

**Comment #3 – 12-17-18- 4:48 p.m.**

These comments are for the proposed standards for Capital Adequacy Assessment.

2.9 states

Risk Tolerance

The aggregate risk-taking capacity of an organization.

Risk Tolerance sounds like a function of managements comfort with risk and the reward they expect for taking that risk. Capacity sounds more objective. I think something like this might be a better definition: The amount of risk a company is willing to accept based on a number of criteria including their capital, their philosophy, and the return they expect for this risk.

In 3.1f, I think you should add something about the willingness of affiliated companies to provide resources. One benefit of having a separate subsidiary for Florida is the ability to walk away if a really bad hurricane season would imperil the parent company. This might also apply to 3.2e1.

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