

**Reading:** CIA.FCT-1  
**Model:** 2019.Spring #19  
**Problem Type:** FCT Report: Satisfactory Financial Condition

**Find** Determine whether the following information from the most recent FCT report indicates that the insurer is in satisfactory financial condition.

**Given**

length of forecast period	5	<== years
internal target ratio for MCT as determined by ORSA analysis	175%	
regulatory minimum capital ratio for MCT	100%	

scenario	variable	2022	2023	2024	2025	2026
base scenario	MCT ratio	205%	207%	209%	211%	213%
	assets	1,600	1,712	1,832	1,960	2,097
	liabilities	1,120	1,176	1,235	1,297	1,362
going-concern scenario ==> normal winter storm	MCT ratio	205%	172%	144%	121%	102%
	assets	1,600	1,712	1,832	1,960	2,097
	liabilities	1,120	1,210	1,307	1,412	1,525
solvency scenario #1 ==> catastrophe - hurricane	MCT ratio	205%	162%	128%	101%	80%
	assets	1,600	1,584	1,568	1,552	1,536
	liabilities	1,120	1,176	1,235	1,297	1,362
solvency scenario #2 ==> catastrophe - stock market crash	MCT ratio	205%	156%	119%	90%	68%
	assets	1,600	1,552	1,505	1,460	1,416
	liabilities	1,120	1,187	1,258	1,333	1,413

**Step 1a** check condition on base scenario**MCT ratio** > **internal target**

	2022	2023	2024	2025	2026		
base scenario MCT	205%	207%	209%	211%	213%		
internal target MCT	175%	175%	175%	175%	175%		
satisfies condition:	yes	yes	yes	yes	yes	<=====	PASS

**Step 1b** check condition on going-concern scenario**MCT ratio** > **regulatory minimum**

	2022	2023	2024	2025	2026		
going-concern scenario MCT	205%	172%	144%	121%	102%		
regulatory minimum MCT	100%	100%	100%	100%	100%		
satisfies condition:	yes	yes	yes	yes	yes	<=====	PASS

**Step 1c** check condition on solvency scenario #1**assets** > **liabilities**

	2022	2023	2024	2025	2026		
assets	1,600	1,584	1,568	1,552	1,536		
liabilities	1,120	1,176	1,235	1,297	1,362		
satisfies condition:	yes	yes	yes	yes	yes	<=====	PASS

**Step 1d** check condition on solvency scenario #2**assets** > **liabilities**

	2022	2023	2024	2025	2026		
assets	1,600	1,552	1,505	1,460	1,416		
liabilities	1,120	1,187	1,258	1,333	1,413		
satisfies condition:	yes	yes	yes	yes	yes	<=====	PASS

**Step 2** assess the results of step 1This insurer **is** in satisfactory financial condition

**Reading:** CIA.FCT-1  
**Model:** 2019.Spring #19  
**Problem Type:** FCT Report: Satisfactory Financial Condition

**Find** Determine whether the following information from the most recent FCT report indicates that the insurer is in satisfactory financial condition.

**Given**

length of forecast period	5	<== years
internal target ratio for MCT as determined by ORSA analysis	205%	
regulatory minimum capital ratio for MCT	100%	

scenario	variable	2022	2023	2024	2025	2026
base scenario	MCT ratio	200%	206%	212%	218%	225%
	assets	1,100	1,199	1,307	1,425	1,553
	liabilities	935	1,000	1,070	1,145	1,225
going-concern scenario ==> normal winter storm	MCT ratio	200%	170%	145%	123%	105%
	assets	1,100	1,166	1,236	1,310	1,389
	liabilities	935	1,029	1,132	1,245	1,370
solvency scenario #1 ==> catastrophe - hurricane	MCT ratio	200%	156%	122%	95%	74%
	assets	1,100	1,078	1,056	1,035	1,014
	liabilities	935	982	1,031	1,083	1,137
solvency scenario #2 ==> catastrophe - stock market crash	MCT ratio	200%	160%	128%	102%	82%
	assets	1,100	1,067	1,035	1,004	974
	liabilities	935	1,000	1,070	1,145	1,225

**Step 1a** check condition on base scenario**MCT ratio** > **internal target**

	2022	2023	2024	2025	2026		
base scenario MCT	200%	206%	212%	218%	225%		
internal target MCT	205%	205%	205%	205%	205%		
satisfies condition:	no	yes	yes	yes	yes	<=====	fail

**Step 1b** check condition on going-concern scenario**MCT ratio** > **regulatory minimum**

	2022	2023	2024	2025	2026		
going-concern scenario MCT	200%	170%	145%	123%	105%		
regulatory minimum MCT	100%	100%	100%	100%	100%		
satisfies condition:	yes	yes	yes	yes	yes	<=====	PASS

**Step 1c** check condition on solvency scenario #1**assets** > **liabilities**

	2022	2023	2024	2025	2026		
assets	1,100	1,078	1,056	1,035	1,014		
liabilities	935	982	1,031	1,083	1,137		
satisfies condition:	yes	yes	yes	no	no	<=====	fail

**Step 1d** check condition on solvency scenario #2**assets** > **liabilities**

	2022	2023	2024	2025	2026		
assets	1,100	1,067	1,035	1,004	974		
liabilities	935	1,000	1,070	1,145	1,225		
satisfies condition:	yes	yes	no	no	no	<=====	fail

**Step 2** assess the results of step 1This insurer **is not** in satisfactory financial condition

**Reading:** CIA.FCT-1  
**Model:** 2019.Spring #19  
**Problem Type:** FCT Report: Satisfactory Financial Condition

**Find** Determine whether the following information from the most recent FCT report indicates that the insurer is in satisfactory financial condition.

