Capital Adequacy (E) Task Force

RBC Proposal Form

[ ] Capital Adequacy (E) Task Force  [ ] Health RBC (E) Working Group  [ ] Life RBC (E) Working Group
[ x ] Catastrophe Risk (E) Subgroup  [ ] Investment RBC (E) Working Group  [ ] SMI RBC (E) Subgroup
[ ] C3 Phase II/ AG43 (E/A) Subgroup  [ ] P/C RBC (E) Working Group  [ ] Stress Testing (E) Subgroup

DATE: 12/12/2014

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ON BEHALF OF: Catastrophe Risk (E) Subgroup

NAME: David Altmaier

TITLE: Vice Chair of Cat Risk (E) Subgroup

AFFILIATION: Florida Department of Insurance

ADDRESS: 200 East Gaines Street

Tallahassee, FL 32399

FOR NAIC USE ONLY

Agenda Item # 2014-40 CR

Year 2015

DISPOSITION

[ ] ADOPTED

[ ] REJECTED

[ ] DEFERRED TO

[ ] REFERRED TO OTHER NAIC GROUP

[ ] EXPOSED

[ ] OTHER (SPECIFY)

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

[ ] Health RBC Blanks  [ x ] Property/Casualty RBC Blanks  [ ] Life RBC Instructions

[ ] Fraternal RBC Blanks  [ ] Health RBC Instructions  [ ] Property/Casualty RBC Instructions

[ ] Life RBC Blanks  [ ] Fraternal RBC Instructions  [ ] OTHER ______________

DESCRIPTION OF CHANGE(S)

The proposed change would add a new question to the attestation in PR002.

REASON OR JUSTIFICATION FOR CHANGE **

This proposed structure is allows companies to indicate which of the methodologies was used to sort the net and gross probable maximum losses. The purpose is to collect data on how companies are deriving their modeled catastrophe losses.

Additional Staff Comments:

12/18/14 – Exposed at the Catastrophe Risk (E) Subgroup Conference Call.

** This section must be completed on all forms.

Revised 11-2013
**ATTESTATION RE: CATASTROPHE MODELING USED IN RBC CATASTROPHE RISK CHARGES PR002**

1. Company Name hereby certifies that the modeled catastrophe losses for earthquake risk and hurricane risk enter on lines 1 through 8 of Schedule PR026 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 management process, with the following exceptions:

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

2. The following describes the company's application of catastrophe modeling to the determination of the R6 and R7 risk charges: (Include which models are used in what combinations for each of the R6 and R7 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):

3. 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:

4. 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):

5. 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 R6 and R7 catastrophe risk charges (provide attachments if necessary):

6. Provide an explanation of the methodology used to derive the amounts in columns 3 and 4 of page PR026.

7. Completed on behalf of: [Last] [First] [Middle] [Title]

8. [Email] [Phone] [Date]