

Draft date: 6/3/25

Virtual Meeting

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

Wednesday, June 11, 2025

1:00 – 2:00 p.m. ET / 12:00– 1:00 p.m. CT / 11:00 a.m.– 12:00 p.m. MT / 10:00 – 11:00 a.m. PT

ROLL CALL

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

Tom Botsko, Chair	Ohio	Melissa Robertson	New Mexico
Wanchin Chou, Vice Chair	Connecticut	Ni Qin	New York
Charles Hale	Alabama	Will Davis	South Carolina
Rolf Kaumann/Eric Unger	Colorado	Miriam Fisk	Texas
Jane Nelson	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/Eric Unger	Colorado	Andrew Schallhorn	Oklahoma
Travis Grassel	Iowa	Will Davis	South Carolina
Sandra Darby	Maine	Miriam Fisk	Texas
Melissa Robertson/Elouisa Macias	New Mexico		

NAIC Support Staff: Eva Yeung

AGENDA

1. Consider Adoption of Proposal 2025-09-P (Underwriting Risk Line 1 Factors)—*Tom Botsko (OH)* Attachment A
2. Consider Adoption of Proposal 2025-11-CR (Catastrophe Modeling Attestation)—*Wanchin Chou (CT)* Attachment B
3. Discuss Property and Casualty RBC Statistics—*Tom Botsko (OH)* Attachment C
4. Hear Updates on Wildfire Impact Analysis—*Wanchin Chou (CT)*

5. Discuss Climate Impact Disclosures—*Wanchin Chou (CT)*
6. Discuss Flood Peril—*Wanchin Chou (CT)*
7. Discuss Any Other Matters Brought Before the Working Group—*Tom Botsko (OH) and Wanchin Chou (CT)*
8. Adjournment

Capital Adequacy (E) Task Force

RBC Proposal Form

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|---|---|---|
| <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; margin: 0;">DATE: <u>4/16/25</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; margin: 0;"><u>FOR NAIC USE ONLY</u></p> <hr/> <p>Agenda Item # <u>2025-09-P</u> Year <u>2025</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>05/02/25</u></p> <p><input checked="" type="checkbox"/> SUBGROUP (SG) <u>05/02/25</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 aims to deliver a routine annual update to the industry underwriting factors, including premium and reserve, within the PCRBC formula.

Additional Staff Comments:

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

Revised 2-2023

Schedule P Line of Business	LOB	Proposed for adoption - 2025 Industry Average Development	2024 Industry Average Development	2023 Industry Average Development	2022 Industry Average Development	2021 Industry Average Development	2020 Industry Average Development	2019 Industry Average Development	2018 Industry Average Development	2017 Industry Average Development	2016 Industry Average Development
H/F	A	0.997	1.020	0.999	1.001	0.998	0.993	0.989	0.989	0.984	0.972
PPA	B	1.072	1.061	1.047	1.022	1.025	1.035	1.026	1.022	1.012	1.002
CA	C	1.110	1.115	1.106	1.082	1.083	1.078	1.087	1.060	1.034	1.015
WC	D	0.912	0.882	0.873	0.906	0.912	0.916	0.955	0.952	0.971	0.971
CMP	E	1.018	1.024	1.026	1.037	0.999	1.016	0.992	0.967	0.956	0.942
MM Occurrence	F1	0.914	0.910	0.906	0.887	0.874	0.861	0.864	0.871	0.868	0.841
MM Clms Made	F2	1.024	0.996	0.984	0.983	0.973	0.940	0.907	0.886	0.854	0.822
SL	G	0.995	0.996	0.994	0.990	0.976	0.963	0.938	0.933	0.926	0.919
OL	H	0.995	0.993	0.969	0.995	0.964	0.968	0.971	0.966	0.952	0.929
Fidelity / Surety	K	0.875	0.875	0.852	0.842	0.915	0.907	0.995	0.996	1.016	1.035
Special Property/Pet Insurance Plan	I/U	0.985	0.989	0.983	0.993	0.978	0.977	0.972	0.971	0.982	0.973
Auto Physical Damage	J	1.002	0.999	1.016	1.011	0.989	0.993	0.996	1.000	1.001	0.995
Other (Credut, A&H)	L	0.938	0.942	0.946	0.955	0.965	0.971	0.973	0.976	0.981	0.986
Financial / Mortgage Guaranty	S	0.486	0.493	0.674	0.694	0.723	0.682	0.788	0.870	0.820	0.853
Intl	M	1.927	2.168	2.414	3.041	1.104	1.162	1.037	0.851	0.855	0.897
Rein. Property & Financial Lines	N/P	0.925	0.930	0.924	0.917	0.893	0.886	0.872	0.834	0.814	0.814
Rein. Liability	O	1.090	1.054	1.024	1.008	0.989	0.985	0.955	0.945	0.914	0.896
PL	R	0.911	0.882	0.874	0.867	0.879	0.900	0.913	0.921	0.935	0.937
Warranty	T	0.978	0.991	0.995	0.998	1.007	1.013	1.017	1.015	0.989	0.977

