

Draft date: 2/12/24

2024 Spring National Meeting
Phoenix, Arizona

**JOINT MEETING OF THE PROPERTY AND CASUALTY RISK-BASED CAPITAL (E) WORKING GROUP AND
CATASTROPHE RISK (E) SUBGROUP**

Sunday, March 17, 2024

10:00 – 11:00 a.m.

Valley of the Sun Ballroom—C-E—Level 2 – Sheraton

ROLL CALL

PROPERTY AND CASUALTY RISK-BASED CAPITAL (E) WORKING GROUP

Tom Botsko, Chair	Ohio	Anna Krylova	New Mexico
Wanchin Chou, Vice Chair	Connecticut	Ni Qin	New York
Charles Hale	Alabama	Will Davis	South Carolina
Rolf Kaumann	Colorado	Miriam Fisk	Texas
Virginia Christy	Florida	Adrian Jaramillo	Wisconsin
Sandra Darby	Maine		

NAIC Support Staff: Eva Yeung

CATASTROPHE RISK (E) SUBGROUP

Wanchin Chou, Chair	Connecticut	Alexander Vajda	New York
Virginia Christy, Vice Chair	Florida	Tom Botsko	Ohio
Rolf Kaumann	Colorado	Andrew Schallhorn	Oklahoma
Travis Grassel	Iowa	Will Davis	South Carolina
Sandra Darby	Maine	Miriam Fisk	Texas
Anna Krylova	New Mexico		

NAIC Support Staff: Eva Yeung

AGENDA

1. Consider Adoption of the Working Group and Subgroup’s Minutes Attachment One
—*Tom Botsko (OH)*
 - A. Joint Property and Casualty Risk-Based Capital (E) Working Group and Catastrophe Risk (E) Subgroup’s Jan. 30 Minutes
 - B. Catastrophe Risk (E) Subgroup’s Jan. 29 Minutes
 - C. Joint Property and Casualty Risk-Based Capital (E) Working Group and Catastrophe Risk (E) Subgroup’s 2023 Fall National Meeting Minutes



2. Consider Adoption of Proposal 2023-13-CR (Cat Risk Insurance Program Interrogatory)—*Wanchin Chou (CT)* Attachment Two
3. Consider Adoption of Proposal 2024-01-P (Schedule P Short Tails)—*Tom Botsko (OH)* Attachment Three
4. Consider Adoption of Proposal 2023-14-P (Pet Insurance)—*Tom Botsko (OH)* Attachment Four
5. Consider Adoption of Proposal 2023-15-CR (Convective Storm for Information Purposes Only Structure)—*Wanchin Chou (CT)* Attachment Five
6. Consider Adoption of the Working Group and Subgroup’s Working Agenda—*Tom Botsko (OH)* Attachment Six
7. Consider Exposure of Proposal 2024-10-P (Other Health Line)—*Tom Botsko (OH)* Attachment Seven
8. Discuss Proposal 2023-17-CR (Climate Scenario Analysis)—*Wanchin Chou (CT)* Attachment Eight
9. Discuss Wildfire and Convective Storm Impact Analysis—*Wanchin Chou (CT)*
10. Discuss Underwriting Risk Factors and Investment Income Adjustment Factors—*Tom Botsko (OH)* Attachment Nine
11. Discuss Any Other Matters Brought Before the Working Group and Subgroup—*Tom Botsko (OH)*
12. Adjournment

Draft: 2/1/24

Property and Casualty Risk-Based Capital (E) Working Group
and Catastrophe Risk (E) Subgroup
E-Vote
January 30, 2024

The Property and Casualty Risk-Based Capital (E) Working Group of the Capital Adequacy (E) Task Force conducted an e-vote with the Catastrophe Risk (E) Subgroup of the Property and Casualty Risk-Based Capital (E) Working Group of the Capital Adequacy (E) Task Force that concluded Jan. 30, 2024. The following Working Group members participated: Tom Botsko, Chair (OH); Wanchin Chou, Vice Chair (CT); Charles Hale (AL); Mitchell Bronson (CO); Sandra Darby (ME); Melissa Robertson (NM); Alexander Vajda (NY); Will Davis (SC); and Miriam Fisk (TX). The following Subgroup members participated: Wanchin Chou, Chair (CT); Mitchell Bronson (CO); Travis Grassel (IA); Sandra Darby (ME); Melissa Robertson (NM); Alexander Vajda (NY); Tom Botsko (OH); Andrew Schallhorn (OK); Will Davis (SC) and Miriam Fisk (TX).

1. Adopted the Updated 2023 U.S. and Non-U.S. Catastrophe Risk Event Lists

The Working Group and the Subgroup conducted an e-vote to consider adoption of proposal 2023-16-CR (2023 U.S. and Non-U.S. Catastrophe Risk Event Lists).

Bronson made a motion, seconded by Davis, to adopt the 2023 U.S. and non-U.S. catastrophe risk event lists (Attachment xx). The motion passed unanimously.

Having no further business, the Property and Casualty Risk-Based Capital (E) Working Group and the Catastrophe Risk (E) Subgroup adjourned.

SharePoint/NAIC Support Staff Hub/ Member Meetings/E Cmte/CADTF/2024-1-Spring/Cat Risk Email Vote 013024

Draft: 2/13/24

Catastrophe Risk (E) Subgroup
Virtual Meeting
January 29, 2024

The Catastrophe Risk (E) Subgroup of the Property and Casualty Risk-Based Capital (E) Working Group of the Capital Adequacy (E) Task Force met Jan. 29, 2024. The following Subgroup members participated: Wanchin Chou, Chair, Qing He, Amy Waldhauer, Olha Trofymenko, and Jack Broccoli (CT); Virginia Christy, Vice Chair (FL); Mitchell Bronson (CO); Travis Grassel (IA); Melissa Robertson (NM); Harriette Resnick, Alexander Vajda, Rajesh Bhandula, Gloria Huberman, Christopher Estebar, and HauMichael Ying (NY); Tom Botsko and Dale Bruggeman (OH); and Miriam Fisk and Monica Avila (TX). Also participating were: Giovanni Muzzarelli and Kara Voss (CA); Stephen Flick (DC); Adrienne Lupo (DE); Bruce Sartain (IL); Greg Ricci (MD); Brock Bubar (ME); Danielle Smith and Julie Lederer (MO); Maria Morcelo (PR); Liz Ammerman (RI); Zuhairah Tillinghast (VA); and Steve Drutz (WA).

1. Exposed Proposal 2023-17-CR (Climate Scenario Analysis)

Dan Daveline (NAIC) said the Solvency Workstream of the Climate and Resiliency (EX) Task Force was tasked with considering the development of climate scenario analyses. The Solvency Workstream held three public panels on this topic in 2022, and in 2023, the Workstream learned that commercial catastrophe (CAT) modelers have products known as “Climate Conditioned Catalogs” that reflect adjusted frequency and severity for certain time horizons, such as 2040 or 2050, that, if compared side by side with existing risk-based capital (RBC) data in PR027, would provide an estimate of climate change for hurricane and wildfire. He also stated that this information is intended to be useful for state regulators holding conversations with insurers that may have a greater degree of risk for these perils. Daveline also stated that this proposal is only for informational purposes. The Workstream has no desire to require reporting companies to hold capital up to specific levels. At this point, the Workstream has received two comment letters. Daveline said a meeting is scheduled in the near future to discuss these comments, as well as the proposal. The Workstream will provide updates to the Subgroup once the discussions have concluded.

Botsko asked whether there is a time frame to collect this information in the RBC formula. Daveline said this question will have to be considered by the state insurance regulators going forward. Botsko reminded the Subgroup that companies will be exempted from filing these proposed pages if they receive PR027 filing exemption (FE). Daveline agreed.

Steve Broadie (American Property Casualty Insurance Association—APCIA) said the APCIA appreciates the opportunity to work with the Solvency Workstream and the Subgroup on an ongoing basis. Chou asked whether the members, interested state insurance regulators, and interested parties have any other immediate questions regarding this proposal. Without hearing any questions, Chou recommended exposing this proposal for a 30-day public comment period. This proposal will continue to be discussed during the Spring National Meeting.

The Subgroup agreed to expose proposal 2023-17-CR for a 30-day public comment period ending Feb. 28.

2. Discussed Severe Convective Storm Peril Impact Analysis

Chou said that, like wildfire peril, the vendor modelers collaborated to create a synthetic industry exposure database. The Model Review Ad Hoc Group vetted the methodology and assumptions for the impact analysis, and no meaningful concerns or issues were identified. In addition, Chou stated that the next step for the vendor modelers is to run the industry exposure database through their respective models to obtain the average annual

loss (AAL) and exceedance probability (EP) curve loss output by the sub-perils such as hail, tornado, and straight-line wind, and several key geographies across the U.S. Lastly, Chou said separate meetings with the individual vendor modelers to discuss the analysis results will be scheduled soon.

3. Discussed Wildfire Peril Impact Analysis

Chou said, as mentioned during the 2023 Fall National Meeting, the previous impact analysis was only reviewed by a few state insurance regulators last year, so the Subgroup plans to: 1) have another in-depth review with those states that have signed the nondisclosure agreements (NDAs); and 2) work with vendor modelers to review and update their impact analysis later this year. However, he stated that the current focus for the Subgroup is on the severe convective storm peril impact analysis. The wildfire peril impact analysis will be performed after the severe convective storm peril impact analysis is completed.

4. Heard Updates on the Geographic Concentration Ad Hoc Subgroup

Chou said the Geographic Concentration Ad Hoc Subgroup met Jan. 10, 2024, and Dec. 13, 2023. During its Jan. 10 meeting, the Ad Hoc Subgroup invited AM Best to provide a brief presentation on its rating process. Chou said its process went through different assessment categories. Regarding the geographic concentration prospective, it affects all the categories but prominently the business profile and enterprise risk management categories. He also stated that S&P Global Ratings would provide the last rating agency presentation to the Ad Hoc Subgroup on Jan. 31. Chou said another meeting would be scheduled to discuss the Ad Hoc Subgroup's next step after the Jan. 31 meeting. He also said findings will be reported to the upstream Ad Hoc Group in the future. During its Dec. 13 meeting, Christy shared information regarding how Florida: 1) handles the geographic concentration issues; and 2) monitors and evaluates the CAT risks. In addition, Chou said the Ad Hoc Subgroup invited a representative from Demotech to provide a brief presentation on how they evaluate companies in Florida and Louisiana. That information helped the members better understand how to appropriately address the geographic concentration risk in the RBC formula.

5. Discussed Other Matters

Chou said the Subgroup will meet jointly with the Property and Casualty Risk-Based Capital (E) Working Group during the Spring National Meeting. He stated that currently, the Subgroup is exposing proposal 2023-13-CR (Disclosures for Catastrophe Reinsurance Program) and proposal 2023-15-CR (Convective Storm for Informational Purposes Only Structure) for a 60-day public comment period ending Jan. 30. Chou encouraged all interested parties to submit comments prior to the ending date, as the Subgroup plans to consider both proposals during the Spring National Meeting. In addition, he mentioned that the Property and Casualty Risk-Based Capital (E) Working Group and the Subgroup adopted proposal 2023-16-CR (2023 U.S. and non-U.S. Catastrophe Risk Event Lists) on Jan. 29, and it has been forwarded to the Capital Adequacy (E) Task Force for consideration on Jan. 31.

Having no further business, the Catastrophe Risk (E) Subgroup adjourned.

SharePoint/NAIC Support Staff Hub/Member Meetings/Fall 2023 National Meeting/Task Forces/CapAdequacy/Cat Risk SG/01-28propertycatsg.docx 2024

Draft Pending Adoption

Attachment Five
 Capital Adequacy (E) Task Force
 12/02/23

Draft: 12/05/23

Property and Casualty Risk-Based Capital (E) Working Group
 and the Catastrophe Risk (E) Subgroup
 Orlando, Florida
 December 2, 2023

The Property and Casualty Risk-Based Capital (E) Working Group of the Capital Adequacy (E) Task Force met in Orlando, FL, Dec. 2, 2023, in joint session with the Catastrophe Risk (E) Subgroup of the Property and Casualty Risk-Based Capital (E) Working Group of the Capital Adequacy (E) Task Force. The following Working Group members participated: Tom Botsko, Chair (OH); Wanchin Chou, Vice Chair (CT); Charles Hales (AL); Rolf Kaumann (CO); Virginia Christy (FL); Sandra Darby (ME); Melissa Robertson (NM); and Miriam Fisk (TX). The following Subgroup members participated: Wanchin Chou, Chair (CT); Jane Nelson, Vice Chair (FL); Rolf Kaumann (CO); Travis Grassel (IA); Sandra Darby (ME); Melissa Robertson (NM); Tom Botsko (OH); Diane Carter (OK); and Miriam Fisk (TX). Also participating were: Kevin Dyke (MI); John Rehagen (MO).

1. Adopted the Working Group and Subgroup's Nov. 16, July 27, and July 18 Minutes

Botsko said the Working Group and Subgroup met Nov. 16. During this meeting, they took the following action: 1) exposed proposal 2023-16-CR for a seven-day public comment period that ended Nov. 23; and 2) heard a presentation from the American Academy of Actuaries (Academy) on the report *Update to Property and Casualty Risk-Based Capital Underwriting Factors and Investment Income Adjustment Factors*.

Botsko also said the Working Group met July 27. During this meeting, the Working Group took the following action: 1) adopted its June 26 and April 24 minutes, which included the following action: a) adopted its Spring National Meeting minutes; b) adopted proposal 2023-02-P, which provided a routine annual update to the line 1 premium and reserve industry underwriting factors in the property/casualty (P/C) risk-based capital (RBC) formula; and c) adopted proposal 2023-02-MOD, which updated the H/F, WC, and CMP reserve factors due to an incorrect calculation; 2) adopted the report of the Subgroup; 3) adopted the 2023 P/C RBC newsletter; 4) discussed 2022 RBC statistics; 5) discussed its working agenda; 6) discussed the possibility of reviewing and analyzing the P/C RBC charges that have not been reviewed since developed; and 7) heard updates on current P/C RBC projects from the Academy.

In addition, Botsko said the Subgroup met July 18. During this meeting, the Subgroup took the following action: 1) adopted its Spring National Meeting minutes; 2) discussed its working agenda; 3) received an update from its Catastrophe Model Technical Review Ad Hoc Group; 4) discussed wildfire peril impact analysis; 5) heard a presentation from Verisk on a severe convective storms model update and technical review; and 6) discussed the flood insurance market.

Darby made a motion, seconded by Grassel, to adopt the Working Group and Subgroup's Nov. 16 (Attachment XXX), July 27 (Attachment XXX), and July 18 (Attachment XXX) minutes. The motion passed unanimously.

2. Adopted Proposal 2023-16-CR (2023 Cat Event List)

Chou said proposal 2023-16-CR provided routine catastrophe events updates two times. This time, the proposal includes Jan. 1 through Oct. 31, 2023, U.S. and non-U.S. catastrophe risk events to the catastrophe event list. He stated that the Working Group and Subgroup will re-expose this proposal for the events happening between

Draft Pending Adoption

Attachment Five
Capital Adequacy (E) Task Force
12/02/23

Nov. 1 and Dec. 31, 2023, in Jan. 2024. Hales noted a typo in the Hurricane Lee item. The date range should be Sept. 14, 2023, through Sept. 17, 2023.

Darby made a motion with the update of the date range, seconded by Grassel, to adopt the proposal 2023-16-CR (Attachment XXX). The motion passed unanimously.

3. Adopted the Working Group and Subgroup's Working Agenda

Botsko summarized the changes of the Subgroup's 2024 working agenda, which included the following substantial changes: 1) changing the expected completion date to the items P1 through P4 and P6; and 2) updating the comment column to the items P1, P4, and P8.

Kaumann made a motion, seconded by Darby, to adopt the Working Group and Subgroup's working agenda. The motion passed unanimously.

4. Exposed Proposal 2023-14-P (Pet Insurance)

Botsko said proposal 2023-14-P would remove pet insurance from inland marine line of business and add a new line of business to PR035, PR038, PR123, PR223, PR307, PR700, and PR701 to be consistent with the change in the annual statement. He indicated that the Working Group has no intent on changing the RBC charge for pet insurance at the present time. The RBC charges for R4 and R5 will remain the same as inland marine.

The Working Group and Subgroup agreed to expose proposal 2023-14-P for a 60-day public comment period ending Jan. 30, 2024.

5. Exposed Proposal 2023-15-CR (Convective Storm for Informational Purposes Only Structure)

Chou said proposal 2023-15-CR provides the structure change for adding severe convective storm as one of the catastrophe perils for informational purposes only in the Rcat component. He stated that while the Subgroup reviewed the possibility of expanding the current catastrophe framework to include other perils that may experience a greater tail risk under projected climate-related trends, the severe convective storm has been identified as catastrophe perils in the Rcat component. Chou also said the Subgroup will determine the appropriate factors for this peril after the completion of the impact analysis.

The Working Group and Subgroup agreed to expose proposal 2023-15-CR for a 60-day public comment period ending Jan. 30.

6. Discussed Wildfire Peril Impact Analysis

Chou said as discussed during the Summer National Meeting, the impact analysis for wildfire peril was only reviewed by a few regulators last year. The Subgroup plans to: 1) review the wildfire peril impact analysis again with those states that have signed the nondisclosure agreements (NDAs); and 2) work with vendor modelers to review and update their impact analysis by the 2024 Spring National Meeting. In addition, Chou said the Subgroup might consider adding the wildfire peril to RBC if the Subgroup is comfortable with the impact analysis results. He indicated that for those regulators who are interested in participating in the impact analysis but have not completed the NDAs, please contact the NAIC staff to obtain the NDA documents.

Draft Pending Adoption

Attachment Five
Capital Adequacy (E) Task Force
12/02/23

7. Exposed Proposal 2023-13-CR (Disclosures for Catastrophe Reinsurance Program)

Rehagen said with the recent catastrophe-related insolvencies in the market and increasing cost of catastrophe reinsurance coverage, regulators have identified a need to collect additional detail from insurers on the structure of their catastrophe reinsurance program and any changes from the prior year on an annual basis. He stated that as such proprietary information could only be viewed as confidential and closely related to the PR027 Rcat component, the collection of additional information on an insurer's catastrophe reinsurance program is being proposed through a series of questions added to the PR027 interrogatories. Rehagen also said a referral letter from the Reinsurance (E) Task Force and a proposal including the latest version of disclosures, which was based on the comment letters received and recommendations from interested parties, was included in the meeting materials (Attachment XXX). Lastly, he recommended the Subgroup consider moving forward with an exposure of the proposal. Botsko said he wanted to make sure the Subgroup is aware that the reinsurance information in this proposal is on a group level, not necessarily on an individual company level. Rehagen agreed.

Joseph Sieverling (Reinsurance Association of America—RAA) said the RAA filed a comment letter earlier on behalf of the American Property Casualty Insurance Association (APCIA) and the National Association of Mutual Insurance Companies (NAMIC) during the initial exposure at the Reinsurance (E) Task Force. He said the RAA appreciates and supports the NAIC staff and the RBC chairs working with the RAA to make some modification of the proposal. Sieverling also recommended that this proposal be exposed for a 60-day public comment period due to the holiday. Chou agreed and said this item will be discussed during the upcoming Catastrophe Risk (E) Subgroup meeting.

The Working Group and the Subgroup agreed to expose proposal 2023-13-CR for a 60-day public comment period ending Jan. 30, 2024.

8. Received Updates from the Convective Storm Model Review Ad Hoc Group Regarding the Convective Storm Technical Review

Chou said the Catastrophe Model Review Ad Hoc Group met Oct. 23. During this meeting, the Ad Hoc Group discussed whether the reviewing process follows *Actuarial Standard of Practice (ASOP) No. 38—Catastrophe Modeling (for All Practice Areas)*. He stated that based on ASOP No. 38, when selecting, using, reviewing, or evaluating a catastrophe model, the following steps should be taken: 1) determine the appropriate level of reliance on experts; 2) have a basic understanding of the catastrophe model; 3) evaluate whether the catastrophe model is appropriate for the intended purpose; 4) determine that appropriate validation of the catastrophe model and output has occurred; and 5) determine the appropriate use of the catastrophe model and output.

Chou said the first three items have been completed, and the Ad Hoc Group is currently working on the fourth item. He anticipated that the entire reviewing process should be completed in two months. Shaveta Gupta (NAIC) said the Ad Hoc Group invited Moody's RMS, CoreLogic, Karen Clark & Company (KCC), and Verisk to present on: 1) the different components of the model in terms of the input and output; and 2) how the vendors validate their models based on the historical footprints. She also stated that the Ad Hoc Group is currently based on ASOP No. 38 as its guiding principles, and three of them have been completed through the model vendor presentations. She expects that all the work will be completed next year.

9. Discussed the Report from the Academy on an Update to Property and Casualty Risk-Based Capital Underwriting Factors and Investment Income Adjustment Factors

Draft Pending Adoption

Attachment Five
Capital Adequacy (E) Task Force
12/02/23

Botsko said the Academy gave a presentation on this report on Nov. 16, and he provided some highlights of the report. In April 2021, the Academy issued the first report that described a calibration of the line 4 factors for premium and reserve risk. In August 2023, the Academy issued another report that covered the investment income adjustment (IIA) element of the RBC formula. It deals with line 7 or line 8 of the underwriting risk reserve and premium risk in RBC PR017 and PR018, respectively.

Sieverling said a comment letter (Attachment XXX) that was submitted earlier stated that the RAA supports the overall approach the Academy proposes. However, there are certain policy options that have been presented for further consideration by regulators that can have significantly negative or even onerous impacts on the capital requirements for (re)insurers, depending on which options are chosen. He also indicated that the RAA encourages a careful and measured evaluation of these policy and implementation options and looks forward to providing future comments throughout the process. Botsko said he and NAIC staff will start an in-depth discussion with the Academy regarding the factors in January 2024. At the same time, he asked all the interested parties to brainstorm on whether: 1) the current factors should be changed if the working group decides to continue using the 87.5 percentile; and 2) the maximum changes: a) per year; and b) in total for some of those extreme volatile lines of business. He encouraged all interested parties to review the factors and provide comments in the upcoming meeting.

