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May 22, 2015

Via email to: eyeung@naic.org

Ron Dahlquist
Chair, Catastrophe Risk Subgroup
National Association of Insurance Commissioners
c/o Eva Yeung, Senior Insurance Reporting Analyst
1100 Walnut Street, Suite 1500
Kansas City, MO 64106-2197

Re: 2014-37CR-PR026 Exemption Criteria

Dear Mr. Dahlquist:

The American Academy of Actuaries¹ P/C Risk-Based Capital (RBC) Committee is pleased to provide these comments to the National Association of Insurance Commissioner's (NAIC) Catastrophe Risk Subgroup on the addition of Instructions and Interrogatories to form PR026 for the 2015 reporting year.

In the proposal, while most of the states that face earthquake risk are explicitly identified, the states that comprise the New Madrid fault line ("any location within the New Madrid Fault Zone") are not. This affords a certain amount of flexibility but also presents considerable uncertainty. If individual insurance companies are permitted to define their own New Madrid states, regulators may be forced to compare inconsistently-defined "New Madrid" probable maximum loss areas. Therefore, to ensure consistency and avoid potentially troublesome ambiguity, we recommend that the New Madrid states be explicitly identified.

If you have any questions about our comment, please contact Lauren Pachman, the Academy's casualty policy analyst, at pachman@actuary.org or (202) 223-8196.

Sincerely,

Thomas S. McIntyre, MAAA, FCAS, CERA
Chairperson, P/C Risk-Based Capital Committee
American Academy of Actuaries

¹ The American Academy of Actuaries is an 18,500+ member professional association whose mission is to serve the public and the U.S. actuarial profession. The Academy assists public policymakers on all levels by providing leadership, objective expertise, and actuarial advice on risk and financial security issues. The Academy also sets qualification, practice, and professionalism standards for actuaries in the United States.