Schedule P Line of Business	LOB	Proposed for Adoption - 2025 Industry Average Loss & Expense Ratio	2024 Industry Average Loss & Expense Ratio	2023 Industry Average Loss & Expense Ratio	2022 Industry Average Loss & Expense Ratio	2021 Industry Average Loss & Expense Ratio	2020 Industry Average Loss & Expense Ratio	2019 Industry Average Loss & Expense Ratio	2018 Industry Average Loss & Expense Ratio	2017 Industry Average Loss & Expense Ratio	2016 Industry Average Loss & Expense Ratio
H/F	A	0.700	0.695	0.679	0.665	0.681	0.678	0.681	0.687	0.688	0.701
PPA	B	0.807	0.799	0.791	0.793	0.795	0.810	0.810	0.806	0.800	0.792
CA	C	0.792	0.787	0.777	0.761	0.761	0.759	0.737	0.724	0.706	0.689
WC	D	0.649	0.646	0.651	0.664	0.682	0.705	0.726	0.744	0.751	0.752
CMP	E	0.683	0.684	0.671	0.661	0.673	0.672	0.666	0.664	0.647	0.648
MM Occurrence	F1	0.763	0.752	0.767	0.750	0.731	0.726	0.730	0.780	0.777	0.767
MM Clms Made	F2	0.840	0.828	0.815	0.829	0.821	0.797	0.768	0.747	0.722	0.691
SL	G	0.565	0.583	0.578	0.585	0.593	0.603	0.593	0.569	0.567	0.572
OL	H	0.664	0.649	0.641	0.637	0.635	0.639	0.638	0.633	0.629	0.618
Fidelity / Surety	K	0.374	0.375	0.363	0.366	0.394	0.384	0.399	0.417	0.430	0.464
Special Property/Pet Insurance Plan	I/U	0.552	0.559	0.550	0.547	0.559	0.553	0.554	0.563	0.555	0.559
Auto Physical Damage	J	0.731	0.733	0.727	0.718	0.726	0.732	0.730	0.732	0.727	0.711
Other (Credit, A&H)	L	0.714	0.711	0.702	0.698	0.693	0.684	0.682	0.709	0.712	0.699
Financial / Mortgage Guaranty	S	0.159	0.158	0.209	0.203	0.252	0.513	0.811	1.099	1.175	1.293
Intl	M	1.184	1.153	1.136	1.166	0.769	0.758	0.795	0.584	0.565	0.607
Rein. Property & Financial Lines	N/P	0.597	0.587	0.578	0.566	0.558	0.534	0.522	0.486	0.459	0.512
Rein. Liability	O	0.788	0.760	0.743	0.725	0.713	0.708	0.679	0.666	0.609	0.600
PL	R	0.609	0.594	0.597	0.601	0.617	0.645	0.656	0.671	0.670	0.684
Warranty	T	0.641	0.641	0.652	0.665	0.681	0.691	0.695	0.732	0.645	0.611

Capital Adequacy (E) Task Force

RBC Proposal Form

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| <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; margin: 0;">DATE: <u>4/15/25</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>Catastrophe Risk (E) Subgroup</u></p> <p>NAME: <u>Wanchin Chou</u></p> <p>TITLE: <u>Chair</u></p> <p>AFFILIATION: <u>Connecticut Department of Insurance</u></p> <p>ADDRESS: <u>153 Market St., Hartford CT 06103</u></p>	<p style="text-align: center; margin: 0;"><u>FOR NAIC USE ONLY</u></p> <p>Agenda Item #<u>2025-11-CR</u></p> <p>Year <u>2025</u></p> <hr/> <p style="text-align: center; margin: 0;"><u>DISPOSITION</u></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>5/2/25</u></p> <p><input checked="" type="checkbox"/> SUBGROUP (SG) <u>5/2/25</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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| <input type="checkbox"/> OTHER _____ | | |

DESCRIPTION/REASON OR JUSTIFICATION OF CHANGE(S)

The purpose of this proposal is to update the PR002 Attestation by incorporating the newly added wildfire and severe convective storm perils for informational purposes only from PR027.

