

**Comment #16 – 1/27/15 – 3:11 p.m.**

Thank you for the opportunity to comment on this important ASOP.

I have a few comments on the most recent draft which was issued for exposure in September 2014.

In reviewing this draft at the same time as the draft Statement of Principles Regarding P&C Ratemaking, two items that today are included in the list of considerations in the Statement of Principles that are not mentioned in the draft ASOP are underwriting changes and residual market risk. I understand the wording in section 3.7.3 of the draft ASOP makes clear that the list of items a through f are examples and are not an all-inclusive list of things to consider in adjusting historical data, underwriting changes and residual market risks seem as substantial as several of the other listed items and may warrant including in this list.

In sections 1.2 and 2.7 it is not clear the intent of the phrase “policies not yet written”. I’m not clear what this phrase is intending to distinguish. I’ve not found this wording in other ASOP’s and I wonder what is trying to be accomplished by this phrase.

Section 2.1 – definition of composite rating seems unnecessary. This term does not get used anywhere else and later when a term close to that is used (composite exposure base) – it is sufficiently explained in that section that a definition doesn’t seem necessary.

Section 3.5 – Paragraph 2 of this section may not be necessary. The previous paragraph has already said that judgment should be used in selecting the exposure base. It does not seem necessary to then go on to detail one type of complex situation when such judgment is used in selecting.

In Section 3.7.1, the sentence “This adjustment can be completed either by on-level factors or by means of extension of exposure.” The use of “either” “or” seems to imply there are two and only two ways to adjust premium and exposure data. Is this true and will it always be true? Perhaps instead of “either” “or” it could say “This adjustment can be completed by methods such as on-level factors or extension of exposure.”

Thank you for your consideration.

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