

Title of Exposure Draft: Proposed Actuarial Standard of Practice, Enterprise Risk Management

Comment Deadline: September 15, 2023

Instructions: Please review the exposure draft, and give the ASB the benefit or 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
National Association of Insurance Commissioners' Casualty Actuarial and Statistical Task Force (CASTF)

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

Question No.	Commentator Response

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)
1.2	Add "an ORSA Report or" between "reviewing" and "all" in this sentence: "If the actuary is performing actuarial services that involve reviewing all or part of an ERM framework, the actuary should use the guidance in this ASOP to the extent practicable within the scope of the review."	The reviewing actuary subject to this ASOP will often be a regulator reviewing an ORSA report, so we believe it would be appropriate to include specific mention of the ORSA report. In addition, the reviewing actuary may not be tasked with reviewing the ERM framework itself. Rather, the reviewer's principal (often, the state's insurance commissioner) may have asked the reviewing actuary to review the ORSA report to ensure compliance with state statutes. The proposed addition to the wording would allow for this possibility.
2.9	Recommended wording:	The Actuarial Standards Board sets standards for appropriate practice in the United States. Therefore,

	<p style="color: red;">“A report produced with the following objectives:</p> <p style="color: red;">a. To provide information on the organization’s material and relevant risks; and</p> <p style="color: red;">b. To provide a group-level perspective on risk and capital.”</p>	<p>when the ASOP refers to the ORSA report, the ASOP can (and maybe should) use a definition of the report that aligns with the NAIC’s ORSA Guidance Manual.</p> <p>We are particularly concerned about parts b. and c. in the current definition because this could suggest that the ORSA report is a regulatory exercise whose main intended user is the insurance regulator. Rather, the ORSA process is an internal exercise that should benefit all stakeholders of the organization, not just provide information to the regulator.</p> <p>The recommended definition is adapted from page 1 of the ORSA Guidance Manual (https://content.naic.org/sites/default/files/publication-orsa-guidance-manual.pdf), which outlines the primary goals of the ORSA process.</p>
<p style="color: red;">3.3</p>	<p style="color: red;">We recommend providing a definition of “risk classification” in section 2.</p>	<p>In ASOP No. 12 (“Risk Classification (for All Practice Areas),” risk classification involves assigning risks to groups. In Section 3.3 of the proposed ERM ASOP, risk classification seems to entail prioritizing or ranking risks. Adding a definition to Section 2 would clarify the usage in this ASOP.</p>

IV. General Recommendations (If Any):

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

V. Signature:

Commentator Signature	Date