Additional Staff Comments:

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

Revised 2-2023

ATTESTATION RE: CATASTROPHE MODELING USED IN RBC CATASTROPHE RISK CHARGES PR002

(1) [Redacted Company Name] hereby certifies that the modeled catastrophe losses for earthquake risk, hurricane risk, wildfire risk, and severe convective storm risk entered on lines 1 through 4 of Schedule PR027A,PR027B, PR027C and PR027D of this Risk-Based Capital Report were determined by applying the same catastrophe models or combination of models to the same underlying exposure data, and using the same modeling assumptions, as the company uses in its own internal risk managemnt process, with the following exceptions:

(1a) [Redacted]

These exceptions, if any, are made for the following reasons:

(1b) [Redacted]

The following describes the company's application of catastrophe modeling to the determination of the Rcat risk charges: (Include which models are used in what combinations for each of the Rcat charges; what key modeling assumptions are used, including but not limited to time dependency, secondary uncertainty, storm surge, demand surge, and fire following earthquake; and the rationale for treatment of each issue or item): (provide attachments if necessary):

(2) [Redacted]

The company further certifies that the underlying exposure data used in the catastrophe modeling process is accurate and complete to the best of our knowledge and ability, with the following limitations:

(3) [Redacted]

The following describes the extent to which the exposure location data is accurate to GPS coordinates; to zip code; and to a level less accurate than zip code: (provide attachments if necessary):

(4) [Redacted]

The following describes the steps taken to validate, to the best of the Company's knowledge and belief, the accuracy and completeness of the exposure data used in the modeling process to determine the Rcat catastrophe risk charges (provide attachments if necessary):

(5) [Redacted]

Provide an explanation of the methodology used to derive the amounts in columns 3 and 4 of page PR027A, PR027B, PR027C, and PR027D.

(6) [Redacted]

(7) Completed on behalf of: [Redacted] (7) Completed By: [Redacted] [Redacted] [Redacted] [Redacted]
Last First Middle Title
(7) Email: [Redacted] (7) Phone: [Redacted] Date: [Redacted]

