I’d also be okay deleting the sentence entirely.

See you (virtually) tomorrow. Thanks again.

Julie

From: Rebecca Armon <Rebecca.Armon@tdi.texas.gov>

Sent: Monday, June 8, 2026 1:43 PM

To: Lederer, Julie <Julie.Lederer@insurance.mo.gov>

Subject: Title Insurance Schedule P Instructions suggestions

Hi Julie,

You have done a great job, I just thought of two notes before tomorrow’s meeting.

1. Changing the definition of "prior years" in part 1 impacts other sections, I recommend a different change.

“Prior Years” consists of all claims reported by the company from inception of the company forward, with the exception of claims reported in the most recent ten years.[JL1]

- Any change impacts part 2 & 4, which say: *The definition of “prior years” should be the same as that used by the company in Part 1.*
- Part 1 shows 10 years where part 2 & 4 show 20 years. So maybe some non-numerical way to say excluding those years show on exhibits

- *“Prior Years” consists of all claims reported by the company from inception of the company forward, that are not presented elsewhere on the exhibit.*

2. Also, the first sentence of Schedule P – Part 1, could it just be deleted from the instructions?

Part 1 – Summary provides a 10-year summary of loss and ALAE experience for the company.

- You corrected by changing ALAE to loss adjustment expenses.
- That sentence may be helpful on part 2, 3, etc. but It is not fully descriptive of part 1, which also has premiums, claims counts, ratios, etc.
- Also saying 10 years when there are cumulative amounts on the “prior” rows seems a little confusing

Rebecca Armon, FCAS, MAAA (She/Her)

Property & Casualty Actuary

Financial Regulation Division – Actuarial

Texas Department of Insurance

512-676-6820

NAIC BLANKS (E) WORKING GROUP

Blanks Agenda Item Submission Form

DATE: <u>8/4/2026</u>		FOR NAIC USE ONLY	
CONTACT PERSON:	<u>Kris DeFrain</u>	Agenda Item #	<u>2026-xxBWG</u>
TELEPHONE:	<u>816-783-8229</u>	Year	<u>2027</u>
EMAIL ADDRESS:	<u>kdefrain@naic.org</u>	Changes to Existing Reporting	☒ [X]
ON BEHALF OF:	<u>Casualty Actuarial and Statistical (C) Task Force</u>	New Reporting Requirement	☐ []
NAME:	<u>Julie Lederer</u>	REVIEWED FOR ACCOUNTING PRACTICES AND PROCEDURES IMPACT	
TITLE:	<u>Chair of CASTF</u>	No Impact	☒ [X]
AFFILIATION:	<u>Missouri Dept. of Commerce and Insurance</u>	Modifies Required Disclosure	☐ []
ADDRESS:		Is there data being requested in this proposal which is available elsewhere in the Annual/Quarterly Statement? ☐ [NO]	
		If Yes, complete question below	
		DISPOSITION	
		☐ []	Rejected For Public Comment
		☐ []	Referred To Another NAIC Group
		☐ []	Received For Public Comment
		☐ []	Adopted Date _____
		☐ []	Rejected Date _____
		☐ []	Deferred Date _____
		☐ []	Other (Specify) _____

BLANK(S) TO WHICH PROPOSAL APPLIES

- | | | |
|--|--|---|
| ☒ [X] ANNUAL STATEMENT | ☒ [X] INSTRUCTIONS | ☐ [] CROSSCHECKS |
| ☐ [] QUARTERLY STATEMENT | ☐ [] BLANK | |
| ☐ [] Life, Accident & Health/Fraternal | ☐ [] Separate Accounts | ☒ [X] Title |
| ☐ [] Property/Casualty | ☐ [] Protected Cell | ☐ [] Other _____ |
| ☐ [] Health | ☐ [] Health (Life Supplement) | ☐ [] Life (Health Supplement) |

Anticipated Effective Date: Annual 2027

IDENTIFICATION OF ITEM(S) TO CHANGE

Upon request from the Title Insurance (C) Working Group, the Casualty Actuarial and Statistical (C) Task Force is proposing updates to the Title Schedule P instructions to be consistent with revisions to the Property/Casualty Schedule P instructions.

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

The purpose of this proposal is to clarify the instructions by making minor improvements. These changes are consistent with the updates to the Property/Casualty Schedule P instruction updates.

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.

