Meeting Summary Report

The Property and Casualty Risk-Based Capital (E) Working Group met Dec. 8, 2019. During this meeting, the Working Group:

1. Adopted its Nov. 8 minutes, which included the following action:
   a. Adopted the Catastrophe Risk (E) Subgroup’s Summer National Meeting minutes.
   b. Adopted its Summer National Meeting minutes.
   c. Adopted proposal 2019-11-P (Clarification to Instructions Regarding Lloyd’s of London) and the 2019 reporting guideline.
   d. Adopted proposal 2019-12-P (Remove PR038 Adjustment for Reinsurance Penalty).
   e. Exposed the 2019 catastrophe event lists.
   f. Heard updates from the American Academy of Actuaries (Academy) on reviewing the underwriting risk components.
   g. Discussed the appropriate factor of unrated uncollateralized recoverables.
   h. Discussed the factor of using the aggregate exceedance probability (AEP) and occurrence exceedance probability (OEP) basis.

2. Adopted the report of the Catastrophe Risk (E) Subgroup, which included the following action:
   a. Adopted its Nov. 8 minutes.
   c. Heard a presentation from the Academy on “Wildfire: Lessons Learned.”
   d. Heard a presentation from the Academy on “Actuaries Climate Index (ACI).”

3. Exposed proposal 2018-19-P (Vulnerable 6 or Unrated Risk Charge) for a 45-day public comment period ending Jan. 21, 2020. The purpose of this proposal is to modify the property/casualty (P/C) risk-based capital (RBC) instruction to reflect the factors for all uncollateralized reinsurance recoverables from unrated reinsurers to be the same for authorized, unauthorized, certified and reciprocal reinsurance.

4. Discussed the 2020 P/C RBC working agenda.

5. Discussed the possibility of using the NAIC as a centralized location for reinsurer designations.

6. Discussed the possible treatment of the R3 related to the runoff companies and captive companies.


8. Discussed the Restructuring Mechanisms (E) Subgroup’s charge related to the P/C RBC formula. The Working Group will closely monitor the development of the Subgroup related to the possibility of recommending changes to the RBC formula to better assess the minimum surplus requirements for companies in runoff.