AGGREGATED P&C RBC DATA
2024 Data as of May 30, 2025

		YR2024	YR2023	YR2022	YR2021	YR2020	YR2019
# OF COMPANIES FILED RBC		2,564	2,546	2,522	2,511	2,477	2,490
# OF COMPANIES FILED AST		2,657	2,634	2,626	2,626	2,599	2,593
% OF RBC COMPANIES		96%	97%	96%	96%	95%	96%
GRAND TOTAL OF CO'S AT AN ACTION LEVEL	LEVEL						
TREND TEST	5	20	23	19	17	24	17
COMPANY ACTION LEVEL	1	15	17	27	8	15	9
REGULATORY ACTION LEVEL	2	14	14	7	3	4	8
AUTHORIZED CONTROL LEVEL	3	2	4	3	6	3	2
MANDATORY CONTROL LEVEL	4	19	16	17	18	20	19
TOTAL		50	51	54	35	42	38
% OF ACTION LEVEL COMPANIES		1.95%	2.00%	2.14%	1.39%	1.70%	1.53%
RRG'S AT AN ACTION LEVEL	LEVEL						
RRG'S TREND TEST	1	6	5	5	8	8	9
RRG'S AT COMPANY ACTION LEVEL	1	8	9	11	4	5	4
RRG'S AT REGULATORY ACTION LEVEL	2	3	6	4	2	2	3
RRG'S AT AUTHORIZED CONTROL LEVEL	3	1	0	1	1	2	0
RRG'S AT MANDATORY CONTROL LEVEL	4	6	4	7	5	6	4
TOTAL RRG'S AT AN ACTION LEVEL		18	19	23	12	15	11
TOTAL RRG'S		248	248	249	225	225	225
% OF RRG'S AT AN ACTION LEVEL		7.26%	7.66%	9.24%	5.33%	6.67%	4.89%
TOTAL CO'S AT A LEVEL EXCLUDING RRG'S	LEVEL						
TREND TEST	1	14	18	14	9	16	8
COMPANY ACTION LEVEL	1	7	8	16	4	10	5
REGULATORY ACTION LEVEL	2	11	8	3	1	2	5
AUTHORIZED CONTROL LEVEL	3	1	4	2	5	1	2
MANDATORY CONTROL LEVEL	4	13	12	10	13	14	15
TOTAL CO'S AT AN ACTION LEVEL EXLC. RRG'S		32	32	31	23	27	27
TOTAL CO'S EXCLUDING RRG'S		2316	2298	2273	2286	2252	2265
% OF ACTION LEVEL COMPANIES		1.38%	1.39%	1.36%	1.01%	1.20%	1.19%
# OF COMPANIES WITH RBC RATIO > 10000%		410	395	378	364	542	540
# OF COMPANIES WITH RBC RATIO > 1,000 & < 10,000%		962	949	1,007	1,037	832	836
# OF COMPANIES WITH RBC RATIO > 500 & < 1,000%		645	628	611	634	620	627
# OF COMPANIES WITH RBC RATIO > 300 & < 500%		408	423	380	359		
# OF COMPANIES WITH RBC RATIO > 250 & < 300%		48	55	55	46		
# OF COMPANIES WITH RBC RATIO > 500% >250%						418	420
# OF COMPANIES WITH RBC RATIO > 200 & < 250%		41	45	37	36	23	29
# OF COMPANIES WITH RBC RATIO < 200 & <= 0%		50	51	54	35		
# OF COMPANIES WITH RBC RATIO OF ZERO		0	0	0	0		
TOTAL		2,564	2,546	2,522	2,511		
TOTAL ADJUSTED CAPITAL		1,410,833,011,881	1,305,188,051,389	1,211,723,945,518	1,295,396,441,237	1,147,914,269,354	1,073,407,595,862
AUTHORIZED CONTROL LEVEL RBC		227,920,045,709	225,770,759,221	206,730,000,454	209,812,119,487	186,945,420,616	171,329,036,103
AGGREGATE RBC %		619%	578%	586%	617%		
MEDIAN RBC %		1109%	1097%	1145%	1167%		
Total R0 (R0 - asset risk-subsidiary insurance companies)		95,949,518,974	92,893,237,492	82,520,919,036	84,025,196,294	76,046,027,452	68,455,409,790
Total R0A (R0A - asset risk-subsidiary insurance companies)		N/A	N/A	N/A	N/A	N/A	N/A
Total R1 (R1 - asset risk-fixed income)		21,466,373,840	19,763,201,704	19,282,260,346	19,509,016,149	9,673,549,747	8,753,606,104
Total R1A (R1A - asset risk-fixed income)		N/A	N/A	N/A	N/A	N/A	N/A
Total R2 (R2 - asset risk-equity)		170,940,641,724	186,251,584,606	174,361,118,092	192,082,618,520	161,553,769,065	144,697,616,270
Total R2A (R2A - asset risk-equity)		N/A	N/A	N/A	N/A	N/A	N/A
Total R3 (R3 - asset risk-credit)		9,316,642,277	8,800,279,481	8,287,161,773	11,388,107,162	10,387,430,318	9,357,397,726
Total R3A (R3A - asset risk-credit)		N/A	N/A	N/A	N/A	N/A	N/A
Total R4 (R4 - underwriting risk - reserves)		189,723,540,473	169,235,693,704	154,267,900,707	145,492,505,595	130,302,138,858	123,165,959,122
Total R4A (R4A - underwriting risk - reserves)		N/A	N/A	N/A	N/A	N/A	N/A
Total R5 (R5 - underwriting risk - net written premium)		106,034,015,489	95,802,981,865	88,254,096,856	81,117,342,335	78,327,294,222	74,813,906,575
Total R5A (R5A - Underwriting Risk - net written premium)		N/A	N/A	N/A	N/A	N/A	N/A
Total R6 (R6 - Catastrophe Risk for Earthquake)		N/A	N/A	N/A	N/A	N/A	N/A
Total R7 (R7 - Catastrophe Risk for Hurricane)		N/A	N/A	N/A	N/A	N/A	N/A
Total Rcat		62,039,547,169	64,358,508,354	56,443,376,138	54,458,108,356	55,405,268,158	53,740,016,069
Net Basic Operational Risk		13,150,770,198	13,033,528,133				