10. Discussed the Florida Commission on Hurricane Loss Projection Methodology

Donna Sirmons (Florida Commission on Hurricane Loss Projection Methodology) provided an overview of Florida Commission on Hurricane Loss Projection Methodology (FCHLPM) (Attachment XXX), which includes the following topics: 1) commission standards; 2) hurricane and flood requirements; 3) model approval requirements; 4) current accepted hurricane models; 5) current work of the commission; and 6) commission process. Chou said this information will be able to help improve the model review process. Chou said he appreciates the FCHLPM providing a brief overview on how to review and approve the models. He said he anticipates that the Subgroup would work with the FCHLPM and get assistance in the future on: 1) how to evaluate the catastrophe models; and 2) how the model can be used properly.

Having no further business, the Property and Casualty Risk-Based Capital (E) Working Group and the Catastrophe Risk (E) Subgroup adjourned.

SharePoint/NAIC Support Staff Hub/ Member Meetings/E Cmte/CADTF/2023-3-Summer/PCRCWG

Capital Adequacy (E) Task Force

RBC Proposal Form

- | | | |
|---|---|---|
| <input type="checkbox"/> Capital Adequacy (E) Task Force | <input type="checkbox"/> Health RBC (E) Working Group | <input type="checkbox"/> Life RBC (E) Working Group |
| <input checked="" type="checkbox"/> Catastrophe Risk (E) Subgroup | <input checked="" type="checkbox"/> P/C RBC (E) Working Group | <input type="checkbox"/> Longevity Risk (A/E) Subgroup |
| <input type="checkbox"/> Variable Annuities Capital. & Reserve (E/A) Subgroup | <input type="checkbox"/> Economic Scenarios (E/A) Subgroup | <input type="checkbox"/> RBC Investment Risk & Evaluation (E) Working Group |

<p style="text-align: right;">DATE: <u>September 20, 2023</u></p> <p>CONTACT PERSON: <u>Jake Stultz</u></p> <p>TELEPHONE: _____</p> <p>EMAIL ADDRESS: <u>jstultz@naic.org</u></p> <p>ON BEHALF OF: <u>Reinsurance (E) Task Force</u></p> <p>NAME: <u>John Rehagen (Chair)</u></p> <p>TITLE: <u>Director, Insurance Company Regulation</u></p> <p>AFFILIATION: <u>Missouri DCI</u></p> <p>ADDRESS: <u>P.O. Box 690</u> <u>Jefferson City, MO 65102</u></p>	<p style="text-align: center;">FOR NAIC USE ONLY</p> <hr/> <p>Agenda Item # <u>2023-13-CR</u> Year <u>2024</u></p> <hr/> <p style="text-align: center;">DISPOSITION</p> <p>ADOPTED:</p> <p><input type="checkbox"/> TASK FORCE (TF) _____</p> <p><input type="checkbox"/> WORKING GROUP (WG) _____</p> <p><input type="checkbox"/> SUBGROUP (SG) _____</p> <p>EXPOSED:</p> <p><input type="checkbox"/> TASK FORCE (TF) _____</p> <p><input checked="" type="checkbox"/> WORKING GROUP (WG) <u>12/02/2023</u></p> <p><input checked="" type="checkbox"/> SUBGROUP (SG) <u>12/02/2023</u></p> <p>REJECTED:</p> <p><input type="checkbox"/> TF <input type="checkbox"/> WG <input type="checkbox"/> SG _____</p> <p>OTHER:</p> <p><input type="checkbox"/> DEFERRED TO _____</p> <p><input type="checkbox"/> REFERRED TO OTHER NAIC GROUP _____</p> <p><input type="checkbox"/> (SPECIFY) _____</p>
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IDENTIFICATION OF SOURCE AND FORM(S)/INSTRUCTIONS TO BE CHANGED

- | | | |
|--|--|--|
| <input type="checkbox"/> Health RBC Blanks | <input checked="" type="checkbox"/> Property/Casualty RBC Blanks | <input type="checkbox"/> Life and Fraternal RBC Blanks |
| <input type="checkbox"/> Health RBC Instructions | <input type="checkbox"/> Property/Casualty RBC Instructions | <input type="checkbox"/> Life and Fraternal RBC Instructions |
| <input type="checkbox"/> Health RBC Formula | <input type="checkbox"/> Property/Casualty RBC Formula | <input type="checkbox"/> Life and Fraternal RBC Formula |
| <input type="checkbox"/> OTHER _____ | | |

DESCRIPTION/REASON OR JUSTIFICATION OF CHANGE(S)

Given the recent catastrophe-related insolvencies and increasing cost of CAT reinsurance coverage, state insurance regulators have identified a need to collect additional detail from insurers on the structure of their catastrophe reinsurance program on an annual basis. As such information could be viewed as confidential and proprietary, and as it is closely related to the existing PR027 RCAT charge in Property/Casualty RBC, the collection of additional information on an insurer's catastrophe reinsurance program is being proposed through a series of questions added to the PR027 Catastrophe Risk Interrogatories included in the RBC Blanks.

Additional Staff Comments:

The RBC Blanks proposal has been developed, exposed for public comment and discussed in detail through the meetings of the Reinsurance (E) Task Force to ensure that it meets regulatory needs and is fit for purpose.

**** This section must be completed on all forms.**

Revised 2-2023

INTERROGATORY ON CATASTROPHE RISK REINSURANCE PROGRAM PR027

NOTE: This interrogatory is intended for completion by all property and casualty RBC filers that are exposed to natural catastrophe perils, and is not limited to earthquake, hurricane and wildfire and the associated RCAT exemptions. Insurance entities that participate in group reinsurance programs may respond to the interrogatory at a group level.

- (1) Provide an overall narrative description of the natural catastrophe reinsurance program in place at the insurer/group, by peril where appropriate, including elements such as the types of reinsurance coverage in place, attachment points/retention levels, exhaustion limits, reinstatement provisions, etc. When possible and relevant, provide a graphical reinsurance tower as an attachment.

[Redacted]

(2)
Y/N

- (2) Have there been any significant changes in the reinsurance program structure from the prior year (i.e., change in cost, level of coverage) (Y/N)

[Redacted]

- (2a) If yes, describe any significant changes from the prior year:

[Redacted]

(3)
MM/DD/YYYY

- (3) Provide the primary program renewal date (i.e., 1/1/XX or 7/1/XX):

[Redacted]

TO: Tom Botsko, Chair of the Property and Casualty Risk-Based Capital (E) Working Group

FROM: John Rehagen, Acting Chair of the Reinsurance (E) Task Force

RE: 2023 Due Diligence Review of Qualified Jurisdictions & Reciprocal Jurisdictions

DATE: November 16, 2023

Executive Summary & Recommendation

At the 2023 Summer National Meeting call of the Reinsurance (E) Task Force, it was noted that a project had been started by NAIC staff to create a new disclosure to collect more information of insurers catastrophe reinsurance programs. For background, with the recent catastrophe-related insolvencies in the market and increasing cost of CAT reinsurance coverage, state insurance regulators have identified a need to collect additional detail from insurers on the structure of their catastrophe reinsurance program and any changes from the prior year on an annual basis. As such information could be viewed as confidential and proprietary, and as it is closely related to the existing PR027 RCAT charge in Property/Casualty RBC, the collection of additional information on an insurer's catastrophe reinsurance program is being proposed through a series of questions added to the PR027 Catastrophe Risk Interrogatories included in the RBC Blanks.

The first draft of the proposed new disclosure was exposed for comments on Sept. 21, and two comment letters were received. As a result of the comment letters, NAIC staff made changes to their draft document, which is included in this referral, and recommend that the Property and Casualty Risk-Based Capital (E) Working Group use that as their working document going forward. All these documents are included as attachments to this referral.

We recommend that the Property and Casualty Risk-Based Capital (E) Working Group expose the updated working copy of the proposal at its during the Fall National Meeting. Reinsurance (E) Task Force members and staff support will be available to assist with any questions during this process.



January 30, 2024

Mr. Wanchin Chou, Chair
Catastrophe Risk (E) Subgroup
National Association of Insurance Commissioners
c/o Eva Yeung
Via email: EYeung@naic.org

Re: Joint Trades Comments Regarding RBC Reinsurance Program Interrogatory

Dear Mr. Chou:

Thank you for the opportunity to comment on the proposed P&C Risk-Based Capital Interrogatory (the proposal), which is intended to collect additional detail from insurers on the structure of their natural catastrophe reinsurance program, including any changes from the prior year. This letter is submitted on behalf of the American Property Casualty Insurance Association (APCIA), the National Association of Mutual Insurance Companies (NAMIC) and the Reinsurance Association of America (RAA).

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 members represent all sizes, structures, and regions – protecting families, communities, and businesses in the U.S. and across the globe.

NAMIC consists of more than 1,500 member companies, including seven of the top ten property/casualty insurers in the United States. The association supports local and regional mutual insurance companies on main streets across America as well as many of the country's largest national insurers. NAMIC member companies write \$357 billion in annual premiums and represent 69 percent of homeowners, 56 percent of automobile, and 31 percent of the business insurance markets. Through its advocacy programs NAMIC promotes public policy solutions that benefit member companies and the policyholders they serve and fosters greater understanding and recognition of the unique alignment of interests between management and policyholders of mutual companies.

The RAA is a national trade association representing reinsurance companies doing business in the United States. RAA membership is diverse, including reinsurance underwriters and intermediaries licensed in the U.S. and those that conduct business on a cross-border basis. The RAA also has life reinsurance affiliates and insurance-linked securities (ILS) fund managers and market participants that are engaged in the assumption of property/casualty risks. The RAA represents its members before state, federal and international bodies.

We appreciate and support insurance regulators' need to understand insurers' natural catastrophe risk exposure and the reinsurance programs designed to mitigate these risks. We also appreciate that the proposal is designed as an RBC interrogatory to ensure its confidentiality. Finally, we welcome the changes made to the original proposal by the Reinsurance (E) Task Force upon its referral to the Catastrophe Risk (E) Subgroup. In response to our attached original comment letter, the Reinsurance (E) Task Force allowed reporting at the group level, conditioned the mandatory reinsurance tower graphic, clarified the scope to include any insurer with material natural catastrophe risk, and eliminated some detail in the mandatory disclosures.

We do note however that the NAIC has not adopted all of our recommendations and we respectfully request that these be considered prior to final adoption of the proposal. We believe the following additional amendments to the proposal will enhance state regulators' ability to identify insurers with significant catastrophe risk exposure or over-reliance on reinsurance, will focus industry disclosures on material risks and will eliminate unnecessary compliance costs. As a result, we believe our recommendations will enhance regulatory efficiency and improve solvency regulation.

Material Perils:

The revised proposal still applies to all natural catastrophe perils with no mention of materiality. As noted in our original comments, the proposal is inconsistent with the Reinsurance Task Force's aim to obtain information similar to what public companies report for these exposures. Consistent with GAAP and SEC reporting rules, public entities report only on material perils. Recognizing that insurance regulators' purposes are different than users of public company financial statements, we continue to believe that not limiting the disclosure to material perils will unnecessarily increase compliance costs and will not provide useful information to state insurance regulators.

Redefining the Scope:

In accord with our recommendations last year, the Reinsurance Task Force expanded the scope beyond only entities subject to RCat. However, the Task Force did not address our recommendation to limit the scope to insurers or insurance groups with significant catastrophe risk net of reinsurance. We continue to believe that a more focused, objective, and available scope criteria would better direct this requirement toward insurers facing increased solvency risk as a result of exposure to natural catastrophe perils or of over-reliance on reinsurance of those perils. In our attached original comments, we proposed two alternative scoping methods for the NAIC to consider. The scope criteria is available in the existing Annual Statement and RBC filings and would both limit unnecessary compliance costs for the industry and would focus state regulators' limited resources where they are most needed.

Thank you again for the opportunity to provide these comments. We look forward to further engagement on this proposal.

APCIA/NAMIC/RAA Letter

Page 3

Sincerely,

Joseph B. Sieverling, SVP and Director of Financial Services
Reinsurance Association of America

Matthew Vece, Director, Financial & Tax Counsel
American Property Casualty Insurance Association

Colleen W. Scheele, Public Policy Counsel and Director of Financial and Tax Policy
National Association of Mutual Insurance Companies

Attachment



November 7, 2023

John Rehagen, Chair
Reinsurance (E) Task Force
National Association of Insurance Commissioners
c/o Jake Stultz and Dan Schelp
Via email: jstultz@naic.org and dschelp@naic.org

Re: Joint Trades Comments Regarding RBC Reinsurance Program Interrogatory

Dear Mr. Rehagen:

Thank you for the opportunity to comment on the proposed P&C Risk-Based Capital Interrogatory (the proposal), which is intended to collect additional detail from insurers on the structure of their natural catastrophe reinsurance program, including any changes from the prior year. This letter is submitted on behalf of the American Property Casualty Insurance Association (APCIA), the National Association of Mutual Insurance Companies (NAMIC) and the Reinsurance Association of America (RAA).

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 members represent all sizes, structures, and regions – protecting families, communities, and businesses in the U.S. and across the globe.

NAMIC consists of more than 1,500 member companies, including seven of the top 10 property/casualty insurers in the United States. The association supports local and regional mutual insurance companies on main streets across America as well as many of the country's largest national insurers. NAMIC member companies write \$357 billion in annual premiums and represent 69 percent of homeowners, 56 percent of automobile, and 31 percent of the business insurance markets. Through its advocacy programs NAMIC promotes public policy solutions that benefit member companies and the policyholders they serve and fosters greater understanding and recognition of the unique alignment of interests between management and policyholders of mutual companies.

The RAA is a national trade association representing reinsurance companies doing business in the United States. RAA membership is diverse, including reinsurance underwriters and intermediaries licensed in the U.S. and those that conduct business on a cross-border basis. The RAA also has life reinsurance affiliates and insurance-linked securities (ILS) fund managers and market participants that are engaged in the assumption of property/casualty risks. The RAA represents its members before state, federal and international bodies.

The RBC proposal form provided the following justification for the proposal:

Given the recent catastrophe-related insolvencies and increasing cost of CAT reinsurance coverage, state insurance regulators have identified a need to collect additional detail from insurers on the structure of their catastrophe reinsurance program on an annual basis.

We fully appreciate and support insurance regulators' need to understand insurers' natural catastrophe risk exposure and the reinsurance programs designed to mitigate these risks. We also appreciate that the proposal is designed as an RBC interrogatory to ensure its confidentiality. After reviewing the proposal and discussing it with our members, we had a number of questions about the purpose of the proposal, its scope, and whether its proposed format would provide useful information to state regulators. To address these questions and ensure our comments are fully informed and useful, we held conversations with a member of the Task Force and several NAIC staff. Following is a brief summary of a few of the questions and the answers provided by the NAIC:

Q1 Have there in fact been many recent catastrophe related insolvencies? 2022 P&C RBC Aggregate Report indicates continued improvement in the number of insurers at various RBC action levels.

A1 Yes, there have been several recent insolvencies in certain catastrophe prone states, but there have also been recent insolvencies and impairments in other states, particularly those exposed to secondary perils such as convective storms. Some smaller insurers are reporting challenges in affording sufficient reinsurance coverage and are retaining more catastrophe risk.

Q2 Current RBC RCat requires reporting catastrophe risk, net of reinsurance, for Hurricane, EQ and Windstorm (information only) at the 50, 100, 250 and 500 return periods. The change RCat values from prior periods would provide directional and quantitative information about net catastrophe exposure. Do the states really need the high level of detail in the proposal for all insurers subject to RCat reporting?

A2 Yes. Several states have been requesting this information annually from many of their domestic insurers, and while the reinsurance program is considered in detail on financial examinations, that process is too infrequent. An annual requirement would provide all states with this information for each of their domestic insurers.

Q3 Has the NAIC considered that most insurance groups purchase insurance at the group level? The disclosures in the proposal would have to be allocated to individual RBC reporting entities and is unlikely to provide consistent and useful information.

A3 The Task Force might consider allowing group reporting.

Q4 Would the NAIC consider limiting the scope of the proposal? RBC aggregate data shows nearly 1400 reporting entities with greater than a 1000% RBC ratio. Large groups are required to report similar information in their ORSA, Annual Registration Statement and in public reporting to the SEC.

A4 The Task Force might consider limiting the scope of the proposal if industry suggested thresholds would not exclude insurers that lack sufficient reinsurance programs for natural catastrophe perils.

Q5 The narrative description in the proposal is quite detailed, requiring a description of the natural catastrophe reinsurance program by peril, and separately providing granular program details (including type of coverage, layers, attachment points, limits, reinstatement provisions, etc.) for traditional and non-traditional reinsurance, and a graphical representation of the reinsurance program. This level of detailed reporting would be a significant compliance burden for many insurers and is often not available on a legal entity basis.

A5 The proposal was designed based on public company disclosures. Regulators expect that insurers also report at this level of detail to their management and board of directors.

We appreciate the dialogue with the NAIC about the purpose of the proposal and the rationale for its current design. We agree with the NAIC that state regulators should expect insurers to have robust processes and controls in place to manage natural catastrophe risk through an effective reinsurance program and through other means. We request that you consider the following suggestions for improvement to the proposal.

Group Reporting Option:

Public company financial reporting is reported on a consolidated basis, with details provided only for material amounts and risks. Based on the trades review of several large insurance groups' 10K filings, none report the level of detail requested in the proposal and none provide a reinsurance coverage tower graphic. Because catastrophe risk is managed, and reinsurance is purchased at the group level, the legal entity detail requested in the proposal will be challenging to complete and is unlikely to provide useful information to state regulators. Purchasing reinsurance protection at the group level, provides coverage for multiple catastrophe perils, provides administrative efficiency, and provides more effective coverage, since it covers several potential natural catastrophe losses in the group and is not sub-limited to specific legal entities. Multiple cedant reinsurance contracts require allocation agreements that allocate premiums and recoveries, but many elements of the proposal, such as coverage limits, attachments points, etc. cannot be allocated to individual entities. If these elements were allocated to individual entities, they would not provide useful information.

Example: An insurance group has a multiple cedant reinsurance contract that pays \$5 million XS of \$5 million and is spread among 5 entities in the group that write equal premiums. These entities might report \$1 million of limit each. If company A has a \$2 million loss from a covered event, but none of its affiliates have a loss from that event, a reader of this interrogatory might assume that company A has reinsurance protection, but because the reinsurance contract attaches at \$5 million, there would be no recovery.

We request that the Task Force consider modifying the proposal to allow group reporting rather than entity level reporting. Group level reporting is consistent with how insurance groups manage their catastrophe risks and artificial entity level allocations will not provide meaningful or comparable information to state regulators. We recommend that the interrogatory be prepared on a group level, include a list of the legal entities included in the group and perhaps also provide a summary of the allocation agreement. Identical filings could be included in each individual entity's RBC Interrogatory.

Material Perils:

Based on our review of several public filings, no reporting entities that we observed report the requested level of detail in the proposal for material natural catastrophe perils. Often this is broken out separately for hurricane and earthquake and frequently for only two major geographic areas (e.g., U.S. and Canada or U.S. and non-U.S.) Sometimes this information is only provided on an all perils basis world-wide. Providing this level of detail for immaterial risks will be time consuming, is inconsistent with financial reporting requirements for GAAP and Statutory Accounting and is unlikely to provide useful information to state insurance regulators.

Reinsurance Tower Graphic:

None of the public companies we observed provided a graphical presentation of the reinsurance program in their public filings. This is likely because they have overlapping reinsurance coverage for multiple perils, purchase reinsurance using a variety of different programs covering several geographic regions, use multiple, varying reinsurance structures for the same or similar risks and use facultative reinsurance cover for individual policies for program business. As a result, such graphical presentations would be very difficult to prepare and are unlikely to yield useful information. Preparing the requested graphics by peril will be costly and will unlikely provide useful information to state regulators.

We suggest the Task Force consider requiring separate reinsurance tower graphics for the top two or three perils that are material to the reporting entity's catastrophe reinsurance program. Based on our discussions with reinsurance intermediaries, most smaller insurers typically have only one major reinsured catastrophe peril, and do prepare a reinsurance tower graphic or receive it from their broker.

Redefining the Scope:

According to NAIC staff, approximately 870 RBC reporting entities are subject to RCat currently. This group is likely to grow if and when wildfire risk, convective storm risk and other catastrophe perils are eventually included in the RCat requirement. Basing the proposal only on insurers subject to RCat may in fact miss many insurers that are exposed to catastrophe risks other than hurricane and earthquake. For those insurers, a separate request of the insurer, as part of the annual financial analysis process, may be the best way for state insurance regulators to obtain information about catastrophe exposed insurers' reinsurance programs.

In order to better direct this requirement toward insurers facing increased solvency risk, the Task Force should consider narrowing the scope to focus on insurers with a higher risk of financial impairment or a higher risk of triggering an RBC action level as a consequence of their natural catastrophe risk and reinsurance program. A more focused scope should include insurers with significant catastrophe risk net of reinsurance, a high reliance on reinsurance to manage their catastrophe risk and perhaps include RBC ratios as an additional filter. Based on our analysis of annual statement data and review of several public company 10K filings, we suggest the following potential scope thresholds for consideration by the Task Force.

Proposed Scope Thresholds:

The following scope thresholds would be more effective identifying insurers that have significant net catastrophe exposure and that should be subject to the proposed RBC interrogatory and increased supervisory attention.

1. RBC Ratio below 1000% AND Reinsurance Utilization Rate greater than 30% (instead of reinsurance utilization, the Task Force could use a ratio derived from Schedule F, Part 6 “Restatement of Balance Sheet to Identify Net Credit for Reinsurance” at perhaps >50% of surplus)

OR

2. Probable Maximum Loss (PML) net of reinsurance as a percentage of Surplus of 25% or more

An RBC ratio greater than 1000% should in most cases indicate that the risk of insolvency in the near future is remote. However, RBC alone might not identify insurers that are heavily reliant on reinsurance if their net retention is low or if the catastrophe exposure is not a peril included in RCat. As a result, we propose pairing RBC with a reinsurance utilization rate threshold. Reinsurance utilization is typically measured as ceded reinsurance premium divided by gross written premiums and is a measure of the reliance on reinsurance. Industry aggregate data show that the industry aggregate reinsurance utilization ratio fluctuates in a very narrow band around 18%, so 30% may be a reasonable threshold. Based on our analysis of NAIC Annual Statement data these two criteria would result in 524 legal entities in scope for the proposed interrogatory.

Alternatively, the Task force might consider using a ratio of the effect of reinsurance on the balance sheet as a percentage of surplus, which can be derived easily from data in Schedule F, Part 6. We have not performed an analysis of this alternative using Annual Statement data, but a reasonable threshold might be a net benefit of reinsurance of 50% or more of an insurer’s surplus.

