

**Comment #9 – 2/27/20 – 6:18 p.m.**

**Request For Input - Property/Casualty Rate Filing ASOP**

I am an actuary for an insurance company. My role in the rate filing process involves the review and certification of rate filings.

The request for input states 'there is currently no ASOP providing guidance to actuaries on the actuarial aspects of selection of final rates and property/casualty rate filings.'

Ultimately, in a rate filing, an actuary is opining that the rates charged are actuarially justified. To get to that point, many 'selects' are made. Those selects, both individually and in aggregate must be actuarially justified ("not excessive, not inadequate, not unfairly discriminatory"). Any 'actuarial judgment' should be restricted to the estimation of future costs.

What additional guidance needs to be given to actuaries involved in rate filings? It is unclear what this potential ASOP is ultimately trying to accomplish beyond what ASOP 53 already does. Ratemaking is all encompassing - the process of determining rates charged to consumers.

Every state has regulations that require rates to be "not excessive, not inadequate, not unfairly discriminatory", regardless of whether the state requires an actuary to certify the filing.

**Further, I believe strongly that we should maintain our discipline around actuarial soundness containing only future costs (i.e. losses, LAE, expenses, cost of capital) and 'actuarial judgment' being strictly related to improving estimates of future costs.**

Surely, we are not trying to give certifying actuaries 'safe harbor' as a mechanism to allow price optimization to be included in a much broader definition of 'actuarially justified rates'? Just because an actuary may do it, does not mean that it is actuarially justified.

How can the actuary attest to actuarial soundness (i.e., not excessive, not inadequate and not unfairly discriminatory) if final prices go well beyond estimates of future costs.

Thank you for your consideration.

Bradley Granger, MSc, FCAS, MAAA