

Title of Exposure Draft: Risk Classification (for All Practice Areas)

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 |
| Rajesh Sahasrabuddhe, on behalf of Oliver Wyman Actuarial Consulting |

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

| Question No. | Commentator Response |
|--------------|----------------------|
| NA | |
| | |
| | |

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) |
|------------------------|--|--|
| 3.2.2 | Change "The actuary should refer to ASOP No. 23, Data Quality, and ASOP No. 56, Modeling." to "The actuary should refer to ASOP No. 23, Data Quality, and ASOP No. 56, Modeling, for additional considerations related to data and model(s)" | Provides clarity that the consultation of ASOPs 23 and 56 is not limited to appropriateness. |
| 3.2.4 | Replace "interdependencies" with "interactions." | "Interdependencies" may be confused with "correlations," and "interaction" is the more commonly used term. |
| 3.2.9 | Consider including metrics for testing (such as a lift chart). Consider referencing the use of Hold-Out Data (ASOP 56, Section 2.4) | |
| Section 3.2.X (added) | Consider recommending that the actuary review the risk characteristics for statistical significance. | |


IV. General Recommendations (If Any):

Title of Exposure Draft: Risk Classification (for All Practice Areas)

Comment Deadline: May 1, 2024

| Commentator Recommendation (Identify relevant sections when possible) | Commentator Rationale (Support for the recommendation) |
|--|---|
| Replace "take into account" with "consider" | More concise |
| | |

V. Signature:

| Commentator Signature | Date |
|--|----------|
|  Rajesh Sahasrabudde | 5/1/2024 |