We are proposing net PML as a percentage of surplus as an additional threshold. This information is available in the RCat filings and the Annual Statement, so should be easily verifiable for any insurer currently subject to RCat. We believe that this threshold is more likely to focus regulators’ attention on the types of insurers that prompted this proposal. Since this data is confidential, we do not have the information to make an informed recommendation on the threshold but based on public company reporting and other public information, perhaps net PML of 25% of surplus at the 1-in-250 return period would be a good starting point. The Task force might want to consider

adding a change in PML to surplus ratios as an additional criterion. Finally, while the current scope of the proposal only includes insurers subject to RCat, using the net PML criteria could form the basis for separate state requests for similar information from other insurers that may have significant natural catastrophe risk other than hurricane and earthquake risk.

Thank you again for the opportunity to provide comments. We look forward to further engagement on these issues.

Sincerely,

Joseph B. Sieverling, SVP and Director of Financial Services
Reinsurance Association of America

Matthew Vece, Director, Financial & Tax Counsel
American Property and Casualty Insurance Association

Colleen W. Scheele, Public Policy Counsel and Director of Financial and Tax Policy
National Association of Mutual Insurance Companies

cc: Tom Botsko, Chair Property Casualty RBC (E) Working Group
Wanchin Chou, Chair, Catastrophe Risk (E) Subgroup

Capital Adequacy (E) Task Force

RBC Proposal Form

- | | | |
|---|---|---|
| <input type="checkbox"/> Capital Adequacy (E) Task Force | <input type="checkbox"/> Health RBC (E) Working Group | <input type="checkbox"/> Life RBC (E) Working Group |
| <input type="checkbox"/> Catastrophe Risk (E) Subgroup | <input type="checkbox"/> Investment RBC (E) Working Group | <input type="checkbox"/> Longevity Risk (A/E) Subgroup |
| <input type="checkbox"/> Variable Annuities Capital. & Reserve (E/A) Subgroup | <input checked="" type="checkbox"/> P/C RBC (E) Working Group | <input type="checkbox"/> RBC Investment Risk & Evaluation (E) Working Group |

<p style="text-align: right;">DATE: <u>1/10/24</u></p> <p>CONTACT PERSON: <u>Eva Yeung</u></p> <p>TELEPHONE: <u>816-783-8407</u></p> <p>EMAIL ADDRESS: <u>eyeung@naic.org</u></p> <p>ON BEHALF OF: <u>P/C RBC (E) Working Group</u></p> <p>NAME: <u>Tom Botsko</u></p> <p>TITLE: <u>Chair</u></p> <p>AFFILIATION: <u>Ohio Department of Insurance</u></p> <p>ADDRESS: <u>50 West Town Street, Suite 300</u> <u>Columbus, OH 43215</u></p>	<p style="text-align: center;"><u>FOR NAIC USE ONLY</u></p> <p>Agenda Item # <u>2024-01-P</u> Year <u>2024</u></p> <p style="text-align: center;"><u>DISPOSITION</u></p> <p>ADOPTED:</p> <p><input type="checkbox"/> TASK FORCE (TF) _____</p> <p><input type="checkbox"/> WORKING GROUP (WF) _____</p> <p><input type="checkbox"/> SUBGROUP (SG) _____</p> <p>EXPOSED:</p> <p><input type="checkbox"/> TASK FORCE (TF) _____</p> <p><input checked="" type="checkbox"/> WORKING GROUP (WG) <u>1/25/2024</u></p> <p><input type="checkbox"/> SUBGROUP (SG) _____</p> <p>REJECTED:</p> <p><input type="checkbox"/> TF <input type="checkbox"/> WG <input type="checkbox"/> SG _____</p> <p>OTHER:</p> <p><input type="checkbox"/> DEFERRED TO _____</p> <p><input type="checkbox"/> REFERRED TO OTHER NAIC GROUP _____</p> <p><input type="checkbox"/> (SPECIFY) _____</p>
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IDENTIFICATION OF SOURCE AND FORM(S)/INSTRUCTIONS TO BE CHANGED

- | | | |
|--|---|--|
| <input type="checkbox"/> Health RBC Blanks | <input type="checkbox"/> Property/Casualty RBC Blanks | <input type="checkbox"/> Life and Fraternal RBC Blanks |
| <input type="checkbox"/> Health RBC Instructions | <input type="checkbox"/> Property/Casualty RBC Instructions | <input type="checkbox"/> Life and Fraternal RBC Instructions |
| <input type="checkbox"/> Health RBC Formula | <input type="checkbox"/> Property/Casualty RBC Formula | <input type="checkbox"/> Life and Fraternal RBC Formula |
| <input checked="" type="checkbox"/> OTHER <u>Property/Casualty RBC Electronic Filing</u> | | |

DESCRIPTION/REASON OR JUSTIFICATION OF CHANGE(S)

The following proposed changes will be considered only if the Blanks (E) Working Group adopted the proposal 2023-16BWG.

- 1) PR111, 112, 113, 114, 121, 122, Columns 3 and 28 will change to vendor link for all 10 years.
- 2) PR211, 212, 213, 214, 221, 222, amounts in the exterior triangle will change to vendor link.
- 3) Remove PR301 through PR306.

Additional Staff Comments:

**** This section must be completed on all forms.**

Revised 2-2023

SCHEDULE P PART II - SPECIAL PROPERTY PR111

	(3) Premiums Earned, Net	(24) Total Net Losses and Expenses Unpaid	(28) Total Losses and Expenses Incurred, Net	Earthquake and Hurricane Experience*				(28C) Total Losses and Expenses Incurred, Net excluding Earthquake and Hurricane Losses	Wildfire Catastrophe Experience*				(28III) Total Losses and Expenses Incurred, Net excluding Earthquake, Hurricane and Wildfire Losses	
				(24A) Total U.S. Net Losses Unpaid	(28A) Total U.S. Losses Incurred, Net	(24B) Total Non-U.S. Net Losses Unpaid	(28B) Total Non-U.S. Losses Incurred, Net		(24I) Total U.S. Net Losses Unpaid	(28I) Total U.S. Losses Incurred, Net	(24II) Total Non-U.S. Net Losses Unpaid	(28II) Total Non-U.S. Losses Incurred, Net		
(2) 2015	0		0		0		0		0		0		0	0
(3) 2016	0		0		0		0		0		0		0	0
(4) 2017	0		0		0		0		0		0		0	0
(5) 2018	0		0		0		0		0		0		0	0
(6) 2019	0		0		0		0		0		0		0	0
(7) 2020	0		0		0		0		0		0		0	0
(8) 2021	0		0		0		0		0		0		0	0
(9) 2022	0		0		0		0		0		0		0	0
(10) 2023	0		0		0		0		0		0		0	0
(11) 2024	0		0		0		0		0		0		0	0
(12) Totals		0		0	0	0	0	0	0	0	0	0	0	0

Vendor link items

manual data entry items

*Please provide losses only; no expenses. Catastrophe losses should 1.) be the net losses incurred for the reporting entity, not net losses incurred for the group; 2.) be a subset of, and therefore, less than, total net losses reported in Column (28); 3.) be reported in 000s to be consistent with all values reported in this exhibit; and 4.) not be reported as negative amounts.

**If this line of business has incurred U.S. catastrophe losses arising from events either included on the list of U.S. catastrophe events approved by the Catastrophe Risk Subgroup as available on the NAIC's website or numbered and labeled by PCS as a hurricane, tropical storm, or earthquake, provide only the amount of those catastrophe losses in Catastrophe Experience columns (24A) and (28A).

***If this line of business has incurred non-U.S. catastrophe losses arising from a hurricane, tropical storm, or earthquake from an event included on the list of non-U.S. catastrophe events approved by the Catastrophe Risk Subgroup as available on the NAIC's website, provide only the amount of those catastrophe losses in Catastrophe Experience Columns (24B) and (28B).

****Columns 24I through 28III are for informational purposes only.

SCHEDULE P PART IJ - AUTO PHYSICAL DAMAGE PR112

	(3) Premiums Earned, Net	(24) Total Net Losses and Expenses Unpaid	(28) Total Losses and Expenses Incurred, Net	Earthquake and Hurricane Experience*				(28C) Total Losses and Expenses Incurred, Net excluding Earthquake and Hurricane Losses	Wildfire Catastrophe Experience*				(28III) Expenses Incurred, Net excluding Earthquake, Hurricane and Wildfire Losses
				(24A) Total U.S. Net Losses Unpaid	(28A) Total U.S. Losses Incurred, Net	(24B) Total Non-U.S. Net Losses Unpaid	(28B) Total Non-U.S. Losses Incurred, Net		(24I) Total U.S. Net Losses Unpaid	(28I) Total U.S. Losses Incurred, Net	(24II) Total Non-U.S. Net Losses Unpaid	(28II) Total Non-U.S. Losses Incurred, Net	
(2) 2015	0		0		0		0		0		0		0
(3) 2016	0		0		0		0		0		0		0
(4) 2017	0		0		0		0		0		0		0
(5) 2018	0		0		0		0		0		0		0
(6) 2019	0		0		0		0		0		0		0
(7) 2020	0		0		0		0		0		0		0
(8) 2021	0		0		0		0		0		0		0
(9) 2022	0		0		0		0		0		0		0
(10) 2023	0		0		0		0		0		0		0
(11) 2024	0		0		0		0		0		0		0
(12) Totals		0		0		0			0		0		0

vendor link items
 manual data entry items

*Please provide losses only; no expenses. Catastrophe losses should 1.) be the net losses incurred for the reporting entity, not net losses incurred for the group; 2.) be a subset of, and therefore, less than, total net losses reported in Column (28); 3.) be reported in 000s to be consistent with all values reported in this exhibit; and 4.) not be reported as negative amounts.

**If this line of business has incurred U.S. catastrophe losses arising from events either included on the list of U.S. catastrophe events approved by the Catastrophe Risk Subgroup as available on the NAIC's website or numbered and labeled by PCS as a hurricane, tropical storm, or earthquake, provide only the amount of those catastrophe losses in Catastrophe Experience columns (24A) and (28A).

***If this line of business has incurred non-U.S. catastrophe losses arising from a hurricane, tropical storm, or earthquake from an event included on the list of non-U.S. catastrophe events approved by the Catastrophe Risk Subgroup as available on the NAIC's website, provide only the amount of those catastrophe losses in Catastrophe Experience Columns (24B) and (28B).

****Columns 24I through 28III are for informational purposes only.

SCHEDULE P PART 1K - FIDELITY/SURETY PR113

	(3) Premiums Earned, Net	(24) Total Net Losses and Expenses Unpaid	(28) Total Losses and Expenses Incurred, Net	Earthquake and Hurricane Experience*				(28C) Total Losses and Expenses Incurred, Net excluding Earthquake and Hurricane Losses	Wildfire Catastrophe Experience*				(28III) Expenses Incurred, Net excluding Earthquake, Hurricane and Wildfire Losses
				(24A) Total U.S. Net Losses Unpaid	(28A) Total U.S. Losses Incurred, Net	(24B) Total Non-U.S. Net Losses Unpaid	(28B) Total Non-U.S. Losses Incurred, Net		(24I) Total U.S. Net Losses Unpaid	(28I) Total U.S. Losses Incurred, Net	(24II) Total Non-U.S. Net Losses Unpaid	(28II) Total Non-U.S. Losses Incurred, Net	
(2) 2015	0		0		0		0		0		0		0
(3) 2016	0		0		0		0		0		0		0
(4) 2017	0		0		0		0		0		0		0
(5) 2018	0		0		0		0		0		0		0
(6) 2019	0		0		0		0		0		0		0
(7) 2020	0		0		0		0		0		0		0
(8) 2021	0		0		0		0		0		0		0
(9) 2022	0		0		0		0		0		0		0
(10) 2023	0		0		0		0		0		0		0
(11) 2024	0		0		0		0		0		0		0
(12) Totals		0		0		0			0		0		0

vendor link items
 manual data entry items

*Please provide losses only; no expenses. Catastrophe losses should 1.) be the net losses incurred for the reporting entity, not net losses incurred for the group; 2.) be a subset of, and therefore, less than, total net losses reported in Column (28); 3.) be reported in 000s to be consistent with all values reported in this exhibit; and 4.) not be reported as negative amounts.

**If this line of business has incurred U.S. catastrophe losses arising from events either included on the list of U.S. catastrophe events approved by the Catastrophe Risk Subgroup as available on the NAIC's website or numbered and labeled by PCS as a hurricane, tropical storm, or earthquake, provide only the amount of those catastrophe losses in Catastrophe Experience columns (24A) and (28A).

***If this line of business has incurred non-U.S. catastrophe losses arising from a hurricane, tropical storm, or earthquake from an event included on the list of non-U.S. catastrophe events approved by the Catastrophe Risk Subgroup as available on the NAIC's website, provide only the amount of those catastrophe losses in Catastrophe Experience Columns (24B) and (28B).

****Columns 24I through 28II are for informational purposes only.

SCHEDULE P PART 1L - OTHER (Including Credit, Accident and Health) PR114

	(3) Premiums Earned, Net	(24) Total Net Losses and Expenses Unpaid	(28) Total Losses and Expenses Incurred, Net	Earthquake and Hurricane Experience*				(28C) Total Losses and Expenses Incurred, Net excluding Earthquake and Hurricane Losses	Wildfire Catastrophe Experience*				(28III) Expenses Incurred, Net excluding Earthquake, Hurricane and Wildfire Losses	
				(24A) Total U.S. Net Losses Unpaid	(28A) Total U.S. Losses Incurred, Net	(24B) Total Non-U.S. Net Losses Unpaid	(28B) Total Non-U.S. Losses Incurred, Net		(24I) Total U.S. Net Losses Unpaid	(28I) Total U.S. Losses Incurred, Net	(24II) Total Non-U.S. Net Losses Unpaid	(28II) Total Non-U.S. Losses Incurred, Net		
(2) 2015	0		0		0		0		0		0		0	
(3) 2016	0		0		0		0		0		0		0	
(4) 2017	0		0		0		0		0		0		0	
(5) 2018	0		0		0		0		0		0		0	
(6) 2019	0		0		0		0		0		0		0	
(7) 2020	0		0		0		0		0		0		0	
(8) 2021	0		0		0		0		0		0		0	
(9) 2022	0		0		0		0		0		0		0	
(10) 2023	0		0		0		0		0		0		0	
(11) 2024	0		0		0		0		0		0		0	
(12) Totals		0		0		0			0		0		0	

vendor link items
 manual data entry items

*Please provide losses only; no expenses. Catastrophe losses should 1.) be the net losses incurred for the reporting entity, not net losses incurred for the group; 2.) be a subset of, and therefore, less than, total net losses reported in Column (28); 3.) be reported in 000s to be consistent with all values reported in this exhibit; and 4.) not be reported as negative amounts.

**If this line of business has incurred U.S. catastrophe losses arising from events either included on the list of U.S. catastrophe events approved by the Catastrophe Risk Subgroup as available on the NAIC's website or numbered and labeled by PCS as a hurricane, tropical storm, or earthquake, provide only the amount of those catastrophe losses in Catastrophe Experience columns (24A) and (28A).

***If this line of business has incurred non-U.S. catastrophe losses arising from a hurricane, tropical storm, or earthquake from an event included on the list of non-U.S. catastrophe events approved by the Catastrophe Risk Subgroup as available on the NAIC's website, provide only the amount of those catastrophe losses in Catastrophe Experience Columns (24B) and (28B).

****Columns 24I through 28III are for informational purposes only.

SCHEDULE P PART 1S - FINANCIAL GUARANTY/MORTGAGE GUARANTY PR121

	(3) Premiums Earned, Net	(24) Total Net Losses and Expenses Unpaid	(28) Total Losses and Expenses Incurred, Net	Earthquake and Hurricane Experience*				(28C) Total Losses and Expenses Incurred, Net excluding Earthquake and Hurricane Losses	Wildfire Catastrophe Experience*				(28III) Total Losses and Expenses Incurred, Net excluding Earthquake, Hurricane and Wildfire Losses	
				(24A) Total U.S. Net Losses Unpaid	(28A) Total U.S. Losses Incurred, Net	(24B) Total Non-U.S. Net Losses Unpaid	(28B) Total Non-U.S. Losses Incurred, Net		(24I) Total U.S. Net Losses Unpaid	(28I) Total U.S. Losses Incurred, Net	(24II) Total Non-U.S. Net Losses Unpaid	(28II) Total Non-U.S. Losses Incurred, Net		
(2) 2015	0		0		0		0		0		0		0	0
(3) 2016	0		0		0		0		0		0		0	0
(4) 2017	0		0		0		0		0		0		0	0
(5) 2018	0		0		0		0		0		0		0	0
(6) 2019	0		0		0		0		0		0		0	0
(7) 2020	0		0		0		0		0		0		0	0
(8) 2021	0		0		0		0		0		0		0	0
(9) 2022	0		0		0		0		0		0		0	0
(10) 2023	0		0		0		0		0		0		0	0
(11) 2024	0		0		0		0		0		0		0	0
(12) Totals		0		0	0	0			0		0		0	0

vendor link items
 manual data entry items

*Please provide losses only; no expenses. Catastrophe losses should 1.) be the net losses incurred for the reporting entity, not net losses incurred for the group; 2.) be a subset of, and therefore, less than, total net losses reported in Column (28); 3.) be reported in 000s to be consistent with all values reported in this exhibit; and 4.) not be reported as negative amounts.

**If this line of business has incurred U.S. catastrophe losses arising from events either included on the list of U.S. catastrophe events approved by the Catastrophe Risk Subgroup as available on the NAIC's website or numbered and labeled by PCS as a hurricane, tropical storm, or earthquake, provide only the amount of those catastrophe losses in Catastrophe Experience columns (24A) and (28A).

***If this line of business has incurred non-U.S. catastrophe losses arising from a hurricane, tropical storm, or earthquake from an event included on the list of non-U.S. catastrophe events approved by the Catastrophe Risk Subgroup as available on the NAIC's website, provide only the amount of those catastrophe losses in Catastrophe Experience Columns (24B) and (28B).

****Columns 24I through 28III are for informational purposes only.

SCHEDULE P PART IT - WARRANTY PR122

	(3) Premiums Earned, Net	(24) Total Net Losses and Expenses Unpaid	(28) Total Losses and Expenses Incurred, Net	Earthquake and Hurricane Experience*				(28C) Total Losses and Expenses Incurred, Net excluding Earthquake and Hurricane Losses	Wildfire Catastrophe Experience*				(28III) Total Losses and Expenses Incurred, Net excluding Earthquake, Hurricane and Wildfire Losses
				(24A) Total U.S. Net Losses Unpaid	(28A) Total U.S. Losses Incurred, Net	(24B) Total Non-U.S. Net Losses Unpaid	(28B) Total Non-U.S. Losses Incurred, Net		(24I) Total U.S. Net Losses Unpaid	(28I) Total U.S. Losses Incurred, Net	(24II) Total Non-U.S. Net Losses Unpaid	(28II) Total Non-U.S. Losses Incurred, Net	
(2) 2015	0		0		0		0		0		0		0
(3) 2016	0		0		0		0		0		0		0
(4) 2017	0		0		0		0		0		0		0
(5) 2018	0		0		0		0		0		0		0
(6) 2019	0		0		0		0		0		0		0
(7) 2020	0		0		0		0		0		0		0
(8) 2021	0		0		0		0		0		0		0
(9) 2022	0		0		0		0		0		0		0
(10) 2023	0		0		0		0		0		0		0
(11) 2024	0		0		0		0		0		0		0
(12) Totals		0		0		0			0		0		0

 vendor link items
 manual data entry items

*Please provide losses only; no expenses. Catastrophe losses should 1.) be the net losses incurred for the reporting entity, not net losses incurred for the group; 2.) be a subset of, and therefore, less than, total net losses reported in Column (28); 3.) be reported in 000s to be consistent with all values reported in this exhibit; and 4.) not be reported as negative amounts.

**If this line of business has incurred U.S. catastrophe losses arising from events either included on the list of U.S. catastrophe events approved by the Catastrophe Risk Subgroup as available on the NAIC's website or numbered and labeled by PCS as a hurricane, tropical storm, or earthquake, provide only the amount of those catastrophe losses in Catastrophe Experience columns (24A) and (28A).

***If this line of business has incurred non-U.S. catastrophe losses arising from a hurricane, tropical storm, or earthquake from an event included on the list of non-U.S. catastrophe events approved by the Catastrophe Risk Subgroup as available on the NAIC's website, provide only the amount of those catastrophe losses in Catastrophe Experience Columns (24B) and (28B).

