

Title of Exposure Draft: Treatment of Catastrophe or Extreme Event Losses in
Future Cost Estimates for Property/Casualty
Risk Transfer and Risk Retention

Comment Deadline: June 1, 2025

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
Mary Beth O'Keefe, FCAS / 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
3	Propose changing "reflect" to "are consistent with" as not all future cost estimates result directly from using a frequency distribution and a severity distribution.

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)
2.4	N/A	It was unclear if it is intended to have a distinction between an extreme event and a large loss from one claim (such as a large surety claim).
3.6	"the actuary may use methods other than those described in section 3.3, such as scenario analysis, in light of the following challenges" should be "the actuary may use methods other than those described in section 3.4, such as scenario analysis, in light of the following challenges"	Section 3.3 is "Identification and Attribution of Historical Catastrophe or Extreme Event Losses".
3.6.c	Casualty catastrophe models in early stages of [insert: "model" or "actual loss"] development may not provide reliable estimates.	It may be helpful to clarify if "early" refers to early stages of model development or early stages of emergence of the casualty cat claims.
3.4.1.3	N/A	Item "d" appears to be a subset of item "a". Perhaps it should be moved into the item "a" commentary.

IV. General Recommendations (If Any):

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

V. Signature:

Commentator Signature	Date
Mary Beth O’Keefe, FCAS	4/2/2025