

Title of Exposure Draft: ASOP No. 12 Second Exposure Draft – September 2023

Comment Deadline: May 1, 2024

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
Nicholas Baron, ACAS / Zurich American Insurance Company, comments based on a group review of the ASOP

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)
2.8	<p>Recommendation 1: Unintended Bias – Impacts Unfair impacts or outcomes on specific risk subjects resulting from the use of a risk classification framework that is not intentionally designed to result in such impacts or outcomes.</p> <p>Recommendation 2: Unintended Bias – Impacts Unfair impacts or outcomes on specific risk subjects in protected classes resulting from the use of a risk classification framework that is not intentionally designed to result in such impacts or outcomes.</p>	<p>We do not feel the definition has any verbiage that ties in something related to bias. We also feel that adding the word “unfair” ties in nicely with Ratemaking Principle 4’s language that rates should not be “unfairly discriminatory”.</p> <p>Our second recommendation adds in verbiage about protected classes as we feel that is a driver in having this definition added. If that was not part of the intent of the ASB in adding this definition, then our second recommendation can be ignored.</p>
3.2.4	<p>Multivariate Effects – The actuary should assess should consider assessing whether multivariate effects, interdependencies, or correlations among risk characteristics are material to the assignment of risk subjects to an appropriate risk class. To the extent practical, the actuary should take into account multivariate effects, interdependencies, or correlations.</p>	<p>We feel the verbiage of “should assess” is too strong as that means we must do an assessment every time and for all cases. We feel there are many cases where it would be unnecessary to perform this assessment.</p>

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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
Nicholas Baron, ACAS	4/9/2023