****Columns 24I through 28II are for informational purposes only.

SCHEDULE P PART 2I - SPECIAL PROPERTY PR211

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
(2) 2015	0									0
(3) 2016		0								0
(4) 2017			0							0
(5) 2018				0						0
(6) 2019					0					0
(7) 2020						0				0
(8) 2021							0			0
(9) 2022								0		0
(10) 2023									0	0

SCHEDULE P PART 2J - AUTO PHYSICAL DAMAGE PR212

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
(2) 2015	0									0
(3) 2016		0								0
(4) 2017			0							0
(5) 2018				0						0
(6) 2019					0					0
(7) 2020						0				0
(8) 2021							0			0
(9) 2022								0		0
(10) 2023									0	0

SCHEDULE P PART 2K - FIDELITY/SURETY PR213

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
(2) 2015	0									0
(3) 2016		0								0
(4) 2017			0							0
(5) 2018				0						0
(6) 2019					0					0
(7) 2020						0				0
(8) 2021							0			0
(9) 2022								0		0
(10) 2023									0	0

SCHEDULE P PART 2L - OTHER (INCLUDING CREDIT, ACCIDENT & HEALTH) PR214

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
(2) 2015	0									0
(3) 2016		0								0
(4) 2017			0							0
(5) 2018				0						0
(6) 2019					0					0
(7) 2020						0				0
(8) 2021							0			0
(9) 2022								0		0
(10) 2023									0	0

SCHEDULE P PART 2S - FINANCIAL GUARANTY/MORTGAGE GUARANTY PR221

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
(2) 2015	0									0
(3) 2016		0								0
(4) 2017			0							0
(5) 2018				0						0
(6) 2019					0					0
(7) 2020						0				0
(8) 2021							0			0
(9) 2022								0		0
(10) 2023									0	0

SCHEDULE P PART 2T - WARRANTY PR222

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
(2) 2015	0									0
(3) 2016		0								0
(4) 2017			0							0
(5) 2018				0						0
(6) 2019					0					0
(7) 2020						0				0
(8) 2021							0			0
(9) 2022								0		0
(10) 2023									0	0

SCHEDULE P PART 31 - SPECIAL PROPERTY PR301

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
(2) 2015	0	0	0	0	0	0	0	0	0	0
(3) 2016		0	0	0	0	0	0	0	0	0
(4) 2017			0	0	0	0	0	0	0	0
(5) 2018				0	0	0	0	0	0	0
(6) 2019					0	0	0	0	0	0
(7) 2020						0	0	0	0	0
(8) 2021							0	0	0	0
(9) 2022								0	0	0
(10) 2023									0	0

SCHEDULE P PART 3J - AUTO PHYSICAL DAMAGE - PR302

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
(2) 2015	0	0	0	0	0	0	0	0	0	0
(3) 2016		0	0	0	0	0	0	0	0	0
(4) 2017			0	0	0	0	0	0	0	0
(5) 2018				0	0	0	0	0	0	0
(6) 2019					0	0	0	0	0	0
(7) 2020						0	0	0	0	0
(8) 2021							0	0	0	0
(9) 2022								0	0	0
(10) 2023									0	0

SCHEDULE P PART 3K - FIDELITY/SURETY — PR303

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
(2) 2015	0	0	0	0	0	0	0	0	0	0
(3) 2016		0	0	0	0	0	0	0	0	0
(4) 2017			0	0	0	0	0	0	0	0
(5) 2018				0	0	0	0	0	0	0
(6) 2019					0	0	0	0	0	0
(7) 2020						0	0	0	0	0
(8) 2021							0	0	0	0
(9) 2022								0	0	0
(10) 2023									0	0

SCHEDULE P PART 3L - OTHER (INCLUDE CREDIT, ACCIDENT AND HEALTH — PR304

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
(2) 2015	0	0	0	0	0	0	0	0	0	0
(3) 2016		0	0	0	0	0	0	0	0	0
(4) 2017			0	0	0	0	0	0	0	0
(5) 2018				0	0	0	0	0	0	0
(6) 2019					0	0	0	0	0	0
(7) 2020						0	0	0	0	0
(8) 2021							0	0	0	0
(9) 2022								0	0	0
(10) 2023									0	0

SCHEDULE P PART 3S - FINANCIAL GUARANTY/MORTGAGE GUARANTY PR305

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
(2) 2015	0	0	0	0	0	0	0	0	0	0
(3) 2016		0	0	0	0	0	0	0	0	0
(4) 2017			0	0	0	0	0	0	0	0
(5) 2018				0	0	0	0	0	0	0
(6) 2019					0	0	0	0	0	0
(7) 2020						0	0	0	0	0
(8) 2021							0	0	0	0
(9) 2022								0	0	0
(10) 2023									0	0

SCHEDULE P PART 3T - WARRANTY PR306

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
(2) 2015	0	0	0	0	0	0	0	0	0	0
(3) 2016		0	0	0	0	0	0	0	0	0
(4) 2017			0	0	0	0	0	0	0	0
(5) 2018				0	0	0	0	0	0	0
(6) 2019					0	0	0	0	0	0
(7) 2020						0	0	0	0	0
(8) 2021							0	0	0	0
(9) 2022								0	0	0
(10) 2023									0	0

Capital Adequacy (E) Task Force

RBC Proposal Form

- | | | |
|---|---|---|
| <input type="checkbox"/> Capital Adequacy (E) Task Force | <input type="checkbox"/> Health RBC (E) Working Group | <input type="checkbox"/> Life RBC (E) Working Group |
| <input type="checkbox"/> Catastrophe Risk (E) Subgroup | <input type="checkbox"/> Investment RBC (E) Working Group | <input type="checkbox"/> Longevity Risk (A/E) Subgroup |
| <input type="checkbox"/> Variable Annuities Capital. & Reserve (E/A) Subgroup | <input checked="" type="checkbox"/> P/C RBC (E) Working Group | <input type="checkbox"/> RBC Investment Risk & Evaluation (E) Working Group |

<p style="text-align: right;">DATE: <u>12/02/23</u></p> <p>CONTACT PERSON: <u>Eva Yeung</u></p> <p>TELEPHONE: <u>816-783-8407</u></p> <p>EMAIL ADDRESS: <u>eyeung@naic.org</u></p> <p>ON BEHALF OF: <u>P/C RBC (E) Working Group</u></p> <p>NAME: <u>Tom Botsko</u></p> <p>TITLE: <u>Chair</u></p> <p>AFFILIATION: <u>Ohio Department of Insurance</u></p> <p>ADDRESS: <u>50 West Town Street, Suite 300</u> <u>Columbus, OH 43215</u></p>	<p style="text-align: center;"><u>FOR NAIC USE ONLY</u></p> <hr/> <p>Agenda Item # <u>2023-14-P</u> Year <u>2024</u></p> <hr/> <p style="text-align: center;"><u>DISPOSITION</u></p> <p>ADOPTED:</p> <p><input type="checkbox"/> TASK FORCE (TF) _____</p> <p><input type="checkbox"/> WORKING GROUP (WF) _____</p> <p><input type="checkbox"/> SUBGROUP (SG) _____</p> <p>EXPOSED:</p> <p><input type="checkbox"/> TASK FORCE (TF) _____</p> <p><input checked="" type="checkbox"/> WORKING GROUP (WG) <u>12/02/23</u></p> <p><input type="checkbox"/> SUBGROUP (SG) _____</p> <p>REJECTED:</p> <p><input type="checkbox"/> TF <input type="checkbox"/> WG <input type="checkbox"/> SG _____</p> <p>OTHER:</p> <p><input type="checkbox"/> DEFERRED TO _____</p> <p><input type="checkbox"/> REFERRED TO OTHER NAIC GROUP _____</p> <p><input type="checkbox"/> (SPECIFY) _____</p>
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IDENTIFICATION OF SOURCE AND FORM(S)/INSTRUCTIONS TO BE CHANGED

- | | | |
|--|---|--|
| <input type="checkbox"/> Health RBC Blanks | <input checked="" type="checkbox"/> Property/Casualty RBC Blanks | <input type="checkbox"/> Life and Fraternal RBC Blanks |
| <input type="checkbox"/> Health RBC Instructions | <input type="checkbox"/> Property/Casualty RBC Instructions | <input type="checkbox"/> Life and Fraternal RBC Instructions |
| <input type="checkbox"/> Health RBC Formula | <input checked="" type="checkbox"/> Property/Casualty RBC Formula | <input type="checkbox"/> Life and Fraternal RBC Formula |
| <input type="checkbox"/> OTHER _____ | | |

DESCRIPTION/REASON OR JUSTIFICATION OF CHANGE(S)

The proposed change would remove Pet Insurance from Inland Marine line of business and add a new line of business to PR035, PR038, PR123, PR223, PR307, PR700 and PR701 to be consistent with the change in the Annual Statement. However, the RBC charges for R4 and R5 will remain the same as Inland Marine line of business.

Additional Staff Comments:

** This section must be completed on all forms.

Revised 2-2023

UNDERWRITING RISK PR017 – PR018

Underwriting risk is the largest portion of the risk-based capital charge for most property casualty insurance companies and makes up approximately 55 percent of the aggregate industry risk-based capital prior to the covariance adjustment. Underwriting risk is broken into two components in the RBC formula: the RBC charge calculated for reserves and the RBC charge applied against written premiums.

The reserve risk RBC is developed by multiplying a set of RBC factors, which are discounted for investment income and adjusted for each individual company's own relative experience, times the gross of non-tabular discount net reserves for each of 19 major lines of business. A set of credits is available to these by-line RBC charges for loss-sensitive business. The aggregate reserve risk RBC is then adjusted to allow a credit for the amount of diversification among the 19 lines of business.

The 19 major lines of business largely correspond to the major breakdowns in Schedule P of the annual statement. Calculations for some lines are combined: the occurrence form and claims made form of Other Liability (H1 and H2) are combined; the Special Property and Pet Insurance Plans are combined (I and U); the occurrence form and claims made form of Products Liability (R1 and R2) are combined; and Reinsurance - Property and Reinsurance – Financial Lines (N and P) are combined.

Those lines used in the calculation and the applicable subsections of Schedule P are: Homeowners/Farmowners Multi-Peril (A); Private Passenger Auto Liability and Medical Payments (B); Commercial Auto Liability (C); Workers Compensation (D); Commercial Multi-Peril (E); Medical Professional Liability-Occurrence (F-Section 1); Medical Professional Liability-Claims Made combined (F-Section 2); Special Liability (G); Other Liability-Occurrence and Other Liability-Claims Made combined (H-Section 1 and H-Section 2); Special Property (I); Auto Physical Damage (J); Other (Including Credit, Accident and Health) (L); Financial Guaranty/Mortgage Guaranty (S); Fidelity Surety (K); International (M); Reinsurance A and Reinsurance C (N and P); Reinsurance B (O); Products Liability-Occurrence;and Products Liability-Claims Made combined (R-Section 1 and R-Section 2); ~~and~~Warranty (T); and Pet Insurance Plans (U).

For any company that writes 5 percent or more of its business in the three accident and health lines (Group A&H, Credit A&H, and Other A&H) in the current year, or either of the two immediately preceding years, a separate calculation for health RBC is mandated, based on the life RBC formula.

The written premium RBC is developed by multiplying a factor times the current year's net written premiums, which are also broken down by line. The RBC factor for each line is based on the excess of a discounted combined ratio adjusted for investment income over 100 percent. As with the reserve risk factors, individual company experience is also considered in computing the RBC factor.



Detail Eliminated to Conserve



UNDERWRITING RISK - RESERVES PR017

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
SCH P LINE OF BUSINESS	H/F	PPA	CA	WC	CMP	MPL OCCURRENCE	MPL CLMS MADE	SL	OL	FIDELITY / SURETY
(1) INDUSTRY AVERAGE DEVELOPMENT	0.999	1.047	1.106	0.873	1.026	0.906	0.984	0.994	0.969	0.852
(2) COMPANY DEVELOPMENT	0.999	1.047	1.106	0.873	1.026	0.906	0.984	0.994	0.969	0.852
(3) (2)/(1)	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
(4) INDUSTRY LOSS EXPENSE RBC %	0.213	0.179	0.276	0.344	0.494	0.383	0.276	0.304	0.531	0.371
(5) COMPANY RBC % (4)*(3)*.5+(4)*.5	0.213	0.179	0.276	0.344	0.494	0.383	0.276	0.304	0.531	0.371
(6) LOSS & LOSS ADJUSTMENT EXPENSE UNPAID SCH. P PART 1 (in 000s)	0	0	0	0	0	0	0	0	0	0
(7) OTHER DISCOUNT AMOUNT NOT INCLUDED IN LOSS & LOSS ADJUSTMENT EXPENSE UNPAID IN SCH. P PART 1 (in 000s)	0	0	0	0	0	0	0	0	0	0
(8) ADJUSTMENT FOR INVESTMENT INCOME	0.938	0.928	0.911	0.830	0.876	0.865	0.883	0.890	0.852	0.940
(9) BASE LOSS & LOSS ADJUSTMENT EXPENSE RESERVE RISK- BASED CAPITAL (000s) MAX {0,[(5)+1*(8)-1]*[(6)+(7)]} zero if Line [(6)+(7)] is negative	0	0	0	0	0	0	0	0	0	0
(10) % DIRECT LOSS SENS	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
(11) % ASSUMED LOSS SENS	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
(12) LOSS SENSITIVE DISCOUNT (in 000s)	0	0	0	0	0	0	0	0	0	0
(13) LOSS & LOSS ADJUSTMENT EXPENSE RBC AFTER DSCT (in 000s) L(09) - L(12)	0	0	0	0	0	0	0	0	0	0
(14) LOSS CONCEN FACTOR										
(15) TOTAL NET RESERVE RBC x1000 (converted to whole dollars)										

This worksheet is to show the results of the calculation of Underwriting Risk - Reserves

Enter data in PR035 through PR039, PR100 through PR701 and PROTH

(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
SPECIAL PROPERTY/PET INSURANCE PLANS	AUTO PHYSICAL DAMAGE	OTHER (INCLUD CREDIT,A&H)	FINANCIAL / MORTGAGE GUARANTY	INTL	REIN. PROPERTY & FINANCIAL LINES	REIN. LIABILITY	PL	WARRANTY	TOTAL
0.983	1.016	0.946	0.674	2.414	0.924	1.024	0.874	0.995	XXX
0.983	1.016	0.946	0.674	2.414	0.924	1.024	0.874	0.995	XXX
1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	XXX
0.246	0.155	0.220	0.179	0.359	0.415	0.656	0.802	0.371	XXX
0.246	0.155	0.220	0.179	0.359	0.415	0.656	0.802	0.371	XXX
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0.966	0.976	0.967	0.926	0.874	0.901	0.838	0.841	0.940	XXX
0	0	0	0	0	0	0	0	0	0
0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	XXX
0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	XXX
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
									1.000
									0

UNDERWRITING RISK - NET WRITTEN PREMIUMS PR018

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
SCH P LINE OF BUSINESS	H/F	PPA	CA	WC	CMP	MPL OCCURRENCE	MPL CLMS MADE	SL	OL	FIDELITY / SURETY
(1) INDUSTRY AVERAGE LOSS & LOSS ADJUSTMENT EXPENSE RATIO	0.679	0.791	0.777	0.651	0.671	0.767	0.815	0.578	0.641	0.363
(2) COMPANY AVERAGE LOSS & LOSS ADJUSTMENT EXPENSE RATIO	0.679	0.791	0.777	0.651	0.671	0.767	0.815	0.578	0.641	0.363
(3) (2)/(1)	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000
(4) INDUSTRY LOSSES & LOSS ADJUSTMENT EXPENSE RATIO	0.936	0.969	1.010	1.044	0.883	1.668	1.130	0.922	1.013	0.854
(5) COMPANY RBC LOSSES & LOSS ADJUSTMENT EXPENSE RATIO (3)*(4)*0.5+(4)*0.5	0.936	0.969	1.010	1.044	0.883	1.668	1.130	0.922	1.013	0.854
(6) COMPANY UNDERWRITING EXPENSE RATIO	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000
(7) ADJUSTMENT FOR INVESTMENT INCOME	0.954	0.925	0.890	0.839	0.896	0.767	0.827	0.898	0.816	0.904
(8) C/Y NET WRITTEN PREMIUM (in 000s)	0	0	0	0	0	0	0	0	0	0
(9) BASE WRITTEN PREMIUM RISK-BASED CAPITAL (in 000s) MAX {0,(8)*[(5)*(7)+(6)-1]} zero if Line (8) is negative	0	0	0	0	0	0	0	0	0	0
(10) % DIRECT LOSS SENS WP	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
(11) % ASSUMED LOSS SENS WP	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%
(12) LOSS SENSITIVE DSCT - WP (in 000s)	0	0	0.0	0.0	0	0	0	0	0	0
(13) NWP RBC AFTER DSCT (in 000s)	0	0	0.0	0.0	0	0	0	0	0	0
(14) PREMIUM CONCENTRATION FACTOR										
(15) NET WRITTEN PREMIUM RBC x 1000 (converted to whole dollars)										

This worksheet is to show the results of the calculation of Underwriting Risk - Net Written Premiums

Enter data in PR035 through PR039, PR100 through PR701 and PROTH

(11)	(12)	(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)
SPECIAL PROPERTY/PET INSURANCE PLANS	AUTO PHYSICAL DAMAGE	OTHER (INCLUDE CREDIT, A&H)	FINANCIAL/M ORTGAGE GUARANTY	INTL	REIN. PROPERTY & FINANCIAL LINES	REIN. LIABILITY	PL	WARRANTY	TOTAL
0.550	0.727	0.702	0.209	1.136	0.578	0.743	0.597	0.652	XXX
0.550	0.727	0.702	0.209	1.136	0.578	0.743	0.597	0.652	XXX
1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	1.000	XXX
0.863	0.836	0.935	1.598	1.234	1.170	1.322	1.263	0.854	XXX
0.863	0.836	0.935	1.598	1.234	1.170	1.322	1.263	0.854	XXX
0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	XXX
0.949	0.971	0.947	0.884	0.905	0.893	0.777	0.774	0.904	XXX
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	XXX
0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	0.000%	XXX
0	0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0	0
									1.000
									0

UNDERWRITING AND INVESTMENT EXHIBIT - PREMIUMS WRITTEN PR035

- (1) Did your company write Accident and Health Insurance in **2023**? Y
 If answer is yes, please complete Column 2, **2023** Net Premiums Written.
- (2) Did your company write Accident and Health Insurance in **2022**? Y
 If answer is yes, please complete Column 3, **2022** Net Premiums Written.
- (3) Were the total net Premiums written zero in **2023**? N
- (4) Were the total net Premiums written zero in **2022**? N

For all companies, enter net premiums written in all Columns, Line 1 through Line 34.

Line of Business	(1) 2024 Net Premiums Written	(2) 2023 Net Premiums Written	(3) 2022 Net Premiums Written
1. Fire	0	xxx	xxx
2.1 Allied Lines	0	xxx	xxx
2.2 Multiple Peril Crop	0	xxx	xxx
2.3 Federal Flood	0	xxx	xxx
2.4 Private Crop	0	xxx	xxx
2.5 Private Flood	0	xxx	xxx
3. Farmowners Multiple Peril	0	xxx	xxx
4. Homeowners Multiple Peril	0	xxx	xxx
5.1 Commercial Multiple Peril (Non-Liability Portion)	0	xxx	xxx
5.2 Commercial Multiple Peril (Liability Portion)	0	xxx	xxx
6. Mortgage Guaranty	0	xxx	xxx
8. Ocean marine	0	xxx	xxx
9.1 Inland marine	0	xxx	xxx
9.2 Pet Insurance Plans	0	xxx	xxx
10. Financial Guaranty	0	xxx	xxx
11.1 Medical Professional Liability - Occurrence	0	xxx	xxx
11.2 Medical Professional Liability - Claims-Made	0	xxx	xxx
12. Earthquake	0	xxx	xxx
13.1 Comprehensive (Hospital and Medical) Individual	0	0	0
13.2 Comprehensive (Hospital and Medical) Group	0	0	0
14. Credit Accident and Health (group and individual)	0	0	0
15.1 Vision Only	0	0	0
15.2 Dental Only	0	0	0
15.3 Disability Income	0	0	0
15.4 Medicare Supplement	0	0	0
15.5 Medicaid Title XIX	0	0	0
15.6 Medicare Title XVIII	0	0	0
15.7 Long-Term Care	0	0	0
15.8 Federal Employees Health Benefits Plan	0	0	0
15.9 Other Health	0	0	0
16. Workers' Compensation	0	xxx	xxx
17.1 Other Liability - Occurrence	0	xxx	xxx
17.2 Other Liability - Claims-Made	0	xxx	xxx
17.3 Excess Workers' Compensation	0	xxx	xxx
18.1 Products Liability - Occurrence	0	xxx	xxx
18.2 Products Liability - Claims-Made	0	xxx	xxx
19.1 Private Passenger Auto No-Fault (Personal Injury Protection)	0	xxx	xxx
19.2 Other Private Passenger Auto Liability	0	xxx	xxx
19.3 Commercial Auto No-Fault (Personal Injury Protection)	0	xxx	xxx
19.4 Other Commercial Auto Liability	0	xxx	xxx
21.1 Private Passenger Auto Physical Damage	0	xxx	xxx
21.2 Commercial Auto Physical Damage	0	xxx	xxx
22. Aircraft (all perils)	0	xxx	xxx
23. Fidelity	0	xxx	xxx
24. Surety	0	xxx	xxx
26. Burglary and theft	0	xxx	xxx
27. Boiler and machinery	0	xxx	xxx
28. Credit	0	xxx	xxx
29. International	0	xxx	xxx
30. Warranty	0	xxx	xxx
31. Reinsurance Property	0	xxx	xxx
32. Reinsurance Liability	0	xxx	xxx
33. Reinsurance Financial Lines	0	xxx	xxx
34. Aggregate Write-Ins for Other Lines of Business	0	xxx	xxx
35. TOTALS	0	0	0

Denotes items that must be manually entered on the filing software.

MEDICAL TABULAR RESERVE DISCOUNT PR038

Underwriting Risk - Reserves

Annual Statement Source: Medical Tabular Reserve Discount

PR017

	<u>Line</u>	<u>Column</u>	<u>Value (000 Omitted)</u>
1 Homeowner/Farmowner	7	1	0
2 Private Pass Auto Liab	7	2	0
3 Comm Auto Liab	7	3	0
4 Workers' Comp	7	4	0
5 Comm Multi Peril	7	5	0
6 Medical Professional Liability - Occurrence	7	6	0
7 Medical Professional Liability - Claims-Made	7	7	0
8 Special Liab	7	8	0
9 Other Liab - Occurrence	7	9	0
10 Other Liab - Claims Made	7	9	0
11 Fidelity & Surety	7	10	0
12 Special Property	7	11	0
13 Auto Physical Damage	7	12	0
14 Other (Credit, A&H)	7	13	0
15 Fin Guaranty/Mrtg Guaranty	7	14	0
16 International	7	15	0
17 Medical Tabular Reserve Discount - Reinsurance :Property	7	16	0
18 Medical Tabular Reserve Discount - Reinsurance :Liability	7	17	0
19 Medical Tabular Reserve Discount - Reinsurance :Financial Lines	7	16	0
20 Product Liab - Occurrence	7	18	0
21 Product Liab - Claims Made	7	18	0
22 Warranty	7	19	0
23 Pet Insurance Plans	7	11	0
24 Total	7	20	0

Underwriting Risk - Premiums

Annual Statement Source : STMTINCOME (page 4, col.1 ln 4)

PR018

	<u>Line</u>	<u>Column</u>	<u>Value</u>
25 Other Underwriting Expenses Incurred	6	1	0

SCHEDULE P PART 1U - PET INSURANCE PLANS PR123

	(3) Premiums Earned, Net	(24) Total Net Losses and Expenses Unpaid	(28) Total Losses and Expenses Incurred, Net	Earthquake and Hurricane Experience*				(28C) Total Losses and Expenses Incurred, Net excluding Earthquake and Hurricane Losses	Wildfire Catastrophe Experience*				(28III) Expenses Incurred, Net excluding Earthquake, Hurricane and Wildfire Losses	
				(24A) Total U.S. Net Losses Unpaid	(28A) Total U.S. Losses Incurred, Net	(24B) Total Non-U.S. Net Losses Unpaid	(28B) Total Non-U.S. Losses Incurred, Net		(24I) Total U.S. Net Losses Unpaid	(28I) Total U.S. Losses Incurred, Net	(24II) Total Non-U.S. Net Losses Unpaid	(28II) Total Non-U.S. Losses Incurred, Net		
(2) 2015	0		0		0		0		0		0		0	0
(3) 2016	0		0		0		0		0		0		0	0
(4) 2017	0		0		0		0		0		0		0	0
(5) 2018	0		0		0		0		0		0		0	0
(6) 2019	0		0		0		0		0		0		0	0
(7) 2020	0		0		0		0		0		0		0	0
(8) 2021	0		0		0		0		0		0		0	0
(9) 2022	0		0		0		0		0		0		0	0
(10) 2023	0		0		0		0		0		0		0	0
(11) 2024	0		0		0		0		0		0		0	0
(12) Totals		0		0		0			0		0		0	0

vendor link items
 manual data entry items

*Please provide losses only, no expenses. Catastrophe losses should 1.) be the net losses incurred for the reporting entity, not net losses incurred for the group; 2.) be a subset of, and therefore, less than, total net losses reported in Column (28); 3.) be reported in 000s to be consistent with all values reported in this exhibit; and 4.) not be reported as negative amounts.

