

Title of Exposure Draft: ASOP 20 – Discounting of Property/Casualty Claim Estimates

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
Laura Maxwell on behalf of Pinnacle Actuarial Resources, Inc.

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

Question No.	Commentator Response
None	

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)
2.6	“The value at a given date of a future claim payment or series of claim payments, discounted to reflect the time value of money.”	The standard applies to other types of payments also, thus generalize to payment(s).
3.2	“...the actuary should take into account the relative impact of various methods, models, and assumptions on <u>both</u> the claim estimate versus and the discounted claim estimate, <u>along with how they relate to each other.</u>”	The actuary should consider them individually and relative to each other.
3.3.1		There is some statistical work that selects estimators that are biased but minimize some other statistical measure. Do we need to limit this to only unbiased estimators?
3.5	Replace first paragraph with The actuary should consider including risk margins in a discounted claim estimate to <u>reduce the risk that the discounted estimate will become inadequate.</u>	The sentence, “Discounting a reasonable undiscounted estimate may result in an inadequate discounted estimate, unless appropriate risk margins are included,” implies that there is something wrong with either the nominal estimate or discounting methodology.
3.5		The section could discuss considerations for risk margins in greater details.

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IV. General Recommendations (If Any):

Commentator Recommendation (Identify relevant sections when possible)	Commentator Rationale (Support for the recommendation)

V. Signature:

Commentator Signature	Date
The comments above are the collected comments of the consultants employed or affiliated with Pinnacle. If you have any questions regarding our comments, please contact Laura Maxwell, Pinnacle’s Professional Standards Officer, at lmaxwell@pinnacleactuaries.com . Laura A. Maxwell, FCAS, MAAA, CSPA	