Revised 11/17/2022

SCHEDULE P

There are five 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 allocated loss adjustment expenses (ALAE) on a policy year basis. Part 3 provides a history of incurred losses and allocated loss adjustment expenses on a report year basis. Part 4 provides a history of claim counts on a policy year basis. Part 5 provides a history of claim counts on a report year basis. Schedule P Interrogatories provides for additional calculation and explanation of various amounts. If the company is unable to provide any part of the data required in Schedule P for years prior to 1994, the company must obtain a letter of waiver from its domiciliary commissioner. A copy of this letter must be included with the company's annual statement. Data for 1994 and subsequent should be provided in complete detail except for unallocated loss adjustment expenses (ULAE) that should be in complete detail for 1996 and subsequent.

Schedule P includes only the data for the insurer identified on the Jurat Page of the annual statement. Do not include consolidated data for affiliated companies. If the insurer participates in an intercompany pooling agreement, it should report only its share of the business, not the total of all participants.

In those instances where an insurer files an amended annual statement as a result of a restatement of previous year written premium, losses or loss adjustment expenses, Schedule P must be restated and included in the amended annual statement. In those instances where one title insurer is merged into another title insurer, Schedule P must be prepared so it includes the entire combined history of both companies.

Title insurance losses should include all losses on any transaction for which a title insurance premium, rate or charge was made or contemplated. Escrow losses for which the company is contractually obligated should be included. Losses arising from defalcations for which the company is contractually obligated should be included.

Allocated loss adjustment expenses are those that can be related to specific claims and include fees, salaries, overhead, and expenses of lawyers for legal services in defense, trial or appeal of suit, other legal services rendered in connection with title claims, and general court costs and fees together with appeal costs and expenses. Allocated loss adjustment expenses should include all costs associated with attorneys involved in litigation of specific claims whether such attorneys are engaged as outside counsel or salaried employees of a reporting entity. Allocated loss adjustment expenses also include any fee or expense, other than claim adjuster services, which is directly attributable to the defense of a particular claim.

Allocated loss adjustment expenses for reinsurance assumed and ceded should be reported in accordance with the terms of the applicable reinsurance contracts. In addition, an assuming reinsurer that incurs allocated loss adjustment expenses in its adjustment of reinsured losses should report ALAE in the manner described above for direct losses.

Unallocated loss adjustment expenses are those expenses, other than allocated loss adjustment expenses, that are assigned to the expense group "Loss Adjustment Expenses." As an example, the costs related to salaried employees of the insurer involved in the management of claims are included in this category.

Loss and loss adjustment expense reserves are to be presented on a non-discounted basis. Discounting of loss and loss adjustment expense reserves is allowed only if expressly permitted by the state insurance department to which this annual statement is being filed. Work papers relating to any discount amounts must be available for examination upon request.

Salvage and subrogation should be determined in accordance with SSAP No. 57—*Title Insurance* using the following rules:

1. Paid losses shall be reported net of realized, but not anticipated, salvage and subrogation. Case basis loss and loss adjustment expense reserves shall not be reduced for anticipated salvage and subrogation, nor shall an asset be established.
2. Paid salvage and subrogation is not realized until a salvage asset or an actual payment pursuant to a subrogation right is in the direct control of the insurer and admissible as an asset for statutory reporting purposes in its own right.
3. Salvage assets and payments pursuant to a subrogation right shall be recorded at current fair value. Current fair value of real estate shall be established through an appraisal conducted by a qualified independent appraiser.

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Moved up [1]: Part 5 provides a history of claim counts on a report year basis.

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Moved down [2]: Schedule P, Part 1 is organized so that written premiums and other income for a year are matched with corresponding losses and allocated loss adjustment expenses (ALAE) and unallocated loss adjustment expenses for policies issued during that year. Experience is shown for direct business, reinsurance assumed, reinsurance ceded and net of reinsurance.¶

¶ Written premium and other income is on a calendar year basis, and should reconcile with the totals on Schedule T.¶

¶ Policy year loss and loss adjustment expense payments and reserves should be assigned to the year in which the policy was written under which coverage is triggered. Payments and reserves for escrow and defalcation loss and loss adjustment expenses should be assigned to the year of the associated title insurance order or, if the year is unknown, to the year the defalcation or escrow loss was first known by the company

Deleted: Part 2 displays 20-year loss development triangles on a policy year basis. Part 3 displays 10-year loss development triangle on a report year basis. In Parts 2 and 3, losses are combined with ALAE and are net of reinsurance. Loss and ALAE development is shown for total incurred, payments, case basis reserves, bulk reserves and incurred but not reported (IBNR) reserves (policy year basis only). Part 4 displays 20-year claim count development triangles on a policy year basis.