**If this line of business has incurred U.S. catastrophe losses arising from events either included on the list of U.S. catastrophe events approved by the Catastrophe Risk Subgroup as available on the NAIC's website or numbered and labeled by PCS as a hurricane, tropical storm, or earthquake, provide only the amount of those catastrophe losses in Catastrophe Experience columns (24A) and (28A).

***If this line of business has incurred non-U.S. catastrophe losses arising from a hurricane, tropical storm, or earthquake from an event included on the list of non-U.S. catastrophe events approved by the Catastrophe Risk Subgroup as available on the NAIC's website, provide only the amount of those catastrophe losses in Catastrophe Experience Columns (24B) and (28B).

****Columns 24I through 28III are for informational purposes only.

SCHEDULE P PART 2U - PET INSURANCE PLANS PR223

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
(2) 2015	0									0
(3) 2016		0								0
(4) 2017			0							0
(5) 2018				0						0
(6) 2019					0					0
(7) 2020						0				0
(8) 2021							0			0
(9) 2022								0		0
(10) 2023									0	0

SCHEDULE P PART 7A SECTION 1 PRIMARY LOSS SENSITIVE CONTRACTS PR700

Schedule P Part 1	(3) % of Loss Sens to Total Net Loss & Expense Unpd	(6) % of Loss Sens to Total Net Premiums Written
1. Homeowners/Farmowners	0.000%	0.000%
2. Private Passenger Auto Liab./Medical	0.000%	0.000%
3. Commercial Auto/Truck Liab./Medical	0.000%	0.000%
4. Workers' Compensation	0.000%	0.000%
5. Commercial Multiple Peril	0.000%	0.000%
6. Medical Professional Liability - Occurrence	0.000%	0.000%
7. Medical Professional Liability - Claim-Made	0.000%	0.000%
8. Special Liability	0.000%	0.000%
9. Other Liability - Occurrence	0.000%	0.000%
10. Other Liability - Claims-Made	0.000%	0.000%
11. Special Property	0.000%	0.000%
12. Auto Physical Damage	0.000%	0.000%
13. Fidelity/Surety	0.000%	0.000%
14. Other (Credit, A&H)	0.000%	0.000%
15. International	0.000%	0.000%
19. Products Liability - Occurrence	0.000%	0.000%
20. Products Liability - Claims-Made	0.000%	0.000%
21. Financial Guaranty/Mortgage Guaranty	0.000%	0.000%
22. Warranty	0.000%	0.000%
23. Pet Insurance Plans	0.000%	0.000%

SCHEDULE P PART 7B SECTION 1 REINSURANCE LOSS SENSITIVE CONTRACTS PR701

Schedule P Part 1	(3) % of Loss Sens to Total Net Loss & Expense Unpd	(6) % of loss sens to Total Net Premiums Written
1. Homeowners/Farmowners	0.000%	0.000%
2. Private Passenger Auto Liab./Medical	0.000%	0.000%
3. Commercial Auto/Truck Liab./Medical	0.000%	0.000%
4. Workers' Compensation	0.000%	0.000%
5. Commercial Multiple Peril	0.000%	0.000%
6. Medical Professional Liability - Occurrence	0.000%	0.000%
7. Medical Professional Liability - Claim-Made	0.000%	0.000%
8. Special Liability	0.000%	0.000%
9. Other Liability - Occurrence	0.000%	0.000%
10. Other Liability - Claims-Made	0.000%	0.000%
11. Special Property	0.000%	0.000%
12. Auto Physical Damage	0.000%	0.000%
13. Fidelity/Surety	0.000%	0.000%
14. Other	0.000%	0.000%
15. International	0.000%	0.000%
16. Reinsurance - Property	0.000%	0.000%
17. Reinsurance Liability	0.000%	0.000%
18. Reinsurance -Financial Lines	0.000%	0.000%
19. Products Liability - Occurrence	0.000%	0.000%
20. Products Liability - Claims-Made	0.000%	0.000%
21. Financial Guaranty/Mortgage Guaranty	0.000%	0.000%
22. Warranty	0.000%	0.000%
23. Pet Insurance Plans	0.000%	0.000%

Capital Adequacy (E) Task Force

RBC Proposal Form

- | | | |
|---|---|---|
| <input type="checkbox"/> Capital Adequacy (E) Task Force | <input type="checkbox"/> Health RBC (E) Working Group | <input type="checkbox"/> Life RBC (E) Working Group |
| <input checked="" type="checkbox"/> Catastrophe Risk (E) Subgroup | <input type="checkbox"/> Investment RBC (E) Working Group | <input type="checkbox"/> Longevity Risk (A/E) Subgroup |
| <input type="checkbox"/> Variable Annuities Capital. & Reserve (E/A) Subgroup | <input type="checkbox"/> P/C RBC (E) Working Group | <input type="checkbox"/> RBC Investment Risk & Evaluation (E) Working Group |

<p style="text-align: right;">DATE: <u>12/02/23</u></p> <p>CONTACT PERSON: <u>Eva Yeung</u></p> <p>TELEPHONE: <u>816-783-8407</u></p> <p>EMAIL ADDRESS: <u>eyeung@naic.org</u></p> <p>ON BEHALF OF: <u>P/C RBC (E) Working Group</u></p> <p>NAME: <u>Tom Botsko</u></p> <p>TITLE: <u>Chair</u></p> <p>AFFILIATION: <u>Ohio Department of Insurance</u></p> <p>ADDRESS: <u>50 West Town Street, Suite 300</u> <u>Columbus, OH 43215</u></p>	<p style="text-align: center;"><u>FOR NAIC USE ONLY</u></p> <p>Agenda Item # <u>2023-15-CR</u> Year <u>2024</u></p> <p style="text-align: center;"><u>DISPOSITION</u></p> <p>ADOPTED:</p> <p><input type="checkbox"/> TASK FORCE (TF) _____</p> <p><input type="checkbox"/> WORKING GROUP (WF) _____</p> <p><input type="checkbox"/> SUBGROUP (SG) _____</p> <p>EXPOSED:</p> <p><input type="checkbox"/> TASK FORCE (TF) _____</p> <p><input type="checkbox"/> WORKING GROUP (WG) _____</p> <p><input checked="" type="checkbox"/> SUBGROUP (SG) <u>12/02/23</u></p> <p>REJECTED:</p> <p><input type="checkbox"/> TF <input type="checkbox"/> WG <input type="checkbox"/> SG _____</p> <p>OTHER:</p> <p><input type="checkbox"/> DEFERRED TO _____</p> <p><input type="checkbox"/> REFERRED TO OTHER NAIC GROUP _____</p> <p><input type="checkbox"/> (SPECIFY) _____</p>
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IDENTIFICATION OF SOURCE AND FORM(S)/INSTRUCTIONS TO BE CHANGED

- | | | |
|--|---|--|
| <input type="checkbox"/> Health RBC Blanks | <input checked="" type="checkbox"/> Property/Casualty RBC Blanks | <input type="checkbox"/> Life and Fraternal RBC Blanks |
| <input type="checkbox"/> Health RBC Instructions | <input type="checkbox"/> Property/Casualty RBC Instructions | <input type="checkbox"/> Life and Fraternal RBC Instructions |
| <input type="checkbox"/> Health RBC Formula | <input checked="" type="checkbox"/> Property/Casualty RBC Formula | <input type="checkbox"/> Life and Fraternal RBC Formula |
| <input type="checkbox"/> OTHER _____ | | |

DESCRIPTION/REASON OR JUSTIFICATION OF CHANGE(S)

The proposed change may add severe convective storm as one of the catastrophe perils for informational purposes only in the Rcat component. While the Catastrophe Risk (E) Subgroup reviewed the possibility of expanding the current catastrophe framework to include other perils that may experience a greater tail risk under projected climate-related trends, the severe convective storm has been identified as a catastrophe peril in the Rcat component.

Additional Staff Comments:

**** This section must be completed on all forms.**

Revised 2-2023

**CALCULATION OF CATASTROPHE RISK CHARGE RCAT
PR027A, PR027B, PR027C, PR027D, PR027, AND PR027INT**

The catastrophe risk charge for earthquake (PR027A), hurricane (PR027B), ~~and~~ wildfire and convective storms for informational purposes only (PR027C and PR027D) risks is calculated by multiplying the RBC factors by the corresponding modeled losses and reinsurance recoverables. The risk applies on a net basis with a corresponding contingent credit risk charge for certain categories of reinsurers. Data must be provided for the worst year in 50, 100, 250, and 500; however, only the worst year in 100 will be used in the calculation of the catastrophe risk charge. While projected losses modeled on an Aggregate Exceedance Probability basis is preferred, companies are permitted to report on an Occurrence Exceedance Probability basis if that is consistent with the company's internal risk management process.

The projected losses can be modeled using the following NAIC approved third party commercial vendor catastrophe models: AIR, CoreLogic for earthquake and hurricane only, RMS, KCC, the ARA HurLoss Model (hurricane only), or the Florida Public Model for hurricane, as well as catastrophe models that are internally developed by the insurer or that are the result of adjustments made by the insurer to vendor models to represent the own view of catastrophe risk (hereinafter "own models").

However, an insurer seeking to use an own model must first obtain written permission to do so by the domestic or lead state insurance regulator. In the situation where the model output is used to determine the catastrophe risk capital requirement for a single entity, the regulator granting permission to use the own model is the domestic state. In the situation where the model output is used to determine the catastrophe risk capital requirement for a group, the grantor is the lead state regulator. In the situation where the insurer seeking permission is a non-U.S. insurer, the grantor shall be the lead state regulator. Under all scenarios, the regulator that is granting permission should inform other domestic states that have a catastrophe risk exposure and share the results of the review.

To obtain permission to use the own model, the insurer must provide the domestic or lead state insurance regulator with written evidence of each of the following:

1. The nature, scale, and complexity of the insurer's catastrophe risk make it reasonable for the insurer to use its own model.
2. The own model is used for catastrophe risk management, capital assessment, and the capital allocation process.
3. The insurer has validated the own model(s) for each of the perils included in the RBC catastrophe risk charge. The insurer is including both U.S. and non-U.S. exposures in the calculation of the RBC charge.
4. The insurer has individuals with experience in developing, testing and validating internal models or engages third parties with such experience.
5. The own model was developed using reasonable data and assumptions.
6. The insurer must provide supporting model documentation and/or the differences from the vendor models if modified from the vendor models, supporting that the model was developed using reasonable data and assumptions. The insurer must provide a copy of the latest validation report and the insurer is solely responsible for the relevant cost. The validation report must provide a description of the scope, content, results and limitations of the validation, the individual qualifications of validation team and the date of the validation. Both the model documentation and the model validation report must be provided at a minimum once every five years, or whenever the lead or domestic state calls an examination; whenever there is a material change in the model; or whenever there is a material change in the insurer's exposure to catastrophe exposure.
7. The results of the own model for each relevant peril should be compared with the results produced by at least one of the following models: AIR, CoreLogic for earthquake and hurricane only, RMS, KCC, ARA HurLoss (hurricane only), or the Florida Public Model for hurricane. The insurer must provide the comparison and an explanation of the drivers of differences between the results produced by the internal model vs. results produced by the selected prescribed model. Evidence that the own model produces reasonable results must be provided at a minimum once every five years, or whenever the lead or domestic state calls an examination; whenever there is a material change in the model; or whenever there is a material change in the insurer's exposure to catastrophe exposure.
8. If the own model has been approved or accepted by the non-U.S. lead supervisor for use in the determination of regulatory capital, the insurer must submit evidence, if available, from the non-US lead supervisor of the most recent approval/acceptance including the description of scope, content, results and limitations of the approval/acceptance process and dates of any planned future approval/acceptance, if known. The name and the contact information of a contact person at the non-US lead supervisor should also be provided for questions on the approval/acceptance process.

If the lead or domestic state determines that permission to use the own model cannot be granted, the insurer shall be required to determine the RBC Catastrophe Risk Charge through the use of one of the third-party commercial vendor models (AIR, CoreLogic for earthquake and hurricane only, RMS, KCC, ARA HurLoss (hurricane only)), or the Florida Public Model for hurricane, as advised by the lead state or domestic state.

If the lead or domestic state determines that permission to use the own model can be granted to determine the RBC Catastrophe Risk Charge, the model will be subject to additional review through the ongoing examination process. If, as a result of the examination, the lead or domestic state determines that permission to use the own model should be revoked, the insurer may be required to resubmit the risk-based capital filing and any past filings so impacted where own model was used, as directed by the lead state or domestic state. If the insurer obtains permission to use the own model, it cannot revert back to using third party commercial vendor models to determine the RBC Catastrophe Risk Charge in subsequent reporting periods, unless this is agreed with the lead or domestic state that granted permission.

The contingent credit risk charge should be calculated in a manner consistent with the way the company internally evaluates and manages its modeled net catastrophe risk.

Note that no tax effect offsets or reinstatement premiums should be included in the modeled losses. Further note that the catastrophe risk charge is for earthquake and hurricane risks only.

As per the footnote on this page, modeled losses to be entered PR027A, PR027B ~~and~~ PR027C and PR027D in Lines (1) through (4) are to be calculated using one of the **third party commercial vendor** models – AIR, CoreLogic for earthquake and hurricane only, RMS, KCC, ARA HurLoss (hurricane only); or the Florida Public Model (hurricane only) **or the insurer’s own catastrophe model**; and using the insurance company’s own insured property exposure information as inputs to the model. The insurance company may elect to use the modeled results from any one of the models, or any combination of results of two or more of the models. Each insurer will not be required to utilize any prescribed set of modeling assumptions but will be expected to use the same exposure data, modeling, and assumptions that the insurer uses in its own internal catastrophe risk management process. Any exceptions must be explained in the required *Attestation Re: Catastrophe Modeling Used in RBC Catastrophe Risk Charges* within this RBC Report.

The Interrogatory on page (PR027INT) supports an exemption from filing the catastrophe risk charge.

Any company qualifying for exemption from the earthquake risk charge must identify the particular criteria from among (1a), (1b), (2) and (3) that provides its qualification for exemption, and may leave the other three items from this group of four possible qualifications for exemption blank; except identification of criteria (3) as the basis for the exemption requires a further answer to (3a) and (3b). If an insurer does not write or assume earthquake risks leaving no gross exposure, enter an “X” in PR027INT interrogatory 3, with no need to fill in (3a) and (3b). If the company qualifies for exemption from the earthquake risk charge, page PR027A and line (1) on PR027 may be left blank.

Any company qualifying for exemption from the hurricane risk charge must identify the particular criteria from among (4a), (4b), (5) and (6) that provides its qualification for exemption, and may leave the other three items from this second group of four possible qualifications for exemption blank. If an insurer does not write or assume hurricane risks leaving no gross exposure, enter an “X” in PR027INT interrogatory 6. If the company qualifies for exemption from the hurricane risk charge, page PR027B and line (2) on PR027 may be left blank.

Any company qualifying for exemption from the wildfire risk charge must identify the particular criteria from among (7a), (7b), (8), ~~and~~ (9) and (10) that provides its qualification for exemption and may leave the other ~~three-four~~ items from this third group of ~~four-five~~ possible qualifications for exemption blank. If an insurer does not write or assume hurricane wildfire risks leaving no gross exposure, enter an “X” in PR027INT interrogatory 9. If the company qualifies for exemption from the wildfire risk charge, page PR027C and line (3) on PR027 may be left blank.

Any company qualifying for exemption from the convective storms risk charge must identify the particular criteria from among (11a), (11b), (12), (13) and (14) that provides its qualification for exemption and may leave the other four items from this fourth group of five possible qualifications for exemption blank. If an insurer does not write or assume convective storms risks leaving no gross exposure, enter an “X” in PR027INT interrogatory 13. If the company qualifies for exemption from the convective storms risk charge, page PR027D and line (4) on PR027 may be left blank.

In general, the following conditions will qualify a company for exemption: if it uses an intercompany pooling arrangement or quota share arrangement with U.S. affiliates covering 100% of its earthquake, hurricane ~~and~~, wildfire ~~and convective storms~~ risks such that there is no exposure for these risks; if it has a ratio of Insured Value – Property to surplus as regards policyholders of less than 50%; or if it writes Insured Value – Property that includes hurricane, earthquake and/or wildfire coverage in catastrophe-prone areas representing less than 10% of its surplus as regards policyholders.

“Insured Value – Property” includes aggregate policy limits for structures and contents for policies written and assumed in the following annual statement lines – Fire, Allied Lines, Earthquake, Farmowners, Homeowners, and Commercial Multi-Peril.

“Catastrophe-Prone Areas in the U.S.” include:

- i. For hurricane risks, Hawaii, District of Columbia and states and commonwealths bordering on the Atlantic Ocean and/or the Gulf of Mexico including Puerto Rico.
- ii. For earthquake risk or for fire following earthquake, any of the following commonwealth or states: Alaska, Hawaii, Washington, Oregon, California, Idaho, Nevada, Utah, Arizona, Montana, Wyoming, Colorado, New Mexico, Puerto Rico, and geographic areas in the following states that are in the New Madrid Seismic Zone - Missouri, Arkansas, Mississippi, Tennessee, Illinois and Kentucky.
- iii. For wildfire risk, California, Idaho, Montana, Oregon, Nevada, Wyoming, Colorado, New Mexico, Washington, Arizona, and Utah.

Specific Instructions for Application of the Formula

Column (1) – Direct and Assumed Modeled Losses

These are the direct and assumed modeled losses per the first footnote. Include losses only; no loss adjustment expenses. For companies that are part of an inter-company pooling arrangement, the losses in this column should be consistent with those reported in Schedule P, i.e. losses reported in this column should be the gross losses for the pool multiplied by the company’s share of the pool.

Column (2) – Net Modeled Losses

These are the net modeled losses per the footnote. Include losses only; no loss adjustment expenses.

Column (3) - Ceded Amounts Recoverable

These are the modeled losses ceded under any reinsurance contract. Include losses only, no loss adjustment expenses, and should be associated with the Net Modeled Losses.

Column (4) - Ceded Amounts with Zero Credit Risk Charge

Per the footnote, modeled catastrophe losses that would be ceded to the categories of reinsurers that are not subject to the RBC credit risk charge (i.e., U.S. affiliates and mandatory pools, whether authorized, unauthorized, or certified).

Column (6) – Amount

These are automatically calculated based on the previous columns.

Column (7) - RBC Requirement

A factor of 1.000 is applied to the reported modeled catastrophe losses calculated on both AEP and OEP basis, and a factor of 0.018 is applied to the reinsurance recoverables. The RBC Requirement is based on either AEP reported results or OEP reported results (not both), consistent with the way the company internally evaluates and manages its modeled net catastrophe risk.

Column (5) – Y/N

Please indicate “Y” for OEP basis and “N” for AEP basis. This column should not be blank.

CALCULATION OF CATASTROPHE RISK CHARGE FOR CONVECTIVE STORMS PR027D
(For Informational Purposes Only)

Convective Storms	Reference	Modeled Losses			
		(1) Direct and Assumed	(2) Net	3† Ceded Amounts Recoverable	(4)†† Ceded Amounts Recoverable with zero Credit Risk Charge
(1) Worst Year in 50	Company Records	0	0	0	0
(2) Worst Year in 100	Company Records	0	0	0	0
(3) Worst Year in 250	Company Records	0	0	0	0
(4) Worst Year in 500	Company Records	0	0	0	0
				(5) Y/N	
(5) Has the company reported above, its modeled convective storms losses using an occurrence exceedance probability (OEP) basis?					
		(6) Reference	(6) Amount	Factor	(7) RBC Requirement (C(6) * Factor)
(6) Net Convective Storms Risk	L(2) C(2)		0	1.000	0
(7) Contingent Credit Risk for Convective Storms Risk	L(2) C(3) - C(4)		0	0.018	0
(8) Total Convective Storms Catastrophe Risk (AEP Basis)	If L(5) C(5) = "N", L(8) C(6) = L(6) C(7)+ L(7) C(7), otherwise "0"		0	1.000	0
(9) Total Convective Storms Catastrophe Risk (OEP Basis)	If L(5) C(5) = "Y", L(9) C(6) = L(6) C(7)+ L(7) C(7), otherwise "0"		0	1.000	0
(10) Total Convective Storms Catastrophe Risk	L(8) C(7) + L(9) C(7)				0
<u>Disclosure in lieu of model-based reporting:</u>				(8) Direct and Assumed	(9) Net
(11) For a company qualifying for the exemption under PR027INT D (14), complete 11a through 11c below:					
a. Provide the company's gross and net 1-in-100-year Convective Storms losses on a best estimate basis in lieu of model-based reporting.					
b. Provide details on how the company estimated the amounts shown in 11a.					
c. Provide a narrative disclosure about how the company manages its Convective Storms risk.					

Lines (1)-(4): Modeled losses to be entered on these lines are to be calculated using one of the following NAIC approved third party commercial vendor catastrophe models - AIR, RMS, or KCC, Corelogic or a catastrophe model that is internally developed by the insurer and has received permission of use by the lead or domestic state. The insurance company's own insured property exposure information should be used as inputs to the model(s). The insurance company may elect to use the modeled results from any one of the models, or any combination of the results of two or more of the models. Each insurer will not be required to utilize any prescribed set of modeling assumptions, but will be expected to use the same data, modeling, and assumptions that the insurer uses in its own internal catastrophe risk management process. An attestation to this effect and an explanation of the company's key assumptions and model selection may be required, and the company's catastrophe data, assumptions, model and results may be subject to examination.

