



March 26, 2026

D.J. Bettencourt, Chair
Angela L. Nelson, Vice Chair
Casualty Actuarial and Statistical (C) Task Force
National Association of Insurance Commissioners (NAIC)

Re: Schedule P Phase 2

Dear Chair Bettencourt and Vice Chair Nelson:

On behalf of the Casualty Practice Council's Committee on Property and Liability Financial Reporting (the Committee) of the American Academy of Actuaries,¹ I appreciate the opportunity to comment to the Casualty Actuarial and Statistical (C) Task Force regarding Schedule P Phase 2 exposed on February 10.² The Committee reviewed the exposure and offers the following comments as well as the enclosed suggested editorial edits that are intended generally to provide clarity to users or to promote consistency within the document and with other sections of the Property/Casualty Annual Statement Instructions. We would be happy to discuss any questions you may have related to our suggestions.

In addition to the enclosed suggested edits, we offer the following comments for your consideration:

1. We suggest that the terms "pooling" and "affiliated pooling" used throughout the Instructions be changed to "intercompany pooling" to align to *SSAP No. 63* and to clarify that the Schedule P Instructions that relate to pooling are exclusive to intercompany pooling, as opposed to voluntary or involuntary pooling, which are also discussed in *SSAP No. 63*.

Further, we suggest adding a clarifying comment that under these Instructions, intercompany pooling will cause the numbers reported in Schedule P not to reconcile to other parts of the Annual Statement. For example, a 0% pool participant will show nothing in Schedule P, but could have significant direct business in the Underwriting & Investment Exhibit.

Finally, Instruction #5 for Schedule P – Part 1 currently states "*For reporting entities reporting on a pooling basis, the pooling percentage should be applied to claim count as well as dollar amounts.*" We encourage the NAIC to clarify that this instruction only applies to pooled business (not to all business).

2. Instruction #9 for Schedule P states "*Schedule P, Part 1 should be gross of non-tabular discount and net of tabular discount.*" We believe this is only true through Column 31 of Part 1, as Columns 35 and 36 are net of all discount (per Instruction #16 for Schedule P – Part 1).

¹ The American Academy of Actuaries is a 20,000-member professional association whose mission is to serve the public and the U.S. actuarial profession. For 60 years, the Academy has assisted 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.

² [Schedule P Phase 2](#), NAIC, February 2026

3. We suggest deleting Instruction #10 and Instruction #11 for Schedule P. These two instructions describe two important factors that management should consider in setting the reserves for unpaid losses and loss adjustment expenses, but the factors named within the Schedule P Instructions are not the only important considerations for management. *SSAP No. 55* provides more detailed and explicit requirements on how management should set reserves, and we believe the two items named in these Instructions do not add additional value.

If the Task Force elects to retain these Instructions, we suggest that a reference to *SSAP No. 55* be added, similar to the reference to *SSAP No. 65* in Instruction #9.

4. Instruction #1 for Schedule P – Part 1 states that amounts “*paid, unpaid, and incurred should reconcile with the Statement of Income page.*” We believe that the Statement of Income page only shows amounts incurred, and does not show amounts paid or unpaid.
5. Instruction #3 for Schedule P – Part 1 states “*The number of claims reported in each incurred year is equal to the number of open claims at the end of the current year plus cumulative claims closed with or without payment in current and previous calendar years.*” We believe that this statement could create confusion with respect to re-opened claims, as it could imply that re-opened claims should be double-counted (i.e., the claim was closed with or without payment in a previous calendar year and is currently open). We suggest clarifying this statement.
6. Instruction #5 for Schedule P – Part 1 limits the lines of business for which claim counts are reported. We suggest that the Task Force consider whether such information might be useful for other lines of business. In particular, given the responsibility of the Appointed Actuary to reconcile data used in the actuarial analysis to Schedule P, we note that the absence of claim counts for certain lines of business in Schedule P means that this reconciliation cannot be performed for those lines of business.
7. Instruction #5 for Schedule P – Part 1 states that reporting entities should “*Indicate in the Interrogatories whether claim count information is reported per claim or per claimant.*” We suggest that the Task Force consider whether other claim count metrics might be acceptable if appropriately disclosed in the Interrogatories, such as claim counts per feature.
8. Instruction #7 for Schedule P – Part 1 states “*Loss payments are to be reported net of salvage and subrogation received in Schedule P.*” While we acknowledge that salvage and subrogation commonly applies to loss payments, it is possible to subrogate loss adjustment expenses. We suggest clarifying how salvage and subrogation should be handled for loss adjustment expenses.
9. Instruction #7 for Schedule P – Part 1 states “*The workpapers that show a reconciliation explaining reinsurance, discounting, and salvage and subrogation adjustments should be available for examination on request.*” We have no comments on the phrasing of this Instruction but observe that it is broader than the other items covered in Instruction #7 and suggest that it be made a separate Instruction that stands on its own.
10. Instruction #8 for Schedule P – Part 1 states “*In projecting the necessary reserves for [DCC and A&O] expenses, actuaries use a different approach for each of the two types of expenses.*” We suggest that this sentence be deleted. In our experience, this statement is not always true, and we do not believe that it adds value to the Instructions.
11. Instruction #17 for Schedule P – Part 1 states “*Report in Column 23 the estimated amount of anticipated salvage and subrogation that has been taken as credit (netted) in the reserves for unpaid losses and loss adjustment expenses reported in Column 24.*” We observe that anticipated salvage and