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4. If a salvage asset is sold or revalued by the insurer within twelve months of realization for an amount less than the value at which it was originally placed on the books of the insurer, then the loss on disposition shall be treated as a decrease in paid salvage (same effect as an addition to the paid loss) on the corresponding claim. After twelve months, such salvage revaluation will be treated as a loss on disposition or change in value of an asset, and shall not be deducted from the salvage on the corresponding claim.
5. If a salvage asset is sold or revalued by the insurer within twelve months of realization for an amount greater than the value at which it was originally placed on the books of the insurer, then the gain on disposition is to be treated as an increase in paid salvage (same effect as a deduction to the paid loss) on the corresponding claim. After twelve months, such salvage revaluation shall be treated as a gain on disposition or change in value of an asset and shall not to be added to the salvage on the corresponding claim.
6. IBNR reserves may make an actuarially determined provision for the expected value of future salvage and subrogation on open claims and IBNR claims.

Report all dollar amounts in Schedule P in thousands of dollars (\$000 omitted), either by rounding or truncating. All claim counts are to be shown in whole numbers.

For reporting entities reporting on a pooling basis, the intercompany pooling percentage should be applied to claim count as well as dollar amounts.

If the company changes its method of counting claims, the new method should be disclosed in the Notes to Financial Statements and in the Schedule P - Interrogatories.

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SCHEDULE P – PART 1

Part 1 – Summary provides detailed information on losses, loss adjustment expenses, written premium, and claim counts.
 Part 1 – Summary should be equal to the sum of Part 1A and Part 1B. Columnar headings provide instructions necessary for completion.

Deleted: a 10-year summary of loss and ALAE experience for the company. ...

Part 1 is organized so that written premiums and other income for a year are matched with corresponding losses and allocated loss adjustment expenses and unallocated loss adjustment expenses for policies issued during that year. Experience is shown for direct business, reinsurance assumed, reinsurance ceded and net of reinsurance.

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Written premium and other income is on a calendar year basis, and should reconcile with the totals on Schedule T.

Policy year loss and loss adjustment expense payments and reserves should be assigned to the year in which the policy was written under which coverage is triggered. Payments and reserves for escrow and defalcation loss and loss adjustment expenses should be assigned to the year of the associated title insurance order or, if the year is unknown, to the year the defalcation or escrow loss was first known by the company.

The “Prior Years” category can be completed using one of the following methods:

1. “Prior Years” consists of all policies issued by the company from inception of the company forward, with the exception of policies that are presented elsewhere on the exhibit.
2. “Prior Years” consists of all policies issued by the company from 1970 forward, with the exception of policies that are presented elsewhere on the exhibit.
3. The company can pick a year earlier than 1970 but later than the inception of the company.

Once a method is established, the company should not alter that method at a later date.

The amount of liability to be reported in Column 1 is the policy amount (net of reinsurance) in those cases not involving a simultaneous issue of multiple policies. In determining the amount of liability to be reported in case of simultaneous issue of an owners policy and a mortgage policy, include the higher liability policy only. This amount is reported in millions of dollars (\$000,000 omitted).

The net reserve shown in Schedule P, Part 1, Line 12, Column 24 should make a sufficient provision for ultimate loss and LAE for all reported and unreported title insurance claims (including escrow and defalcation claims) for which the company is obligated net of reinsurance. The gross reserves shown in Schedule P, Part 1, Line 12, Column 24 plus Column 19 plus Column 22 should make a sufficient provision for ultimate loss and LAE for all reported and unreported title insurance claims (including escrow and defalcation claims) for which the company is obligated gross of reinsurance ceded.

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The work papers showing a reconciliation explaining reinsurance, discounting and salvage and subrogation adjustments should be available for examination on request.

“Assumed” means reinsurance assumed, including from affiliated intercompany pooling agreements.

“Direct” means as directly written. Do not include coverages written as part of an affiliated intercompany pooling agreement.

“Ceded” means reinsurance ceded on business so reported as direct or assumed.

Direct, Assumed, and Ceded experience should be provided for Written Premium and Other Income, Loss Payments, Allocated LAE Payments, Known Claim Reserves and IBNR Reserves.

Loss and ALAE Payments should be reported net of realized salvage and subrogation. Salvage and Subrogation Received represents the cumulative salvage and subrogation realized, as defined in *SSAP No. 57—Title Insurance*. It is shown for reference only and should not be included in the Total Net Paid.

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Inception to-date ULAE Payments by policy year should be provided with the allocation of payments to policy year described in the Schedule P Interrogatories.