† Column (3) is modeled catastrophe losses that would be ceded under reinsurance contracts. This should be associated with the Net Modeled Losses shown in Column (2).

††Column (4) is modeled catastrophe losses that would be ceded to the categories of reinsurers that are not subject to the RBC credit risk charge (i.e., U.S. affiliates and mandatory pools, whether authorized, unauthorized, or certified).

Denotes items that must be manually entered on the filing software.

CALCULATION OF CATASTROPHE RISK CHARGE PR027

	<u>Reference</u>	(1) <u>RBC Amount</u>
(1) Total Earthquake Catastrophe Risk	PR027A L(10) C(7)	<u>0</u>
(2) Total Hurricane Catastrophe Risk	PR027B L(10) C(7)	<u>0</u>
(3) Total Wildfire Catastrophe Risk	PR027C L(10)C(7)	<u>0</u>
(4) Total Convective Storms Risk	PR027D L(10)C(7)	<u>0</u>
(5) Total Catastrophe Risk (R _{cat})	SQRT(L(1) ² + L(2) ²)	<u>0</u>
(5a) Total Catastrophe Risk (R_{cat} For Informational Purposes Only)	SQRT(L(1) ² + L(2) ² +L(3) ² + L(4)²)	<u>0</u>

Lines 3, 4, and 5a are for informational purposes only

INTERROGATORY TO SUPPORT EXEMPTION FROM COMPLETING PR027 (To be completed by companies reporting no RBC charge in either Lines 1 through 3) PR027INT

Place an "X" in the appropriate cell for the criteria under which the company is claiming an exemption

A Earthquake Exemption (To be completed by companies reporting no RBC charge in PR027 Line 1) -

- (1) The company has not entered into a reinsurance agreement covering earthquake exposure with a non-affiliate or a non-US affiliate and, either
 - (1a) the company participates in an inter-company pooling arrangement with 0% participation, leaving no net exposure for earthquake risks; Or
 - (1b) the company cedes 100% of its earthquake exposures to its US affiliate(s), leaving no net exposure for earthquake risks
- (2) The Company's Ratio of Insured Value - Property to surplus as regards policyholders is less than 50%
- (3) The company has written Insured Value - Property that includes earthquake coverage in the Earthquake-Prone areas representing less than 10% of its surplus as regards policyholders

For any company qualifying for the exemption under 3 provide details about how the "geographic areas in the New Madrid Seismic Zone" were determined.

(3a) What resource was used to define the New Madrid Seismic Zone?

--

(3b) Was exposure determined based on zip codes or counties in the zone, was it based on all of the earthquake exposure in the identified states or was another methodology used? Describe any other methodology used.

Note: "Earthquake-Prone areas" include any of the following states or commonwealths: Alaska, Hawaii, Washington, Oregon, California, Idaho, Nevada, Utah, Arizona, Montana, Wyoming, Colorado, New Mexico, Puerto Rico, and geographic areas in the following states that are in the New Madrid Seismic Zone - Missouri, Arkansas, Mississippi, Tennessee, Illinois and Kentucky.

B Hurricane Exemption (To be completed by companies reporting no RBC charge in PR027 Line 2) -

- (4) The company has not entered into a reinsurance agreement covering hurricane exposure with a non-affiliate or a non-US affiliate and, either
 - (4a) the company participates in an inter-company pooling arrangement with 0% participation, leaving no net exposure for hurricane risks; Or
 - (4b) the company cedes 100% of its hurricane exposures to its US affiliate(s), leaving no net exposure for hurricane risks
- (5) The Company's Ratio of Insured Value - Property to surplus as regards policyholders is less than 50%
- (6) The company has written Insured Value - Property that includes hurricane coverage in the Hurricane-Prone areas representing less than 10% of its surplus as regards policyholders

Note: "Hurricane-Prone areas" include Hawaii, District of Columbia and states and commonwealths bordering on the Atlantic Ocean, and/or Gulf of Mexico including Puerto Rico.

C Wildfire Exemption (To be completed by companies reporting no RBC charge in PR027 Line 3) -

- (7) The company has not entered into a reinsurance agreement covering wildfire exposure with a non-affiliate or a non-US affiliate and, either
 - (7a) the company participates in an inter-company pooling arrangement with 0% participation, leaving no net exposure for wildfire risks; Or
 - (7b) the company cedes 100% of its wildfire exposures to its US affiliate(s), leaving no net exposure for wildfire risks
- (8) The Company's Ratio of Insured Value - Property to surplus as regards policyholders is less than 50%
- (9) The company has written Insured Value - Property that includes wildfire coverage in the wildfire-Prone areas representing less than 10% of its surplus as regards policyholders
- (10) The sum of the direct and assumed premium written in wildfire-prone areas across the following Annual Statement lines is less than \$50 million: Fire, Allied Lines, Earthquake, Farmowners, Homeowners, and Commercial Multi-Peril; and the company does not currently utilize NAIC approved third party commercial vendor wildfire catastrophe models.

Note: "Wildfire-Prone areas" include any of the following states: California, Idaho, Montana, Oregon, Nevada, Wyoming, Colorado, New Mexico, Washington, Arizona, and Utah.

D Convective Storms Exemption (To be completed by companies reporting no RBC charge in PR027 Line 3) -

- (11) The company has not entered into a reinsurance agreement covering Convective Storms exposure with a non-affiliate or a non-US affiliate and, either
 - (11a) the company participates in an inter-company pooling arrangement with 0% participation, leaving no net exposure for Convective Storms risks; Or
 - (11b) the company cedes 100% of its convective storms exposures to its US affiliate(s), leaving no net exposure for Convective Storms risks
- (12) The Company's Ratio of Insured Value - Property to surplus as regards policyholders is less than 50%
- (13) The company has written Insured Value - Property that includes Convective Storms coverage in the Convective Storms-Prone areas representing less than 10% of its surplus as regards policyholders
- (14) The sum of the direct and assumed premium written in Convective Storms-prone areas across the following Annual Statement lines is less than \$50 million: Fire, Allied Lines, Earthquake, Farmowners, Homeowners, and Commercial Multi-Peril; and the company does not currently utilize NAIC approved third party commercial vendor wildfire catastrophe models.

Denotes items that must be manually entered on the filing software.

* Item C is for informational purposes only.

SCHEDULE P PART 1 SUMMARY PR100

	(3) Premiums Earned, Net	(24) Total Net Losses and Expenses Unpaid	(28) Total Losses and Expenses Incurred, Net	(32) Non Tabular Discount Loss	(33) Non Tabular Discount Loss Expense	Earthquake and Hurricane Experience*				(28C) Total Losses and Expenses Incurred, Net excluding Earthquake and Hurricane Losses
						(24A) Total U.S. Net Losses Unpaid	(28A) Total U.S. Losses Incurred, Net	(24B) Total Non-U.S. Net Losses Unpaid	(28B) Total Non-U.S. Losses Incurred, Net	
(2) 2015	0		0				0		0	0
(3) 2016	0		0				0		0	0
(4) 2017	0		0				0		0	0
(5) 2018	0		0				0		0	0
(6) 2019	0		0				0		0	0
(7) 2020	0		0				0		0	0
(8) 2021	0		0				0		0	0
(9) 2022	0		0				0		0	0
(10) 2023	0		0				0		0	0
(11) 2024	0		0				0		0	0
(12) Totals		0		0	0	0		0		0

	Wildfire Catastrophe Experience*				Convective Storms Catastrophe Experience*				(28V) Total Losses and Expenses Incurred, Net excluding Earthquake, Hurricane, Wildfire and Convective Storms Losses
	(24I) Total U.S. Net Losses Unpaid	(28I) Total U.S. Losses Incurred, Net	(24II) Total Non-U.S. Net Losses Unpaid	(28II) Total Non-U.S. Losses Incurred, Net	(24III) Total U.S. Net Losses Unpaid	(28III) Total U.S. Losses Incurred, Net	(24IV) Total Non-U.S. Net Losses Unpaid	(28IV) Total Non-U.S. Losses Incurred, Net	
(2) 2015		0		0		0		0	0
(3) 2016		0		0		0		0	0
(4) 2017		0		0		0		0	0
(5) 2018		0		0		0		0	0
(6) 2019		0		0		0		0	0
(7) 2020		0		0		0		0	0
(8) 2021		0		0		0		0	0
(9) 2022		0		0		0		0	0
(10) 2023		0		0		0		0	0
(11) 2024		0		0		0		0	0
(12) Totals	0		0		0		0		0

vendor link items

Data elements calculated automatically by the spreadsheet

* Please provide comments on any data issues or estimations used to derive the catastrophe experience data

****Columns 24I through 28V are for informational purposes only.

SCHEDULE P PART 1A THRU 1U PR101 - PR123

	(3) Premiums Earned, Net	(24) Total Net Losses and Expenses Unpaid	(28) Total Losses and Expenses Incurred, Net	Earthquake and Hurricane Experience*				(28C) Total Losses and Expenses Incurred, Net excluding Earthquake and Hurricane Losses
				(24A) Total U.S. Net Losses Unpaid	(28A) Total U.S. Losses Incurred, Net	(24B) Total Non-U.S. Net Losses Unpaid	(28B) Total Non-U.S. Losses Incurred, Net	
(2) 2014	0		0		0		0	0
(3) 2016	0		0		0		0	0
(4) 2017	0		0		0		0	0
(5) 2018	0		0		0		0	0
(6) 2019	0		0		0		0	0
(7) 2020	0		0		0		0	0
(8) 2021	0		0		0		0	0
(9) 2022	0		0		0		0	0
(10) 2023	0		0		0		0	0
(11) 2024	0		0		0		0	0
(12) Totals		0		0		0		

	Wildfire Catastrophe Experience*				Convective Storms Catastrophe Experience*				(28V) Total Losses and Expenses Incurred, Net excluding Earthquake, Hurricane, Wildfire and Convective Storms Losses
	(24I) Total U.S. Net Losses Unpaid	(28I) Total U.S. Losses Incurred, Net	(24II) Total Non-U.S. Net Losses Unpaid	(28II) Total Non-U.S. Losses Incurred, Net	(24III) Total U.S. Net Losses Unpaid	(28III) Total U.S. Losses Incurred, Net	(24IV) Total Non-U.S. Net Losses Unpaid	(28IV) Total Non-U.S. Losses Incurred, Net	
(2) 2014		0		0		0		0	0
(3) 2016		0		0		0		0	0
(4) 2017		0		0		0		0	0
(5) 2018		0		0		0		0	0
(6) 2019		0		0		0		0	0
(7) 2020		0		0		0		0	0
(8) 2021		0		0		0		0	0
(9) 2022		0		0		0		0	0
(10) 2023		0		0		0		0	0
(11) 2024		0		0		0		0	0
(12) Totals	0		0		0		0		

vendor link items
 manual data entry items

*Please provide losses only; no expenses. Catastrophe losses should 1.) be the net losses incurred for the reporting entity, not net losses incurred for the group; 2.) be a subset of, and therefore, less than, total net losses reported in Column (28); 3.) be reported in 000s to be consistent with all values reported in this exhibit; and 4.) not be reported as negative amounts.

**If this line of business has incurred U.S. catastrophe losses arising from events either included on the list of U.S. catastrophe events approved by the Catastrophe Risk Subgroup as available on the NAIC's website or numbered and labeled by PCS as a hurricane, tropical storm, or earthquake, provide only the amount of those catastrophe losses in Catastrophe Experience columns (24A) and (28A).

***If this line of business has incurred non-U.S. catastrophe losses arising from a hurricane, tropical storm, or earthquake from an event included on the list of non-U.S. catastrophe events approved by the Catastrophe Risk Subgroup as available on the NAIC's website, provide only the amount of those catastrophe losses in Catastrophe Experience Columns (24B) and (28B).

****Columns 24I through 28V are for informational purposes only.

Priority 1 – High Priority
 Priority 2 – Medium Priority
 Priority 3 – Low Priority

**CAPITAL ADEQUACY (E) TASK FORCE
 WORKING AGENDA ITEMS FOR CALENDAR YEAR 2024**

2024 #	Owner	2024 Priority	Expected Completion Date	Working Agenda Item	Source	Comments	Date Added to Agenda
Ongoing Items – P&C RBC							
P1	Cat Risk SG	1	Year-end 2024 or later	Continue development of RBC formula revisions to include a risk charge based on catastrophe model output: a) Evaluate other catastrophe risks for possible inclusion in the charge - determine whether to recommend developing charges for any additional perils, and which perils or perils those should be.	Referral from the Climate and Resiliency Task Force. March 2021	12/2/23-Proposal 2023-15-CR (Convective Storm for Informational Purposes Only Structure) was exposed for a 30-day comment period at the Joint P/C RBC and Cat Risk SG meeting.	4/26/2021
P2	PCRBCWG	1	Ongoing	Review and analyze the P/C RBC charges that have not been reviewed since developed.			3/23/2023
Carryover Items Currently being Addressed – P&C RBC							
P3	P&C RBC WG	1	Year-end 2025 or later	Evaluate a) the current growth risk methodology whether it is adequately reflects both operational risk and underwriting risk; b) the premium and reserve based growth risk factors either as a stand-alone task or in conjunction with the ongoing underwriting risk factor review with consideration of the operational risk component of excessive growth; c) whether the application of the growth factors to NET proxies adequately accounts for growth risk that is ceded to reinsurers that do not trigger growth risk in their own right. <i>Referral to the Academy:</i> https://naiconline.sharepoint.com/teams/FRSRBC/PRBC/2018%20Calls%20-%20PRBC/PCRBC/06_14/attC01_Growth%20Risk%20Referral%20to%20Academy.pdf	Refer from Operational Risk Subgroup	1) Sent a referral to the Academy on 6/14/18 conference call.	1/25/2018
P4	P&C RBC WG	1	2024 Summer Meeting or later	Continue working with the Academy to review the methodology and revise the underwriting (Investment Income Adjustment, Loss Concentration, LOB UW risk) charges in the PRBC formula as appropriate.		11/16/23 The Academy provided a presentation on their Underwriting Risk Report at the Joint PCRBC And Cat Risk SG meeting.	6/10/2019
P5	P&C RBC WG	1	2023-2025 Summer	Evaluate the Underwriting Risk Line 1 Factors in the P/C formula.			7/30/2020

			Meeting or later				
P6	Cat Risk SG	1	2025 Spring Meeting	Quantify the R5 Ex-cat Factors for wildfire peril (for informational purposes only) Evaluate the possibility of adding PR018A to determine the R5 including the wildfire peril			3/21/2023
P7	Cat Risk SG	2	2025 Spring Meeting	Evaluate the impact of flood peril to the insurance market			3/21/2023
P8	PCRBCWG	1	2024 Spring Meeting	Adding pet insurance line in the RBC PR017, 018, 035 and RBC Schedule P, parts due to the adoption of the Annual Statement Blanks proposal 2023-01BWG.s		12/2/23 Proposal 2023-14-P (Pet Insurance) was exposed for a 3060-day comment period at the Joint P/C RBC and Cat Risk SG meeting. 7/27/23 Proposal 2023-01BWG was adopted at the BWG Interim Meeting.	7/27/2023
New Items – P&C RBC							
P9	Cat Risk SG	1	2024 Summer Meeting	Create a new disclosure to collect more information about insurers catastrophe reinsurance programs. Referral from Reinsurance (E) Task Force: <u>https://naiconline.sharepoint.com/teams/FRSRBC/PRBC/2024%20Calls%20-%20Joint/03_17_NM/Att2c_%20Referral%20from%20RTF%20to%20PCRBCWG%20(1).docx</u>	Refer from Reinsurance (E) Task Force	11/16/23 Received a referral and proposal from RTF. <u>12/2/23 Proposal 2023-13-CR (Cat Risk Insurance Program Interrogatory)</u> was exposed for a 60-day comment period at the Joint PCRBC and Cat Risk SG meeting.	2/20/2024
P10	PCRBCWG	1	2024 Summer Meeting	Update PR019, Line 25 Annual Statement Source and the Statement Value to avoid double-counting on Stop-Loss premium.			2/20/2024
P11	Cat Risk SG	1	2024 Summer Meeting	Create additional Rcat pages to collect commercial Cat modelers product information known as “Climate Conditioned Catalogs”, which would provide an estimate of climate change for hurricane and wildfire.	Refer from Solvency Workstream of the Climate & Resiliency	1/29/24 Proposal 2023-17-CR was exposed for a 30-day public comment period at the Cat Risk SG	1/29/2024

					(EX) Task Force	Interim Meeting on Jan. 29.	
P12	PCRBCWG	1	2024 Spring Meeting	Change the RBC Schedule P short-tail lines to vendor link, which will pull directly from the Annual Statement, Schedule P short-tail lines as the adopted blanks proposal 2023-16BWG modified the Schedule P short-tail lines to show 10 years of data beginning in 2024.		2/21/24 Blanks Proposal 2023-16BWG was adopted at the BWG meeting.	

Historical Comments:

P1:

- [4/26/21 - The SG exposed the referral for a 30-day period.](#)
- [6/1/21 - The SG forwarded the response to the Climate and Resiliency Task Force.](#)
- [2/22/22 - The SG adopted proposal 2021-17-CR \(adding the wildfire peril for informational purposes only\). The SG continues reviewing other perils for possible inclusion in the Rcat.](#)
- [8/11/22 – The TF adopted Proposal 2022-04-CR \(2013-2021 Wildfire Event Lists\)](#)
- [9/26/22 – The SG formed an ad hoc group to conduct review on severe convective storm models.](#)
- [7/18/23-The SG is finishing reviewing the following SCS vendor models: RMS, Verisk, KCC, and Corelogic.](#)

Capital Adequacy (E) Task Force

RBC Proposal Form

- | | | |
|---|---|---|
| <input type="checkbox"/> Capital Adequacy (E) Task Force | <input type="checkbox"/> Health RBC (E) Working Group | <input type="checkbox"/> Life RBC (E) Working Group |
| <input type="checkbox"/> Catastrophe Risk (E) Subgroup | <input type="checkbox"/> Investment RBC (E) Working Group | <input type="checkbox"/> Longevity Risk (A/E) Subgroup |
| <input type="checkbox"/> Variable Annuities Capital. & Reserve (E/A) Subgroup | <input checked="" type="checkbox"/> P/C RBC (E) Working Group | <input type="checkbox"/> RBC Investment Risk & Evaluation (E) Working Group |

<p style="text-align: right;">DATE: <u>1/10/24</u></p> <p>CONTACT PERSON: <u>Eva Yeung</u></p> <p>TELEPHONE: <u>816-783-8407</u></p> <p>EMAIL ADDRESS: <u>eyeung@naic.org</u></p> <p>ON BEHALF OF: <u>P/C RBC (E) Working Group</u></p> <p>NAME: <u>Tom Botsko</u></p> <p>TITLE: <u>Chair</u></p> <p>AFFILIATION: <u>Ohio Department of Insurance</u></p> <p>ADDRESS: <u>50 West Town Street, Suite 300</u> <u>Columbus, OH 43215</u></p>	<p style="text-align: center;"><u>FOR NAIC USE ONLY</u></p> <p>Agenda Item # <u>2024-10-P</u> Year <u>2024</u></p> <p style="text-align: center;"><u>DISPOSITION</u></p> <p>ADOPTED:</p> <p><input type="checkbox"/> TASK FORCE (TF) _____</p> <p><input type="checkbox"/> WORKING GROUP (WF) _____</p> <p><input type="checkbox"/> SUBGROUP (SG) _____</p> <p>EXPOSED:</p> <p><input type="checkbox"/> TASK FORCE (TF) _____</p> <p><input type="checkbox"/> WORKING GROUP (WG) _____</p> <p><input type="checkbox"/> SUBGROUP (SG) _____</p> <p>REJECTED:</p> <p><input type="checkbox"/> TF <input type="checkbox"/> WG <input type="checkbox"/> SG _____</p> <p>OTHER:</p> <p><input type="checkbox"/> DEFERRED TO _____</p> <p><input type="checkbox"/> REFERRED TO OTHER NAIC GROUP _____</p> <p><input type="checkbox"/> (SPECIFY) _____</p>
--	---

IDENTIFICATION OF SOURCE AND FORM(S)/INSTRUCTIONS TO BE CHANGED

- | | | |
|--|--|--|
| <input type="checkbox"/> Health RBC Blanks | <input checked="" type="checkbox"/> Property/Casualty RBC Blanks | <input type="checkbox"/> Life and Fraternal RBC Blanks |
| <input type="checkbox"/> Health RBC Instructions | <input type="checkbox"/> Property/Casualty RBC Instructions | <input type="checkbox"/> Life and Fraternal RBC Instructions |
| <input type="checkbox"/> Health RBC Formula | <input type="checkbox"/> Property/Casualty RBC Formula | <input type="checkbox"/> Life and Fraternal RBC Formula |
| <input type="checkbox"/> OTHER _____ | | |

DESCRIPTION/REASON OR JUSTIFICATION OF CHANGE(S)

This proposal included the following changes:

- 1) Add "in part" to the Line 25 Annual Statement Source.
- 2) Update Column 1, Line 25 to "Company Record".

The reason for the change is to eliminate the double-counting issue for those companies that have stop-loss premium as the stop loss premium is expected to be entered on Line 9 of PR019.