**Given**

length of forecast period	3	<== years
internal target ratio for MCT as determined by ORSA analysis	160%	
regulatory minimum capital ratio for MCT	100%	

scenario	variable	2023	2024	2025	2026	2027
base scenario	MCT ratio	210%	214%	218%	222%	226%
	assets	1,300	1,378	1,461	1,549	1,642
	liabilities	975	1,024	1,075	1,129	1,185
going-concern scenario ==> normal winter storm	MCT ratio	210%	168%	134%	107%	86%
	assets	1,300	1,365	1,433	1,505	1,580
	liabilities	975	1,024	1,075	1,129	1,185
solvency scenario #1 ==> catastrophe - hurricane	MCT ratio	210%	168%	134%	107%	86%
	assets	1,300	1,235	1,173	1,114	1,058
	liabilities	975	1,043	1,116	1,194	1,278
solvency scenario #2 ==> catastrophe - stock market crash	MCT ratio	210%	166%	131%	103%	81%
	assets	1,300	1,274	1,249	1,224	1,200
	liabilities	975	1,063	1,159	1,263	1,377

**Step 1a** check condition on base scenario**MCT ratio** > **internal target**

	2023	2024	2025	2026	2027		
base scenario MCT	210%	214%	218%	222%	226%		
internal target MCT	160%	160%	160%	160%	160%		
satisfies condition:	yes	yes	yes	yes	yes	<=====	PASS

**Step 1b** check condition on going-concern scenario**MCT ratio** > **regulatory minimum**

	2023	2024	2025	2026	2027		
going-concern scenario MCT	210%	168%	134%	107%	86%		
regulatory minimum MCT	100%	100%	100%	100%	100%		
satisfies condition:	yes	yes	yes	yes	no	<=====	PASS

**Step 1c** check condition on solvency scenario #1**assets** > **liabilities**

	2023	2024	2025	2026	2027		
assets	1,300	1,235	1,173	1,114	1,058		
liabilities	975	1,043	1,116	1,194	1,278		
satisfies condition:	yes	yes	yes	no	no	<=====	PASS

**Step 1d** check condition on solvency scenario #2**assets** > **liabilities**

	2023	2024	2025	2026	2027		
assets	1,300	1,274	1,249	1,224	1,200		
liabilities	975	1,063	1,159	1,263	1,377		
satisfies condition:	yes	yes	yes	no	no	<=====	PASS

**Step 2** assess the results of step 1This insurer **is** in satisfactory financial condition

**Reading:** CIA.FCT-1  
**Model:** 2019.Spring #19  
**Problem Type:** FCT Report: Satisfactory Financial Condition

**Find** Determine whether the following information from the most recent FCT report indicates that the insurer is in satisfactory financial condition.

**Given**

length of forecast period	5	<== years
internal target ratio for MCT as determined by ORSA analysis	220%	
regulatory minimum capital ratio for MCT	100%	

scenario	variable	2024	2025	2026	2027	2028
base scenario	MCT ratio	200%	200%	200%	200%	200%
	assets	1,500	1,590	1,685	1,786	1,893
	liabilities	1,050	1,103	1,158	1,216	1,277
going-concern scenario ==> normal winter storm	MCT ratio	200%	168%	141%	118%	99%
	assets	1,500	1,560	1,622	1,687	1,754
	liabilities	1,050	1,145	1,248	1,360	1,482
solvency scenario #1 ==> catastrophe - hurricane	MCT ratio	200%	150%	113%	85%	64%
	assets	1,500	1,440	1,382	1,327	1,274
	liabilities	1,050	1,145	1,248	1,360	1,482
solvency scenario #2 ==> catastrophe - stock market crash	MCT ratio	200%	158%	125%	99%	78%
	assets	1,500	1,485	1,470	1,455	1,440
	liabilities	1,050	1,124	1,203	1,287	1,377

**Step 1a** check condition on base scenario**MCT ratio** > **internal target**

	2024	2025	2026	2027	2028		
base scenario MCT	200%	200%	200%	200%	200%		
internal target MCT	220%	220%	220%	220%	220%		
satisfies condition:	no	no	no	no	no	<=====	fail

**Step 1b** check condition on going-concern scenario**MCT ratio** > **regulatory minimum**

	2024	2025	2026	2027	2028		
going-concern scenario MCT	200%	168%	141%	118%	99%		
regulatory minimum MCT	100%	100%	100%	100%	100%		
satisfies condition:	yes	yes	yes	yes	no	<=====	fail

**Step 1c** check condition on solvency scenario #1**assets** > **liabilities**

	2024	2025	2026	2027	2028		
assets	1,500	1,440	1,382	1,327	1,274		
liabilities	1,050	1,145	1,248	1,360	1,482		
satisfies condition:	yes	yes	yes	no	no	<=====	fail

**Step 1d** check condition on solvency scenario #2**assets** > **liabilities**

	2024	2025	2026	2027	2028		
assets	1,500	1,485	1,470	1,455	1,440		
liabilities	1,050	1,124	1,203	1,287	1,377		
satisfies condition:	yes	yes	yes	yes	yes	<=====	PASS

**Step 2** assess the results of step 1This insurer **is not** in satisfactory financial condition