

## **Comment #4 – 2/27/18 – 6:09 p.m.**

The following are comments regarding the second exposure draft of the Proposed ASOP for Capital Adequacy Assessment for Insurers. I have prepared this response with input from other actuaries at the State Farm Insurance Companies.

Scope- If the intent is to apply to self-insurance funding, annuities, long term care, etc., the language could be clarified.

Scope – The second paragraph could, perhaps, be used by an external stakeholder to imply they have the right to request a capital adequacy assessment. Such assessments are typically confidential trade secrets. Please consider a sentence to explain that such assessments are typically confidential trade secrets and not viewable without the statutory authority to do so. And, either delete the example or clarify that it is a regulator with the statutory authority to make such a request.

Sections 3.2.f, 3.3.a, 3.3.c, 3.7 and 4.2.f - there are references to “management” without any context. We suggest that every reference of “management” should be “applicable management”.

Section 3.9 says “the actuary should consider the following, **if applicable**”. We suggest the “**if applicable**” language be added to sections 3.2, 3.5, 3.7, and 3.8 for the same reasons it is in section 3.9. For example, the separateness of the entities in the group may make 3.2.e not applicable and not appropriate to treat the group as if it were one entity.

Section 3.5 d and 3.5.e - In every other case, the ASOP uses “..targets **or** ..thresholds”. This implies the Company can establish targets, thresholds, or both. Thus, the “**if applicable**” language is needed for either the entire 3.5 section or specifically for sections 3.5.b, 3.5.d, and 3.5.e.

Section 3.7 d – We suggest “**publicly** available” as was used in section 4.2.b. To suggest otherwise may be in violation of antitrust laws.

Thank you for considering these comments.

Sincerely,

Greg Hayward, FCAS, MAAA, FCIA, CERA, CSPA, CPCU