Additional Staff Comments:

**** This section must be completed on all forms.**

Revised 2-2023

HEALTH PREMIUMS PR019

		(1)		(2)
		Annual Statement Source	Statement Value	RBC Requirement
<u>Medical Insurance Premium - Individual</u>				
(1)	Comprehensive (Medical and Hospital)	Earned Premium (Schedule H Part 1 Column 3 Line 2)	0	XXX
(2)	Medicare Supplement	Earned Premium (Schedule H Part 1 Column 7 Line 2 in part)	0	XXX
(3)	Dental & Vision	Earned Premium (Schedule H Part 1 Columns 9 + 11 Line 2 in part)	0	XXX
(3.1)	Stand-Alone Medicare Part D Coverage	Earned Premium (Schedule H Part 1 Line 2 in part)	0	XXX
(3.2)	Supplemental Benefits within Stand-Alone Part D Coverage (Claims Incurred)	Company Records	0	0.500
(3.3)	Medicaid Pass-Through Payments Reported as Premium	Company Records	0	0.020
(4)	Hospital Indemnity and Specified Disease	Earned Premium (Schedule H Part 1 Line 2 in part)	0	0.035 *
(5)	AD&D (Maximum Retained Risk Per Life 0)	Earned Premium (Schedule H Part 1 Line 2 in part)	0	0
(6)	Other Accident	Earned Premium (Schedule H Part 1 Line 2 in part)	0	0.050
<u>Medical Insurance Premium - Group and Credit</u>				
(7)	Comprehensive (Medical and Hospital)	Earned Premium (Schedule H Part 1 Column 5 Line 2)	0	XXX
(8)	Dental & Vision	Earned Premium (Schedule H Part 1 Columns 9 + 11 Line 2 in part)	0	XXX
(9)	Stop Loss and Minimum Premium	Earned Premium (Schedule H Part 1 Line 2 in part)	0	¥
(10)	Medicare Supplement	Earned Premium (Schedule H Part 1 Column 7 Line 2 in part)	0	XXX
(10.1)	Stand-Alone Medicare Part D Coverage (see instructions for limits)	Earned Premium (Schedule H Part 1 Line 2 in part)	0	XXX
(10.2)	Supplemental benefits within Stand-Alone Part D Coverage (Claims Incurred)	Company Records	0	0.500
(10.3)	Medicaid Pass-Through Payments Reported as Premium	Company Records	0	0.020
(11)	Hospital Indemnity and Specified Disease	Earned Premium (Schedule H Part 1 Line 2 in part)	0	0.035 *
(12)	AD&D (Maximum Retained Risk Per Life 0)	Earned Premium (Schedule H Part 1 Line 2 in part)	0	0
(13)	Other Accident	Earned Premium (Schedule H Part 1 Line 2 in part)	0	0.050
(14)	Federal Employee Health Benefit Plan	Earned Premium (Schedule H Part 1 Column 13, Line 2)	0	0.000
<u>Disability Income Premium</u>				
(15)	Noncancellable Disability Income - Individual Morbidity	Earned Premium (Schedule H Part 1 Column 21 Line 2 in part)	0	0
(16)	Other Disability Income - Individual Morbidity	Earned Premium (Schedule H Part 1 Column 21 Line 2 in part)	0	0
(17)	Disability Income - Credit Monthly Balance Plans	Earned Premium (Schedule H Part 1 Column 21 Line 2 in part)	0	0
(18)	Disability Income - Group Long-Term	Earned Premium (Schedule H Part 1 Column 21 Line 2 in part)	0	0
(19)	Disability Income - Credit Single Premium with Additional Reserve	Earned Premium (Schedule H Part 1 Column 21 Line 2 in part)	0	0
(20)	Disability Income - Credit Single Premium without Additional Reserve	Earned Premium (Schedule H Part 1 Column 21 Line 2 in part)	0	0
(21)	Disability Income - Group Short-Term	Earned Premium (Schedule H Part 1 Column 21 Line 2 in part)	0	0
<u>Long-Term Care</u>				
(22)	Noncancellable Long-Term Care Premium - Rate Risk**	Earned Premium (Schedule H Part 1 Column 23 Line 2 in part)	0	0.100
(23)	Other Long-Term Care Premium ‡ ‡	Earned Premium (Schedule H Part 1 Column 23 Line 2 in part)	0	0.000
<u>Health Premium with Limited Underwriting Risk</u>				
(24)	ASC Business with Premium Revenue	Earned Premium (Schedule H Part 1 Line 2 in part)	0	0.000
<u>Other Health</u>				
(25)	Other Health	Earned Premium (Schedule H Part 1 Column 25 Line 2 in part)	0	0.120
(26)	Total Earned Premiums	Sum of Lines (1) through (25)	0	0
C(1), L(26) should equal Schedule H Part 1 Column 1 Line 2				
(27)	Additional Reserves for Credit Disability Plans	Company records	0	§
(28)	Additional Reserves for Credit Disability Plans, prior year	Company records	0	§

† The premium amounts in these lines are transferred to PR020 Underwriting Risk – Premium Risk for Comprehensive Medical, Medicare Supplement, Dental & Vision and Stand-Alone Medicare Part D Coverage Lines (1.1) and (1.2) for the calculation of risk-based capital. The premium amounts are included here to assist in the balancing of total health premium. If managed care arrangements have been entered into, the company may also complete PR021 Underwriting Risk – Managed Care Credit. In which case, the company will also need to complete PR012 Health Credit Risk in the formula. If there are amounts in any of lines (1), (2), (3), (7), (8) or (10) on page PR019 Health Premiums, the company will also be directed to complete the Health Administrative Expense portion of PR023.

‡ The two tiered calculation is illustrated in the risk-based capital instructions for PR019 Health Premiums.

‡ ‡ The balance of the RBC requirement for Long Term Care - Morbidity Risk is calculated on Page PR023. The premium is shown to allow totals to check to Schedule H.

* If there is premium included on either or both of these lines, the RBC value in Column (2) will include 3.5% of such premium and \$50,000 (included in the line with the larger premium).

** The factor applies to all Noncancellable premium.

§ These amounts are used to adjust the premium base for single premium credit disability plans that carry additional tabular reserves.

¥ A factor of .350 will be applied to the first \$25,000,000 in Column (1), Line (9) and a factor of .250 will be applied to the remaining premium in excess of \$25,000,000.

Denotes items that must be manually entered on the filing software.

Capital Adequacy (E) Task Force

RBC Proposal Form

- | | | |
|---|--|---|
| <input type="checkbox"/> Capital Adequacy (E) Task Force | <input type="checkbox"/> Health RBC (E) Working Group | <input type="checkbox"/> Life RBC (E) Working Group |
| <input checked="" type="checkbox"/> Catastrophe Risk (E) Subgroup | <input type="checkbox"/> P/C RBC (E) Working Group | <input type="checkbox"/> Longevity Risk (A/E) Subgroup |
| <input type="checkbox"/> Variable Annuities Capital. & Reserve (E/A) Subgroup | <input type="checkbox"/> Economic Scenarios (E/A) Subgroup | <input type="checkbox"/> RBC Investment Risk & Evaluation (E) Working Group |

<p style="text-align: right;">DATE: <u>1/23/24</u></p> <p>CONTACT PERSON: <u>Dan Daveline</u></p> <p>TELEPHONE: _____</p> <p>EMAIL ADDRESS: <u>ddaveline@naic.org</u></p> <p>ON BEHALF OF: <u>Solvency Workstream of the Climate & Resiliency (EX) Task Force</u></p> <p>NAME: _____</p> <p>TITLE: _____</p> <p>AFFILIATION: _____</p> <p>ADDRESS: _____</p>	<p style="text-align: center;">FOR NAIC USE ONLY</p> <p>Agenda Item # <u>2023-17-CR</u></p> <p>Year <u>2024</u></p> <p style="text-align: center;">DISPOSITION</p> <p>ADOPTED:</p> <p><input type="checkbox"/> TASK FORCE (TF) _____</p> <p><input type="checkbox"/> WORKING GROUP (WG) _____</p> <p><input type="checkbox"/> SUBGROUP (SG) _____</p> <p>EXPOSED:</p> <p><input type="checkbox"/> TASK FORCE (TF) _____</p> <p><input type="checkbox"/> WORKING GROUP (WG) _____</p> <p><input checked="" type="checkbox"/> SUBGROUP (SG) <u>1/29/2024</u></p> <p>REJECTED:</p> <p><input type="checkbox"/> TF <input type="checkbox"/> WG <input type="checkbox"/> SG _____</p> <p>OTHER:</p> <p><input type="checkbox"/> DEFERRED TO _____</p> <p><input type="checkbox"/> REFERRED TO OTHER NAIC GROUP _____</p> <p><input type="checkbox"/> (SPECIFY) _____</p>
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IDENTIFICATION OF SOURCE AND FORM(S)/INSTRUCTIONS TO BE CHANGED

- | | | |
|--|--|--|
| <input type="checkbox"/> Health RBC Blanks | <input checked="" type="checkbox"/> Property/Casualty RBC Blanks | <input type="checkbox"/> Life and Fraternal RBC Blanks |
| <input type="checkbox"/> Health RBC Instructions | <input checked="" type="checkbox"/> Property/Casualty RBC Instructions | <input type="checkbox"/> Life and Fraternal RBC Instructions |
| <input type="checkbox"/> Health RBC Formula | <input checked="" type="checkbox"/> Property/Casualty RBC Formula | <input type="checkbox"/> Life and Fraternal RBC Formula |
| <input type="checkbox"/> OTHER _____ | | |

DESCRIPTION/REASON OR JUSTIFICATION OF CHANGE(S)

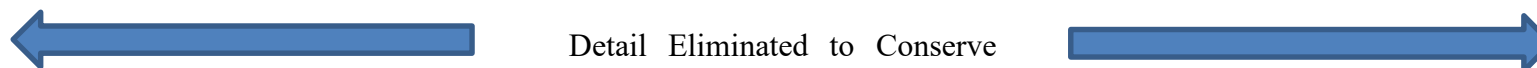
The Solvency Workstream of the Climate & Resiliency (EX) Task Force was tasked with considering the development of climate scenario analysis. The workstream held three public panels on the topic in 2022 and in 2023 learned that commercial CAT modelers have products known as "Climate Conditioned Catalogs" that reflect adjusted frequency and severity for certain time horizons (e.g. 2040 or 2050) that if compared side by side with existing RBC data in PR027 would provide an estimate of climate change for hurricane and wildfire. The information is intended to be useful for domestic regulators holding conversations with insurers that may have a greater degree of risk levels for these perils.

Additional Staff Comments:

** This section must be completed on all forms.

Revised 2-2023

**CALCULATION OF CATASTROPHE RISK CHARGE RCAT
PR027A, PR027B, PR027C, PR027, PR027B2, PR027C2 AND PR027INT**



**DISCLOSURE OF CLIMATE CONDITIONED CAT EXPOSURE
PR027B2, PR027C2**

These disclosures aim at collecting the impact of climate related risks on the modeled losses for the perils of hurricane and wildfire that have been used in PR027B and PR027C respectively. The intent of these disclosures is for informational purposes only and not to determine a new RCAT charge. The impact should be estimated using the following specific instructions:

- Representative Concentration Pathway (RCP) represents a set of projections that are meant to serve as an input for climate modeling, pattern scaling and atmospheric chemistry modeling. For purposes of these instructions, companies should utilize an RCP of 4.5 (or equivalent SSP).
- The impact should be assessed separately under two-time horizons 2040 and 2050.
- Assume a static in-force book of business at year end (no changes to book of business, to reinsurance strategy or to total insured value (TIV) inflation over the projected time horizon).
- The impact can be modeled using either a Climate Conditioned Catalog developed by a commercial CAT model vendor or equivalent view of climate risk internally developed by the insurer or that is the result of adjustments made by the insurer to vendor provided catalogs to represent the own view of climate risk.

The same basic information is required to be completed for this PR027B2 and PR027C2 as the previous pages PR027B and PR027C, including specifically as follows:

Column (1) – Direct and Assumed Modeled Losses

These are the direct and assumed modeled losses per the first footnote. Include losses only; no loss adjustment expenses. For companies that are part of an inter-company pooling arrangement, the losses in this column should be consistent with those reported in Schedule P, i.e. losses reported in this column should be the gross losses for the pool multiplied by the company's share of the pool.

Column (2) – Net Modeled Losses

These are the net modeled losses per the footnote. Include losses only; no loss adjustment expenses.

Column (3) - Ceded Amounts Recoverable

These are the modeled losses ceded under any reinsurance contract. Include losses only, no loss adjustment expenses, and should be associated with the Net Modeled Losses.

In addition, the insurer should provide the following information about the view of climate risk used to determine the climate conditioned modeled losses under each time horizon:

- If a Climate Conditioned Catalog developed by a commercial CAT model vendor is used, provide name and version of the catalog.
- If it is internally developed by the company, provide a brief description of assumptions/adjustments made.

CALCULATION OF CATASTROPHE RISK CHARGE FOR HURRICANE PR027B

Hurricane	Reference	Modeled Losses			
		(1) Direct and Assumed	(2) Net	3† Ceded Amounts Recoverable	(4)†† Ceded Amounts Recoverable with zero Credit Risk Charge
(1) Worst Year in 50	Company Records				
(2) Worst Year in 100	Company Records				
(3) Worst Year in 250	Company Records				
(4) Worst Year in 500	Company Records				
(5) Worst Year in 1000	Company Records				
				(5) Y/N	
(6) Has the company reported above, its modeled hurricane losses using an occurrence exceedance probability (OEP) basis?					
		(6) Amount	Factor	(7) RBC Requirement (C(6) * Factor)	
(7) Net Hurricane Risk	L(2) C(2)		0 1.000	0	
(8) Contingent Credit Risk for Hurricane Risk	L(2) C(3) - C(4)		0 0.018	0	
(9) Total Hurricane Catastrophe Risk (AEP Basis)	If L(6) C(5) = "N", L(9) C(6) = L(7) C(7)+ L(8) C(7), otherwise "0"		0 1.000	0	
(10) Total Hurricane Catastrophe Risk (OEP Basis)	If L(6) C(5) = "Y", L(10) C(6) = L(7) C(7)+ L(8) C(7), otherwise "0"		0 1.000	0	
(11) Total Hurricane Catastrophe Risk	L(9) C(7) + L(10) C(7)			0	

Lines (1)-(5): Modeled losses to be entered on these lines are to be calculated using one of the following NAIC approved third party commercial vendor catastrophe models - AIR, CoreLogic, RMS, KCC, the ARA HurLoss Model, or the Florida Public Model for hurricane; or a catastrophe model that is internally developed by the insurer and has received permission of use by the lead or domestic state. The insurance company's own insured property exposure information should be used as inputs to the model(s). The insurance company may elect to use the modeled results from any one of the models, or any combination of the results of two or more of the models. Each insurer will not be required to utilize any prescribed set of modeling assumptions, but will be expected to use the same data, modeling, and assumptions that the insurer uses in its own internal catastrophe risk management process. An attestation to this effect and an explanation of the company's key assumptions and model selection may be required, and the company's catastrophe data, assumptions, model and results may be subject to examination.

† Column (3) is modeled catastrophe losses that would be ceded under reinsurance contracts. This should be associated with the Net Modeled Losses shown in Column (2).

††Column (4) is modeled catastrophe losses that would be ceded to the categories of reinsurers that are not subject to the RBC credit risk charge (i.e., U.S. affiliates and mandatory pools, whether authorized, unauthorized, or certified).

Denotes items that must be manually entered on the filing software.

**CALCULATION OF CATASTROPHE RISK CHARGE FOR WILDFIRE PR027C
(For Informational Purposes Only)**

Wildfire	Reference	Modeled Losses			
		(1) Direct and Assumed	(2) Net	3† Ceded Amounts Recoverable	(4)†† Ceded Amounts Recoverable with zero Credit Risk Charge
(1) Worst Year in 50	Company Records				
(2) Worst Year in 100	Company Records				
(3) Worst Year in 250	Company Records				
(4) Worst Year in 500	Company Records				
(5) Worst Year in 1000	Company Records				
				(5) Y/N	
(6) Has the company reported above, its modeled wildfire losses using an occurrence exceedance probability (OEP) basis?					
		(6) Amount	Factor	(7) RBC Requirement (C(6) * Factor)	
(7) Net Wildfire Risk	L(2) C(2)		0 1.000	0	
(8) Contingent Credit Risk for Wildfire Risk	L(2) C(3) - C(4)		0 0.018	0	
(9) Total Wildfire Catastrophe Risk (AEP Basis)	If L(6) C(5) = "N", L(9) C(6) = L(7) C(7)+ L(8) C(7), otherwise "0"		0 1.000	0	
(10) Total Wildfire Catastrophe Risk (OEP Basis)	If L(6) C(5) = "Y", L(10) C(6) = L(7) C(7)+ L(8) C(7), otherwise "0"		0 1.000	0	
(11) Total Wildfire Catastrophe Risk	L(9) C(7) + L(10) C(7)			0	
<u>Disclosure in lieu of model-based reporting:</u>				(8) Direct and Assumed	(9) Net
(12) For a company qualifying for the exemption under PR027INT C (10), complete 11a through 11c below:					
a. Provide the company's gross and net 1-in-100-year wildfire losses on a best estimate basis in lieu of model-based reporting.					
b. Provide details on how the company estimated the amounts shown in 11a.					
c. Provide a narrative disclosure about how the company manages its wildfire risk.					

Lines (1)-(5): Modeled losses to be entered on these lines are to be calculated using one of the following NAIC approved third party commercial vendor catastrophe models - AIR, RMS, or KCC; or a catastrophe model that is internally developed by the insurer and has received permission of use by the lead or domestic state. The insurance company's own insured property exposure information should be used as inputs to the model(s). The insurance company may elect to use the modeled results from any one of the models, or any combination of the results of two or more of the models. Each insurer will not be required to utilize any prescribed set of modeling assumptions, but will be expected to use the same data, modeling, and assumptions that the insurer uses in its own internal catastrophe risk management process. An attestation to this effect and an explanation of the company's key assumptions and model selection may be required, and the company's catastrophe data, assumptions, model and results may be subject to examination.

† Column (3) is modeled catastrophe losses that would be ceded under reinsurance contracts. This should be associated with the Net Modeled Losses shown in Column (2).

††Column (4) is modeled catastrophe losses that would be ceded to the categories of reinsurers that are not subject to the RBC credit risk charge (i.e., U.S. affiliates and mandatory pools, whether authorized, unauthorized, or certified).

Denotes items that must be manually entered on the filing software.

DISCLOSURE OF CLIMATE CONDITIONED CAT EXPOSURE FOR HURRICANE PR027BI
(For Informational Purposes Only)

Climate Conditioned Modeled Losses for 2040

Hurricane	Reference	(1) Direct and Assumed	(2) Net	3† Ceded Amounts Recoverable
(1) Worst Year in 50	Company Records			
(2) Worst Year in 100	Company Records			
(3) Worst Year in 250	Company Records			
(4) Worst Year in 500	Company Records			
(5) Worst Year in 1000	Company Records			

View of climate risk used

(6) If a Climate Conditioned Catalog developed by a commercial CAT model vendor is used, provide name and version of the catalog

(7) If it is internally developed by the company, provide a brief description of assumptions/adjustments made

Lines (1)-(5): Modeled losses to be entered on these lines are to be calculated using the same commercial vendor-catastrophe model, or combination of models used to calculate the CAT Risk Charge.

† Column (3) is modeled catastrophe losses that would be ceded under reinsurance contracts. This should be associated with the Net Modeled Losses shown in Column (2).

Denotes items that must be manually entered on the filing software.

**DISCLOSURE OF CLIMATE CONDITIONED CAT EXPOSURE FOR HURRICANE PR027BII
(For Informational Purposes Only)**

Climate Conditioned Modeled Losses for 2050

Hurricane	Reference	(1) Direct and Assumed	(2) Net	3† Ceded Amounts Recoverable
(1) Worst Year in 50	Company Records			
(2) Worst Year in 100	Company Records			
(3) Worst Year in 250	Company Records			
(4) Worst Year in 500	Company Records			
(5) Worst Year in 1000	Company Records			

View of climate risk used

(6) If a Climate Conditioned Catalog developed by a commercial CAT model vendor is used, provide name and version of the catalog

(7) If it is internally developed by the company, provide a brief description of assumptions/adjustments made

Lines (1)-(5): Modeled losses to be entered on these lines are to be calculated using the same commercial vendor-catastrophe model, or combination of models used to calculate the CAT Risk Charge.

† Column (3) is modeled catastrophe losses that would be ceded under reinsurance contracts. This should be associated with the Net Modeled Losses shown in Column (2).

Denotes items that must be manually entered on the filing software.

DISCLOSURE OF CLIMATE CONDITIONED CAT EXPOSURE FOR WILDFIRE PR027CI
(For Informational Purposes Only)

Climate Conditioned Modeled Losses for 2040

Wildfire	Reference	(1) <u>Direct and Assumed</u>	(2) <u>Net</u>	3† <u>Ceded Amounts Recoverable</u>
(1) Worst Year in 50	Company Records			
(2) Worst Year in 100	Company Records			
(3) Worst Year in 250	Company Records			
(4) Worst Year in 500	Company Records			
(5) Worst Year in 1000	Company Records			

View of climate risk used

(6) If a Climate Conditioned Catalog developed by a commercial CAT model vendor is used, provide name and version of the catalog

(7) If it is internally developed by the company, provide a brief description of assumptions/adjustments made

Lines (1)-(5): Modeled losses to be entered on these lines are to be calculated using the same commercial vendor catastrophe model, or combination of models used to calculate the CAT Risk Charge.

† Column (3) is modeled catastrophe losses that would be ceded under reinsurance contracts. This should be associated with the Net Modeled Losses shown in Column (2).

Denotes items that must be manually entered on the filing software.

DISCLOSURE OF CLIMATE CONDITIONED CAT EXPOSURE FOR WILDFIRE PR027CII
(For Informational Purposes Only)

Wildfire	Reference	Climate Conditioned Modeled Losses for 2050		
		(1) Direct and Assumed	(2) Net	3† Ceded Amounts Recoverable
(1) Worst Year in 50	Company Records			
(2) Worst Year in 100	Company Records			
(3) Worst Year in 250	Company Records			
(4) Worst Year in 500	Company Records			
(5) Worst Year in 1000	Company Records			

View of climate risk used

(6) If a Climate Conditioned Catalog developed by a commercial CAT model vendor is used, provide name and version of the catalog

(7) If it is internally developed by the company, provide a brief description of assumptions/adjustments made

Lines (1)-(5): Modeled losses to be entered on these lines are to be calculated using the same commercial vendor catastrophe model, or combination of models used to calculate the CAT Risk Charge.

† Column (3) is modeled catastrophe losses that would be ceded under reinsurance contracts. This should be associated with the Net Modeled Losses shown in Column (2).

Denotes items that must be manually entered on the filing software.

