Capital Adequacy (E) Task Force

RBC Proposal Form

[] Capital Adequacy (E)	Task Force [x] Health RBC (E) Working G	Froup [] Life RBC (E) Working Group
[] Catastrophe Risk (E) Subgroup [] Investment RBC (E) Wo		ng Group [] SMI RBC (E) Subgroup
[] C3 Phase II/ AG43 (E/A) Subgroup [] P/C RBC (E) Working Grou		up [] Stress Testing (E) Subgroup
	DATE: 04/01/2020	FOR NAIC USE ONLY
CONTACT PERSON:	Crystal Brown	Agenda Item # 2020-04-H
TELEPHONE:	816-783-8146	Year <u>2021</u>
EMAIL ADDRESS:	cbrown@naic.org	<u>DISPOSITION</u>
ON BEHALF OF:	Health RBC (E) Working Group	[x] ADOPTED <u>7-30-20 WG, 11/19/20 TF</u>
NAME:	Steve Drutz	[] REJECTED
TITLE:	Chief Financial Analyst/Chair	[] DEFERRED TO
AFFILIATION:	WA Office of Insurance Commissioner	[] REFERRED TO OTHER NAIC GROUP
ADDRESS:	5000 Capitol Blvd SE	[] EXPOSED
	Tumwater, WA 98501	[] OTHER (SPECIFY)
IDENTIFICATION OF SOURCE AND FORM(S)/INSTRUCTIONS TO BE CHANGED		
[x] Health RBC Blanks [] Health RBC Instructions		[] Other
[] Life and Fraternal RBC Blanks [] Life and Fraternal RBC Instructions		
[] Property/Casualty RBC Blanks [] Property/Casualty RBC Instructions		
DESCRIPTION OF CHANGE(S)		

Add a MAX function to the calculation of Line 17 – RBC Safe Growth Safe Harbor on Page XR021 to match the validation and start the calculation at 0.

REASON OR JUSTIFICATION FOR CHANGE **

NAIC staff received an inquiry from a software vendor on an inconsistency between the HRBC formula within the forecasting file and the validation for the MAX function in the validation of line 17 of the excessive growth charge. The attachment shows how the current calculation in the formula of the forecasting file is working without the MAX function while the validation includes the MAX function which will convert a negative amount to 0. The last screen shot shows the difference in the charge if the MAX function were incorporated into the formula within the forecasting file. The MAX function is included within other parts of the HRBC formula, while it is specifically excluded from the Underwriting portion on page XR012.

Additional Staff Comments:

4-3-2020-cgb-exposed for comment until 5-4-2020

7-8-2020 – cgb – no comments received during comment period.

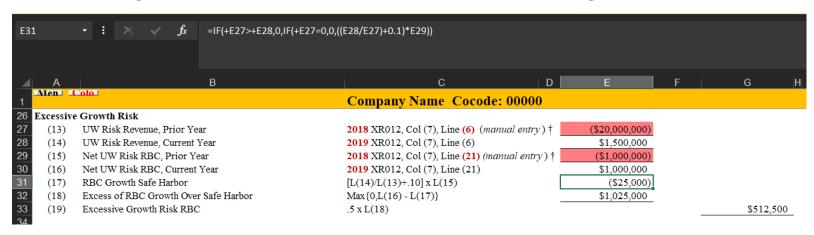
7-30-2020 - cgb - The Health RBC Working Group adopted the proposal the Virtual Summer National Meeting.

11-19-2020 – cgb – The Capital Adequacy (E) Task Force adopted the proposal.

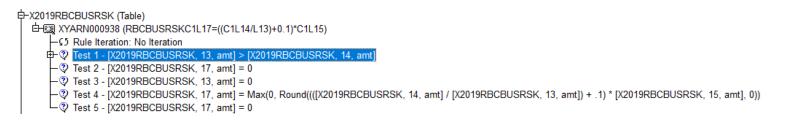
** This section must be completed on all forms.

Revised 11-2013

Current Forecasting with out the MAX function in Line 17 of the Excessive Growth Charge



Current validation for Line 17 that includes the MAX Function



Forecasting with the MAX function in Line 17 of the Excessive Growth Charge



XR021 - Business Risk - Proposed Change

