

Capital Adequacy (E) Task Force
RBC Proposal Form

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Additional Staff Comments:

The original proposal was adopted by the Subgroup on 2/22/2022.

This proposal would modify the originally adopted proposal to add a small company in-lieu-of-modeling reporting option.

3/22/22 – The Subgroup exposed the proposal for a 14-day public comment period ending April 5.

3/28/22 – The Subgroup received comments from Julie Lederer (MO).

4/26/22 – The PC RBC Working Group adopted on 4/26/22.

4/28/22 – The CapAd Task Force adopted on 4/28/22

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

Revised 2-2019

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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

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:

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

From: Lederer, Julie <Julie.Lederer@insurance.mo.gov>
Sent: Monday, March 28, 2022 9:11 PM
To: Yeung, Eva K. <EYeung@naic.org>
Cc: Rehagen, John <John.Rehagen@insurance.mo.gov>
Subject: Catastrophe Risk Subgroup: Comments on 2021 CR (MOD)

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Hi Eva,

The proposal 2021 CR (MOD) seems reasonable. I have a few minor comments and points of clarification:

1. On PR027C, item 11a says, "Provide the company's gross and net ~~wildfire~~ 100-year equivalent exposure on a best estimate basis ~~in~~ of model-based reporting." I'm not sure what "equivalent exposure" means here. Does this mean losses? (I.e., provide the estimated gross and net 1n-100-year losses?)
2. On PR027C, the "in- of" in item 11a does not need hyphens.
3. On PR027C, I believe item 11b is asking the company ~~to~~ describe how it estimated the dollar amounts in 11a. If that is the case, clearer wording might be "Provide details on how the company estimated the amounts shown in 11a." Otherwise, it's not clear how 11b and 11c are different.
4. On PR027C, the "it's" in item 11c should be "its" (with no apostrophe).
5. PR027INT item C(10) says, "The company writes less than \$50 million in direct and assumed premium (gross premium written) in the following Annual Statement lines ~~Fire, Allied Lines, Earthquake,...~~" Does the proposal intend for a company to sum its gross premium across the listed annual statement lines (in ~~wildfire~~ prone areas) and compare the total to \$50 million? If so, maybe wording such as the following would be clearer: "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 Multiple Peril; and the company does not currently..."

Thanks for letting me provide comments.

Best regards,

Julie

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