	H/F	PPA	CA	WC	CMP	MPL OCCURRENCE	MPL CLMS MADE	SL	OL	FIDELITY / SURETY	SPECIAL PROPER TY	AUTO PHYSICAL DAMAGES	OTHER (INCLUDED CREDIT ,A&H)	FINANCIAL / MORTGAGE GUARANTY	INTL	REIN. PROPER TY & FINANCIAL LINES	REIN. LIABILITY	PL	WARRANTY
PR017 (Reserve Factors)																			
Line 4 Factors (Current)	0.213	0.179	0.276	0.344	0.494	0.383	0.276	0.304	0.531	0.371	0.246	0.155	0.220	0.179	0.359	0.415	0.656	0.802	0.371
Line 4 Factors Alternative 1 (indicated Aug. 23 Academy Paper)	0.226	0.205	0.360	0.382	0.475	0.271	0.172	0.401	0.496	0.586	0.272	0.137	0.225	0.146	1.083	0.319	0.596	1.377	0.355
Line 4 Factors Alternative 2 (50% indicated change)	0.220	0.192	0.318	0.363	0.485	0.327	0.224	0.353	0.514	0.479	0.259	0.146	0.223	0.163	0.721	0.367	0.626	1.090	0.363
Line 4 Factors Alternative 3 (50% indicated change with capped Intl & PL)	0.220	0.192	0.318	0.363	0.485	0.327	0.224	0.353	0.514	0.479	0.259	0.146	0.223	0.163	0.514	0.367	0.626	1.014	0.363
Line 4 Factors Alternative 4 (100% indicated change with capped Intl & PL)	0.226	0.205	0.360	0.382	0.475	0.271	0.172	0.401	0.496	0.586	0.272	0.137	0.225	0.146	0.669	0.319	0.596	1.226	0.355
Expense Ratio (Uncapped)	0.289	0.228	0.286	0.262	0.356	0.255	0.255	0.338	0.304	0.500	0.301	0.232	0.256	0.341	0.439	0.267	0.267	0.330	0.258
Adjustment for Investment Income (current)	0.938	0.928	0.911	0.830	0.876	0.865	0.883	0.890	0.852	0.940	0.966	0.976	0.967	0.926	0.874	0.901	0.838	0.841	0.940
Adjustment for Investment Income (indicated Aug. 23 Academy Paper)	0.951	0.937	0.926	0.783	0.898	0.861	0.896	0.884	0.864	0.908	0.954	0.978	0.936	0.916	0.889	0.913	0.793	0.847	0.961
Adjustment for Investment Income (50% indicated change)	0.945	0.933	0.919	0.807	0.887	0.863	0.890	0.887	0.858	0.924	0.960	0.977	0.952	0.921	0.882	0.907	0.816	0.844	0.951
Adjustment for Investment Income (50% indicated change with capped Intl & PL)	0.945	0.933	0.919	0.807	0.887	0.863	0.890	0.887	0.858	0.924	0.960	0.977	0.952	0.921	0.878	0.907	0.816	0.843	0.951
Adjustment for Investment Income (100% indicated change with capped Intl & PL)	0.951	0.937	0.926	0.783	0.898	0.861	0.896	0.884	0.864	0.908	0.954	0.978	0.936	0.916	0.881	0.913	0.793	0.844	0.961
Risk Charge (Current)	0.138	0.094	0.162	0.116	0.309	0.196	0.127	0.161	0.304	0.289	0.204	0.127	0.180	0.092	0.188	0.275	0.388	0.515	0.289
Risk Charge (50% indicated change with capped Intl & PL)	0.152	0.112	0.211	0.099	0.317	0.145	0.089	0.200	0.299	0.366	0.209	0.120	0.163	0.071	0.329	0.240	0.326	0.697	0.296
Risk Charge (100% indicated change with capped Intl & PL)	0.166	0.129	0.259	0.082	0.325	0.094	0.050	0.238	0.293	0.440	0.213	0.112	0.147	0.050	0.470	0.204	0.267	0.879	0.302
PR018 (Premium Factors)																			
Line 4 Factors (Current)	0.936	0.969	1.01	1.044	0.883	1.668	1.13	0.922	1.013	0.854	0.863	0.836	0.935	1.598	1.234	1.17	1.322	1.263	0.854
Line 4 Factors Alternative 1 (indicated Aug. 23 Academy Paper)	0.930	0.970	1.014	1.037	0.873	1.394	1.146	0.894	0.993	0.657	0.795	0.835	0.926	2.431	1.476	0.973	1.183	1.194	0.985
Line 4 Factors Alternative 2 (50% indicated change)	0.933	0.970	1.012	1.041	0.878	1.531	1.138	0.908	1.003	0.756	0.829	0.836	0.931	2.015	1.355	1.072	1.253	1.229	0.920
Line 4 Factors Alternative 3 (50% indicated change with capped FMG)	0.933	0.970	1.012	1.041	0.878	1.531	1.138	0.908	1.003	0.756	0.829	0.836	0.931	1.805	1.355	1.072	1.253	1.229	0.920
Line 4 Factors Alternative 4 (100% indicated change with capped FMG)	0.930	0.970	1.014	1.037	0.873	1.394	1.146	0.894	0.993	0.657	0.795	0.835	0.926	2.012	1.476	0.973	1.183	1.194	0.985
Adjustment for Investment Income (current)	0.954	0.925	0.89	0.839	0.896	0.767	0.827	0.898	0.816	0.904	0.949	0.971	0.947	0.884	0.905	0.893	0.777	0.774	0.904
Adjustment for Investment Income (indicated Aug. 23 Academy Paper)	0.966	0.937	0.903	0.833	0.921	0.795	0.863	0.924	0.837	0.922	0.957	0.979	0.958	0.902	0.925	0.919	0.811	0.801	0.972
Adjustment for Investment Income (50% indicated change)	0.960	0.931	0.897	0.836	0.909	0.781	0.845	0.911	0.827	0.913	0.953	0.975	0.953	0.893	0.915	0.906	0.794	0.788	0.938
Adjustment for Investment Income (50% indicated change with capped FMG)	0.96	0.931	0.897	0.836	0.909	0.781	0.845	0.911	0.827	0.913	0.953	0.975	0.953	0.888	0.915	0.906	0.794	0.788	0.938
Adjustment for Investment Income (100% indicated change with capped FMG)	0.966	0.937	0.903	0.833	0.921	0.795	0.863	0.924	0.837	0.922	0.957	0.979	0.958	0.891	0.925	0.919	0.811	0.801	0.972
Risk Charge (Current)	0.182	0.125	0.185	0.138	0.148	0.534	0.189	0.166	0.130	0.272	0.120	0.044	0.142	0.754	0.556	0.312	0.295	0.307	0.030
Risk Charge (50% with capped FMG)	0.185	0.131	0.193	0.132	0.154	0.450	0.216	0.165	0.133	0.189	0.091	0.047	0.143	0.943	0.679	0.238	0.262	0.297	0.121
Risk Charge (100% indicated change with capped FMG)	0.188	0.137	0.201	0.126	0.160	0.363	0.244	0.164	0.135	0.105	0.062	0.050	0.143	1.134	0.804	0.162	0.227	0.286	0.215

*5% minimum risk charge

2022 P&C RBC - Comparison of RBC Action Level between Current RBC Formula and RBC Formula with Academy Proposed Underwriting Factors

(All Companies)

		2022 RBC Action Level under Current RBC Formula						Total
		MCL	ACL	RAL	CAL	Trend Test	No Action	
2022 RBC Action Level with Academy Indicated Uncapped U/W Factors	MCL	16						16
	ACL		2					2
	RAL	1		7	5		1	14
	CAL		1	1	15	5	4	26
	Trend Test				1	10	5	16
	No Action				5	5	2,442	2,452
	Total	17	3	8	26	20	2,452	2,526

(Companies with TAC greater than 1 billion)

		2022 RBC Action Level under Current RBC Formula						Total
		MCL	ACL	RAL	CAL	Trend Test	No Action	
2022 RBC Action Level with Academy Indicated Uncapped U/W Factors	MCL							0
	ACL							0
	RAL							0
	CAL							0
	Trend Test							0
	No Action						156	156
	Total	0	0	0	0	0	156	156

(Companies with TAC between 250 million to 1 billion)

		2022 RBC Action Level under Current RBC Formula						Total
		MCL	ACL	RAL	CAL	Trend Test	No Action	
2022 RBC Action Level with Academy Indicated Uncapped U/W Factors	MCL							0
	ACL							0
	RAL							0
	CAL							1
	Trend Test					1		1
	No Action						282	282
	Total	0	0	0	0	2	282	284

(Companies with TAC between 75 million to 250 million)

		2022 RBC Action Level under Current RBC Formula						Total
		MCL	ACL	RAL	CAL	Trend Test	No Action	
2022 RBC Action Level with Academy Indicated Uncapped U/W Factors	MCL							0
	ACL							0
	RAL						1	1
	CAL				1			1
	Trend Test					2		2
	No Action				1	1	425	427
	Total	0	0	0	2	3	426	431

(Companies with TAC between 25 million to 75 million)

		2022 RBC Action Level under Current RBC Formula						Total
		MCL	ACL	RAL	CAL	Trend Test	No Action	Total
2022 RBC Action Level with Academy Indicated Uncapped U/W Factors	MCL							0
	ACL		1					1
	RAL			1	1			2
	CAL					1	1	2
	Trend Test				1	1		2
	No Action				1		598	599
	Total	0	1	1	3	2	599	606

(Companies with TAC between 5 million to 25 million)

		2022 RBC Action Level under Current RBC Formula						Total
		MCL	ACL	RAL	CAL	Trend Test	No Action	Total
2022 RBC Action Level with Academy Indicated Uncapped U/W Factors	MCL	3						3
	ACL							0
	RAL			1				1
	CAL		1		10	2	2	15
	Trend Test					5	4	9
	No Action				2	4	745	751
	Total	3	1	1	12	11	751	779

(Companies with TAC between 0 to 5 million)

		2022 RBC Action Level under Current RBC Formula						Total
		MCL	ACL	RAL	CAL	Trend Test	No Action	Total
2022 RBC Action Level with Academy Indicated Uncapped U/W Factors	MCL	6						6
	ACL		1					1
	RAL	1		5	4			10
	CAL			1	4	1	1	7
	Trend Test					1	1	2
	No Action				1		236	237
	Total	7	1	6	9	2	238	263

(Companies with TAC less than 0)

		2022 RBC Action Level under Current RBC Formula						Total
		MCL	ACL	RAL	CAL	Trend Test	No Action	Total
2022 RBC Action Level with Academy Indicated Uncapped U/W Factors	MCL	7						7
	ACL							0
	RAL							0
	CAL							0
	Trend Test							0
	No Action							0
	Total	7	0	0	0	0	0	7

2022 P&C RBC - Comparison of RBC Action Level between Current RBC Formula and RBC Formula with 50% Academy Proposed Underwriting Factors

(All Companies)

		2022 RBC Action Level under Current RBC Formula						Total
		MCL	ACL	RAL	CAL	Trend Test	No Action	
2022 RBC Action Level with 50% Academy Proposed U/W Factors	MCL	16						16
	ACL	1	2					3
	RAL		1	8	3			12
	CAL				18	2	3	23
	Trend Test				1	13	3	17
	No Action				4	5	2,446	2,455
Total		17	3	8	26	20	2,452	2,526

(Companies with TAC greater than 1 billion)

		2022 RBC Action Level under Current RBC Formula						Total
		MCL	ACL	RAL	CAL	Trend Test	No Action	
2022 RBC Action Level with 50% Academy Proposed U/W Factors	MCL							0
	ACL							0
	RAL							0
	CAL							0
	Trend Test							0
	No Action						156	156
Total		0	0	0	0	0	156	156

(Companies with TAC between 250 million to 1 billion)

		2022 RBC Action Level under Current RBC Formula						Total
		MCL	ACL	RAL	CAL	Trend Test	No Action	
2022 RBC Action Level with 50% Academy Proposed U/W Factors	MCL							0
	ACL							0
	RAL							0
	CAL							0
	Trend Test					2		2
	No Action						282	282
Total		0	0	0	0	2	282	284

(Companies with TAC between 75 million to 250 million)

		2022 RBC Action Level under Current RBC Formula						Total
		MCL	ACL	RAL	CAL	Trend Test	No Action	
2022 RBC Action Level with 50% Academy Proposed U/W Factors	MCL							0
	ACL							0
	RAL							0
	CAL				1		1	2
	Trend Test					2		2
	No Action				1	1	425	427
Total		0	0	0	2	3	426	431

(Companies with TAC between 25 million to 75 million)

		2022 RBC Action Level under Current RBC Formula						Total
		MCL	ACL	RAL	CAL	Trend Test	No Action	Total
2022 RBC Action Level with 50% Academy Proposed U/W Factors	MCL							0
	ACL		1					1
	RAL			1				1
	CAL				1	1	1	3
	Trend Test				1	1		2
	No Action				1		598	599
Total		0	1	1	3	2	599	606

(Companies with TAC between 5 million to 25 million)

		2022 RBC Action Level under Current RBC Formula						Total
		MCL	ACL	RAL	CAL	Trend Test	No Action	Total
2022 RBC Action Level with 50% Academy Proposed U/W Factors	MCL	3						3
	ACL							0
	RAL		1	1				2
	CAL				11		1	12
	Trend Test					7	3	10
	No Action				1		747	752
Total		3	1	1	12	11	751	779

(Companies with TAC between 0 to 5 million)

		2022 RBC Action Level under Current RBC Formula						Total
		MCL	ACL	RAL	CAL	Trend Test	No Action	Total
2022 RBC Action Level with 50% Academy Proposed U/W Factors	MCL	6						6
	ACL	1	1					2
	RAL			6	3			9
	CAL				5	1		6
	Trend Test					1		1
	No Action				1		238	239
Total		7	1	6	9	2	238	263

(Companies with TAC less than 0)

		2022 RBC Action Level under Current RBC Formula						Total
		MCL	ACL	RAL	CAL	Trend Test	No Action	Total
2022 RBC Action Level with 50% Academy Proposed U/W Factors	MCL	7						7
	ACL							0
	RAL							0
	CAL							0
	Trend Test							0
	No Action							0
Total		7	0	0	0	0	0	7

2022 P&C RBC - Comparison of RBC Action Level between Current RBC Formula and RBC Formula with 50% Academy Proposed Underwriting Factors Including the capped amounts for Premium Risk on Financial/Mortgage Guarantee and Reserve Risk on Products and International

(All Companies)

		2022 RBC Action Level under Current RBC Formula						Total
		MCL	ACL	RAL	CAL	Trend Test	No Action	
2022 RBC Action Level with 50% Academy Proposed U/W Factors including the capped amounts for Premium Risk on Financial/Mortgage Guaranteed and Reserve Risk on Products and International	MCL	16						16
	ACL	1	2					3
	RAL		1	8	3			12
	CAL				18	2	3	23
	Trend Test				1	13	3	17
	No Action				4	5	2,446	2,455
	Total	17	3	8	26	20	2,452	2,526

(Companies with TAC greater than 1 billion)

		2022 RBC Action Level under Current RBC Formula						Total
		MCL	ACL	RAL	CAL	Trend Test	No Action	
2022 RBC Action Level with 50% Academy Proposed U/W Factors including the capped amounts for Premium Risk on Financial/Mortgage Guaranteed and Reserve Risk on Products and International	MCL							0
	ACL							0
	RAL							0
	CAL							0
	Trend Test							0
	No Action						156	156
	Total	0	0	0	0	0	156	156

(Companies with TAC between 250 million to 1 billion)

		2022 RBC Action Level under Current RBC Formula						Total
		MCL	ACL	RAL	CAL	Trend Test	No Action	
2022 RBC Action Level with 50% Academy Proposed U/W Factors including the capped amounts for Premium Risk on Financial/Mortgage Guaranteed and Reserve Risk on Products and International	MCL							0
	ACL							0
	RAL							0
	CAL							0
	Trend Test					2		2
	No Action						282	282
	Total	0	0	0	0	2	282	284

(Companies with TAC between 75 million to 250 million)

		2022 RBC Action Level under Current RBC Formula						Total
		MCL	ACL	RAL	CAL	Trend Test	No Action	
2022 RBC Action Level with 50% Academy Proposed U/W Factors including the capped amounts for Premium Risk on Financial/Mortgage Guaranteed and Reserve Risk on Products and International	MCL							0
	ACL							0
	RAL							0
	CAL				1		1	2
	Trend Test					2		2
	No Action				1	1	425	427
	Total	0	0	0	2	3	426	431

(Companies with TAC between 25 million to 75 million)

		2022 RBC Action Level under Current RBC Formula						Total
		MCL	ACL	RAL	CAL	Trend Test	No Action	
2022 RBC Action Level with 50% Academy Proposed U/W Factors including the capped amounts for Premium Risk on Financial/Mortgage Guaranteed and Reserve Risk on Products and International	MCL							0
	ACL		1					1
	RAL			1				1
	CAL				1		1	3
	Trend Test				1	1		2
	No Action				1		598	599
	Total	0	1	1	3	2	599	606

(Companies with TAC between 5 million to 25 million)

		2022 RBC Action Level under Current RBC Formula						Total
		MCL	ACL	RAL	CAL	Trend Test	No Action	
2022 RBC Action Level with 50% Academy Proposed U/W Factors including the capped amounts for Premium Risk on Financial/Mortgage Guaranteed and Reserve Risk on Products and International	MCL	3						3
	ACL							0
	RAL		1	1				2
	CAL				11		1	12
	Trend Test					7	3	10
	No Action				1	4	747	752
	Total	3	1	1	12	11	751	779

(Companies with TAC between 0 to 5 million)

		2022 RBC Action Level under Current RBC Formula						Total
		MCL	ACL	RAL	CAL	Trend Test	No Action	
2022 RBC Action Level with 50% Academy Proposed U/W Factors including the capped amounts for Premium Risk on Financial/Mortgage Guaranteed and Reserve Risk on Products and International	MCL	6						6
	ACL	1	1					2
	RAL			6	3			9
	CAL				5	1		6
	Trend Test					1		1
	No Action				1		238	239
	Total	7	1	6	9	2	238	263

(Companies with TAC less than 0)

		2022 RBC Action Level under Current RBC Formula						Total
		MCL	ACL	RAL	CAL	Trend Test	No Action	
2022 RBC Action Level with 50% Academy Proposed U/W Factors including the capped amounts for Premium Risk on Financial/Mortgage Guaranteed and Reserve Risk on Products and International	MCL	7						7
	ACL							0
	RAL							0
	CAL							0
	Trend Test							0
	No Action							0
	Total	7	0	0	0	0	0	7

2022 P&C RBC - Comparison of RBC Action Level between Current RBC Formula and RBC Formula with 100% Academy Proposed Underwriting Factors Including the capped amounts for Premium Risk on Financial/Mortgage Guarantee and Reserve Risk on Products and International

(All Companies)

2022 RBC Action Level with 100% Academy Proposed U/W Factors Including the capped amounts for Premium Risk on Financial/Mortgage Guaranteed and Reserve Risk on Products and International	2022 RBC Action Level under Current RBC Formula						Total
	MCL	ACL	RAL	CAL	Trend Test	No Action	
MCL	16						16
ACL		2					2
RAL	1		7	5		1	14
CAL		1	1	15	4	4	25
Trend Test				1	11	5	17
No Action				5	5	2,442	2,452
Total	17	3	8	26	20	2,452	2,526

(Companies with TAC greater than 1 billion)

2022 RBC Action Level with 100% Academy Proposed U/W Factors Including the capped amounts for Premium Risk on Financial/Mortgage Guaranteed and Reserve Risk on Products and International	2022 RBC Action Level under Current RBC Formula						Total
	MCL	ACL	RAL	CAL	Trend Test	No Action	
MCL							0
ACL							0
RAL							0
CAL							0
Trend Test							0
No Action						156	156
Total	0	0	0	0	0	156	156

(Companies with TAC between 250 million to 1 billion)

2022 RBC Action Level with 100% Academy Proposed U/W Factors Including the capped amounts for Premium Risk on Financial/Mortgage Guaranteed and Reserve Risk on Products and International	2022 RBC Action Level under Current RBC Formula						Total
	MCL	ACL	RAL	CAL	Trend Test	No Action	
MCL							0
ACL							0
RAL							0
CAL							0
Trend Test					2		2
No Action						282	282
Total	0	0	0	0	2	282	284

(Companies with TAC between 75 million to 250 million)

2022 RBC Action Level with 100% Academy Proposed U/W Factors Including the capped amounts for Premium Risk on Financial/Mortgage Guaranteed and Reserve Risk on Products and International	2022 RBC Action Level under Current RBC Formula						Total
	MCL	ACL	RAL	CAL	Trend Test	No Action	
MCL							0
ACL							0
RAL						1	1
CAL				1			1
Trend Test					2		2
No Action				1	1	425	427
Total	0	0	0	2	3	426	431

(Companies with TAC between 25 million to 75 million)

	2022 RBC Action Level under Current RBC Formula						Total
	MCL	ACL	RAL	CAL	Trend Test	No Action	
2022 RBC Action Level with 100% Academy Proposed U/W Factors Including the capped amounts for Premium Risk on Financial/Mortgage Guaranteed and Reserve Risk on Products and International	MCL						0
	ACL		1				1
	RAL			1	1		2
	CAL						2
	Trend Test					1	1
	No Action						598
	Total	0	1	1	3	2	599

(Companies with TAC between 5 million to 25 million)

	2022 RBC Action Level under Current RBC Formula						Total
	MCL	ACL	RAL	CAL	Trend Test	No Action	
2022 RBC Action Level with 100% Academy Proposed U/W Factors Including the capped amounts for Premium Risk on Financial/Mortgage Guaranteed and Reserve Risk on Products and International	MCL	3					3
	ACL						0
	RAL			1			1
	CAL		1		10	2	15
	Trend Test					5	4
	No Action				2	4	745
	Total	3	1	1	12	11	751

(Companies with TAC between 0 to 5 million)

	2022 RBC Action Level under Current RBC Formula						Total
	MCL	ACL	RAL	CAL	Trend Test	No Action	
2022 RBC Action Level with 100% Academy Proposed U/W Factors Including the capped amounts for Premium Risk on Financial/Mortgage Guaranteed and Reserve Risk on Products and International	MCL	6					6
	ACL		1				1
	RAL	1		5	4		10
	CAL			1	4	1	7
	Trend Test					1	1
	No Action				1		236
	Total	7	1	6	9	2	238

(Companies with TAC less than 0)

	2022 RBC Action Level under Current RBC Formula						Total
	MCL	ACL	RAL	CAL	Trend Test	No Action	
2022 RBC Action Level with 100% Academy Proposed U/W Factors Including the capped amounts for Premium Risk on Financial/Mortgage Guaranteed and Reserve Risk on Products and International	MCL	7					7
	ACL						0
	RAL						0
	CAL						0
	Trend Test						0
	No Action						0
	Total	7	0	0	0	0	7