The known claim reserve includes case basis reserves and “bulk” reserves. “Bulk” reserves are a provision for subsequent development on known claims.

IBNR reserves are a provision for unreported or unknown title insurance claims on all policies issued by the company as of the accounting date.

Unallocated loss expenses unpaid are a provision for ULAE yet to be paid related to claims that are either open or unreported as of the accounting date.

Losses and ALAE Incurred is the addition of the corresponding Direct, Assumed, and Ceded columns for payments, Known Claim Reserves and IBNR Reserves.

- Column 2

–

Direct Written Premium

Line 11 should equal Schedule T, Line 59, Column 3 plus Column 4 plus Column 5.
- Column 4

–

Other Income

Line 11 should equal Schedule T, Line 59, Column 6.
- Column 17

–

Direct Known Claim Reserve

Line 12 should equal Schedule T, Line 59, Column 10.
- Column 23

–

Unallocated loss Adjustment Expense Unpaid

Line 12 should equal Operations and Investment Exhibit, Part 3, Line 25, Column 5.
- Column 32

–

Net Loss & LAE Per \$1000 of Coverage

Amounts used in this calculation should be in whole dollars.
- Line 12

–

Total

Column 17 plus Column 18 minus Column 19 (net known claim reserve) should equal Line 1 of the Liabilities, Surplus, and Other Funds page.

Columns 1 through 29 and Columns 33 and 34 should equal Part 1A plus Part 1B.

SCHEDULE P – PART 1A – POLICIES WRITTEN DIRECTLY

Part 1A provides a summary of loss and [loss adjustment expense](#) experience for policies written directly.

Policies written directly are those written by [the](#) home office and owned and operated branch offices of the title insurer.

Refer to Part 1 [for](#) instructions to complete this part.

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Column 2 – Direct Written Premium

Line 11 should equal Schedule T, Line 59, Column 3.

SCHEDULE P – PART 1B – POLICIES WRITTEN THROUGH AGENTS

Part 1B provides a summary of loss and [loss adjustment expense](#) experience for policies written through agents.

Policies written through agents are those written by both affiliated and non-affiliated agency operations.

Refer to Part 1 [for](#) instructions to complete this part.

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Column 2 – Direct Written Premium

Line 11 should equal Schedule T, Line 59, Column 4 plus Column 5.

SCHEDULE P – PART 2

Part 2 provides a historical summary of [incurred](#) loss and ALAE development by policy year on a net of reinsurance basis. Columnar headings provide instructions necessary for completion. Column 11 equals Column 10 minus Column 9 for common years (Rows 1 through 20). Column 12 equals Column 10 minus Column 8 for common years (Rows 1 through 19).

The definition of “prior years” should be the same as that used by the company in Part 1.

Columns 1 to 10 should equal the sum of Parts 2A, 2B, 2C, and 2D.

SCHEDULE P – PART 2A

Part 2A shows cumulative net loss and ALAE payments by year the policy was written as of December 31 of each year shown in Columns 1 to 10. Payments should reflect subrogation, salvage and escrow and defalcation claims according to the rules contained in *SSAP No. 57—Title Insurance*.

Part 2A, Column 10, should equal Part 1, Column 15 minus Column 14.

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SCHEDULE P – PART 2B

Part 2B shows case basis [loss and ALAE](#) reserves by year the policy was written on claims that are open as of December 31 of each year shown in Columns 1 to 10.

Part 2B, Column 10 plus Part 2C, Column 10, should equal Part 1, Columns 17 plus Column 18 minus Column 19.

SCHEDULE P – PART 2C

Part 2C shows bulk reserves on known claims by year the policy was written for claims that are open as of December 31 of each year shown in Columns 1 to 10.

SCHEDULE P – PART 2D

Part 2D shows Incurred But Not Reported (IBNR) reserves as of December 31 of each year shown in Columns 1 to 10. IBNR reserves make a provision for claims not yet reported to the company but can also include other amounts needed to result in an adequate total reserve.

For years prior to 1994, some companies did not compute an IBNR reserve. In such cases, the company should display zero IBNR, and make an appropriate disclosure in the Notes to Financial Statements. Some companies compute IBNR in their [U.S. GAAP](#) annual statements. In such cases, the company should provide IBNR for policy years prior to 1994. The IBNR reserve should not be discounted for investment income.

Part 2D, Column 10 should equal Part 1, Column 20 plus Column 21 minus Column 22.

