

Comment #2 – 3/28/16 – 1:56 p.m.

In response to the ASB questions 1-6 on page iv:

1. Not a specific conflict, but the definition of “rate” differs slightly from ASOP 30.
2. With my current employer, we sometimes face delays between completing rate level indication work and final rate filing submissions. While the delay is not typically 4 months, it would be helpful to have the effective date 6 months delayed instead of 4.
3. Yes.
4. Yes, the change is appropriate, and no, the change does not lead to confusion about what is being estimated.
5. It is not absolutely clear that the definition is aimed at “in aggregate” vs “more refined levels” as it is currently worded, although I do not have a suggestion for improvement, other than by suggesting clarification through example.
6. By definition on page 2, “Rate” is an estimate of all future costs per exposure unit etc. In the scope section, 1.2, the concept of an “element” of a rate is introduced without definition, which makes it a bit confusing and I wouldn’t necessary go right to “oh, one such element would be loss cost and therefore this applies to ...”. One possible way to deal with this would be to include “element” in the definition of Rate (i.e. Rate is an estimate of all future cost elements per exposure unit ...). Another approach would be to provide some examples within the scope e.g. “... or elements thereof (for example, loss cost).”

Shawn Doherty, FCIA, FCAS