

Title of Exposure Draft: Proposed Revision of ASOP No. 36

Comment Deadline: September 30, 2022

Instructions: Please review the exposure draft, and give the ASB the benefit of your recommendations by completing this comment template. Please fill out the tables within the section below, adding rows as necessary. Sample for completing the template provided at the following link: <http://www.actuarialstandardsboard.org/email/2020/ASB-Comment-Template-Sample.docx>

Each completed comment template received by the comment deadline will receive consideration by the drafting committee and the ASB. The ASB accepts comments by email. Please send to comments@actuary.org and include the phrase 'ASB COMMENTS' in the subject line. Please note: Any email not containing this exact phrase in the subject line will be deleted by our system's spam filter.

The ASB posts all signed comments received to its website to encourage transparency and dialogue. Comments received after the deadline may not be considered. Anonymous comments will not be considered by the ASB nor posted to the website. Comments will be posted in the order that they are received. The ASB disclaims any responsibility for the content of the comments, which are solely the responsibility of those who submit them.

I. Identification:

Name of Commentator / Company
Jonathan B. Winn, MAAA, FCAS

II. ASB Questions (If Any). Responses to any transmittal memorandum questions should be entered below.

Question No.	Commentator Response
N/A	

III. Specific Recommendations:

Section # (e.g. 3.2.a)	Commentator Recommendation (Please provide recommended wording for any suggested changes)	Commentator Rationale (Support for the recommendation)
3.3	Change "identify the exposure to be covered by" to "identify the portion of the reserves intended to be in the scope of".	"Exposure" is not a defined term in this ASOP and "covered by" could be replaced by verbiage which generally appears elsewhere in this ASOP.
3.9	Change "financial metrics that are relevant to the intended user" to "financial metrics that the actuary reasonably expects to be relevant to the intended user"	The actuary is expected to exert professional judgment in determining the materiality standard and therefore the ASOP should be clear that the actuary is having to exercise judgment when parameterizing this problem.
3.10	Change the following sentence: "The actuary should find that a risk of material adverse deviation exists when the sum of the materiality standard and the loss and loss adjustment expense reserves is within the actuary's range of reasonable estimates." To "If the actuary has determined a range of reasonable estimates for the reserves in the scope of the statement of actuarial opinion, the actuary should	The suggested wording change addresses two issues: 1) "other reserves" are not cited, though they are scoped in the ASOP 2) an actuary may not determine a reasonable range, and only be determining (and possibly disclosing, in an NAIC AOS) a point estimate. Adding the conditional avoids creating an expectation that a such range is being articulated.

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	find that a risk of material adverse deviation exists when the some of the materiality standard and the reserves in the scope of the statement of actuarial opinion is within the actuary's range of reasonable estimates."	
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IV. General Recommendations (If Any):

Commentator Recommendation (Identify relevant sections when possible)	Commentator Rationale (Support for the recommendation)
Per the expansion of this ASOP to include "other reserves", mention "other reserves" in any listing of "loss and LAE" reserves.	Providing a consistent enumeration of the reserves in scope of entire ASOP will prevent misunderstanding of the scope of items enumerated in individual sections of the ASOP.

V. Signature:

Commentator Signature	Date
 These comments are not submitted on behalf of my employer.	September 29, 2022