SCHEDULE P – PART 3

Part 3 provides a historical summary of [incurred](#) loss and ALAE development by report year on a net of reinsurance basis. [Claims should be grouped by the year in which the claim was first reported.](#) Columnar headings provide instructions necessary for completion. Column 11 equals Column 10 minus Column 9 for common years (Rows 1 through 10). Column 12 equals Column 10 minus Column 8 for common years (Rows 1 through 9).

The “Prior Years” category for report year need not be the same as for policy year. Several methods are acceptable, but once established, the company should not alter its method at a later time. The following methods are acceptable:

1. “Prior Years” consists of all claims reported by the company from inception of the company forward, [with the exception of reported claims that are presented elsewhere on the exhibit.](#)
2. “Prior Years” consists of all claims reported by the company from 1980 forward, [with the exception of reported claims that are presented elsewhere on the exhibit.](#)
3. The company can pick a year earlier than 1980, but later than the inception of the company.

The treatment of salvage and subrogation should be the same as [in](#) Parts 1 and 2.

[The totals in](#) Part 3 may not reconcile with [the totals in](#) Part 1 - Summary due to differences in the meaning of “prior years.”

Part 3, Columns 1 to 10 should equal the sum of Parts 3A, 3B, and 3C.

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SCHEDULE P – PART 3A

Part 3A shows cumulative net loss and ALAE payments by year the claim was reported as of December 31 of each year shown in Columns 1 to 10. Payments should reflect subrogation, salvage and escrow and defalcation claims according to the rules contained in SSAP No. 57—*Title Insurance*.

Part 3A total of Column 10 should equal Part 1, Line 12, Column 15 minus Column 14. However, Part 3A may not reconcile with Part 1 – Summary due to differences in the meaning of “prior years” resulting in a validation error. Differences in the meaning of “prior years” would be an acceptable explanation of the error for the Validation Error Explanation Text File submitted as part of the statement filing.

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SCHEDULE P – PART 3B

Part 3B shows case basis loss and ALAE reserves by year the claim was reported on claims that are open as of December 31 of each year shown in Columns 1 to 10.

Part 3B total of Column 10 plus Part 3C total of Column 10, should equal Part 1, Line 12, Columns 17 plus Column 18 minus Column 19.

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SCHEDULE P – PART 3C

Part 3C shows bulk reserves on known claims by year the claim was reported for claims that are open as of December 31 of each year shown in Columns 1 to 10. Bulk reserves provide for subsequent development on known claims and do not make a provision for claims not yet reported to the company. A company is not required to carry bulk reserves.

SCHEDULE P – PART 4

Part 4 provides a historical summary of direct claim count development by policy year. Columnar headings provide instructions necessary for completion.

The definition of “prior years” should be the same as that used by the company in Part 1.

Part 4 is gross of reinsurance.

SCHEDULE P – PART 4A

Part 4A shows cumulative reported claim counts on a direct basis by year the policy was written as of December 31 of each year shown in Columns 1 to 10. The number of claims reported is to be cumulative by policy year. The number of claims reported for each policy 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 the current and prior calendar years.

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Part 4A, Column 10 should equal Part 1, Column 16.

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SCHEDULE P – PART 4B

Part 4B shows cumulative claims closed with loss payment on a direct basis by year the policy was written as of December 31 of each year shown in Columns 1 to 10.

Part 4B, Column 10 should equal Part 2A, Column 11.

SCHEDULE P – PART 4C

Part 4C shows cumulative claims closed without loss payment on a direct basis by year the policy was written as of December 31 of each year shown in Columns 1 to 10.

Part 4C, Column 10 should equal Part 2A, Column 12.

SCHEDULE P – PART 5

Part 5 provides a historical summary of direct claim count development by report year. Columnar headings provide instructions necessary for completion.

The definition of “prior years” should be the same as that used by the company in Part 3.

Part 5 is gross of reinsurance.

SCHEDULE P – PART 5A

Part 5A shows cumulative reported claim counts on a direct basis by year the claim was reported as of December 31 of each year shown in Columns 1 to 10.

SCHEDULE P – PART 5B

Part 5B shows cumulative claims closed with loss payment on a direct basis by year the claim was reported as of December 31 of each year shown in Columns 1 to 10.

Part 5B, Column 10, should equal Part 3A, Column 11.

SCHEDULE P – PART 5C

Part 5C shows cumulative claims closed without loss payment on a direct basis by year the claim was reported as of December 31 of each year shown in Columns 1 to 10.

Part 5C, Column 10, should equal Part 3A, Column 12.

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