subrogation is not always readily quantifiable if the actuarial analysis was performed on data that is net of salvage and subrogation. In such a case, the resulting estimate of unpaid loss and loss adjustment expense is inherently net of salvage and subrogation, but the amount was not quantified as part of the analysis. We suggest that the Task Force consider how reporting entities should populate Column 23 in this case.

12. Instructions #1 through #5 for Schedule P – Parts 1A Through 1U clarify how premiums and losses should be reported between claims-made and occurrence lines. However, we observe that only the Other Liability and Product Liability lines of business are segmented between claims-made and occurrence within Schedule P. Therefore, we suggest clarifying that these Instructions do not apply to Parts 1A through 1U, but only to Parts 1H and 1R.
13. Instruction #1 for Schedule P – Parts 2, 3, and 4 states that Part 2 “*provides a loss and expense development overview to test the adequacy of the reporting entity’s reserves.*” We believe that the term “test” may not be appropriate in this context as it could imply a standard against which the reserves are tested. We suggest that this sentence be changed to “*Schedule P, Part 2 provides a summary of the loss and DCC expense values over time to review the adequacy of the reporting entity’s reserves.*”

Further, this Instruction states that Part 4 “*does not show development of [bulk and IBNR] reserves.*” We observe that Part 4 does show the development of bulk and IBNR reserves over time and suggest that this sentence be deleted.

14. Instruction #4 for Schedule P – Parts 2, 3, and 4 states “*The Bulk and IBNR reserves in Part 4 are the actuarially determined reserves and are included in the losses unpaid and DCC expenses unpaid reported in Schedule P, Parts 1 and 2.*” We note that, per *SSAP No. 55*, the determination of the unpaid loss and DCC expenses, including the bulk and IBNR component, is the responsibility of entity management. While these reserves may be actuarially determined, it is not necessarily true that what is recorded in the financial statements was determined by an actuary, with input from an actuary, or using actuarial techniques. Therefore, we suggest that this sentence be changed to “*The Bulk and IBNR reserves in Part 4 are the reserves determined by management in accordance with SSAP No. 55 and are included in the losses unpaid and DCC expenses unpaid reported in Schedule P, Parts 1 and 2.*”
15. Instruction #4 for Schedule P – Part 5 states “*“Direct and assumed” means direct plus the proportion of a pool plus proportional reinsurance assumed.*” We believe that this sentence is incorrect and conflicts with the pooling guidance provided earlier in the document.
16. Instruction #1 for Schedule P – Part 6 refers to “*the written premium file.*” We suggest clarification as it is unclear to what file this phrase is referring.

The Committee looks forward to the continued collaborative dialogue with the NAIC as you continue your work on this project. If you have any questions or would like to discuss these comments further, please contact Rob Fischer, policy project manager, casualty (fischer@actuary.org, 202-785-7865).

Sincerely,

Michelle L. Iarkowski, MAAA, FCAS
Chairperson, Committee on Property and Liability Financial Reporting