

Title of Exposure Draft:

Comment Deadline: [Month, Day, Year]

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
Margaret Tiller Sherwood/Tiller Consulting Group, Inc.

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

Question No.	Commentator Response
1.	The ERM process is meant to be circular: identify risks, measure risks, examine and decide on solutions, implement solutions, implement mitigation solutions when there is a crisis, monitor and evaluate the results of both, and then re-identify. The re-identification should take place periodically and after a crisis. This does not come through in the proposed ASOP.
2.	Very awkwardly worded question. The guidance provided is generally fine but not does describe the circularity mentioned in my answer to Q1 adequately.
3a.	It is appropriate but not sufficient. See answer to 1.
3b.	What is in the proposed ASOP is fine, but it needs to deal with the re-identification periodically and after a crisis.

III. Specific Recommendations:

Section # (e.g., 3.2.a) – Put the comma after e.g.	Commentator Recommendation (Please provide recommended wording for any suggested changes)	Commentator Rationale (Support for the recommendation)
1.2	Need to have guidance on conflict with other ASOPs.	While you might not expect any conflicts, there could be some, particularly as other ASOPs are revised and new ones are written.
2	In intro "...for definitions and discussions of common terms that do not appear in bold in this standard."	Template language has a grammatical error.
2	Need to define risk. "Risk is the possibility of loss."	Risk has other meanings in other contexts. Need to clear what it is in this context.
3.1	Add "An actuary working for an audit firm may work in the third line."	You left out this group.
3.2.b	Remove the word "understand."	Grammar.
3.3	"If the organization has not established a risk taxonomy, the actuary may create one that is appropriate for the organization"	Need guidance on what to do if the organization has not established a risk taxonomy.
3.3	"For each risk being evaluated, the actuary..."	"For any given risk" is not clear, particularly as "risk" is not defined. Perhaps it should say, "For each risk

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		being classified,” However, the point is to evaluate the risks, which is not mentioned anywhere clearly. Perhaps there needs to be a section on evaluation after the one of classification, although I find they tend to be done together.
3.3b	“the potential impact...”	You can’t know what the impact will be, and it might have none.
3.3c	“the potential impact...”	You can’t know what the impact will be, and it might have none.
3.3d	“any existing classifications or assessments that may...”	Grammar.
3.4.1d	Take out “respective.”	Not needed and is confusing.
3.4.1d	“and determining authority levels...”	“Including” is not an action verb.
3.4.2a	“is willing to take, such as being unwilling to take certain types of risk; and”	Example as written is grammatically incorrect. An organization is not a qualitative risk appetite limit.
3.5	“...to confirm that the mitigation program should have the intended effects.”	You can’t know that it will have the intended effects.
3.6b		Consider defining “risk driver.”
3.6.1f	“...is used and how current and future trends...”	For completeness.
3.6.1g	Need a new paragraph starting with “If necessary,”	This sentence applies to all of 3.6.1
3.6.1		This probably should be a separate section since there is no 3.6.2.
3.7	“... internal capital assessment does the following:”	Want a construction with a colon.
3.8.1	First paragraph “Stress testing and scenario analysis are...”	These are defined separately, so they are two different things.
3.8.1	Last paragraph. “To the extent stress testing and scenario analysis do...”	These are defined separately, so they are two different things.
3.8.2	“...should confirm that the risk appetite limits do the following:”	Want a construction with a colon.
3.10-3.12	Replace with new template language.	New template language.
Current Practices	New third sentence of first paragraph. “Risks need to be re-evaluated periodically and after risk events as the risks may have changed or the mitigation may need refining for future events, and the entire process of identification, evaluation, etc. needs to be repeated.	There is mention of ERM as a control cycle, but there is no explanation of the cycle.
Current Practices	“...as they are taken or occur...”	Risks may be thrust upon an organization and not “taken.”

IV. General Recommendations (If Any):

Commentator Recommendation (Identify relevant sections when possible)	Commentator Rationale (Support for the recommendation)
The ERM process is meant to be circular: identify risks, measure risks, examine and decide on solutions, implement solutions, implement mitigation solutions when there is a crisis, monitor and evaluate the results of both, and then re-identify. The re-identification should take place periodically and after a crisis. This does not come through in the proposed ASOP.	

V. Signature:

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Commentator Signature	Date
<i>Margaret E. Ashwood</i>	September 15, 2023