

Comment #13 - 12/30/13 – 10:08 a.m.

Comments on ASOP 38 Exposure Draft

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1. The definition in section 2.2 includes natural perils such as hurricanes, earthquakes, and tornados as well as other perils such as terrorist acts and pandemics. Is the inclusion of these other perils sufficiently clear and appropriate?

I believe this is sufficiently clear. I am comfortable concluding that the list would also include winter storms, flood, fire following earthquake and wildfires.

2. The proposed revision applies only to the selection or use of models that are built specifically to address catastrophes. It does not apply to models that have, as part of their output, extreme events such as hyper-inflation or a stock market collapse. Is the scope of the ASOP and definition of catastrophe model sufficiently clear?

The verbiage in section 1.2 clearly excludes macroeconomic events from the scope. It is not clear to me why we are categorizing these economic scenarios separately and excluding them from this standard. It seems to me that these are similar in nature and should be subject to the same guidance as is given for the non-financial events.

3. The proposed ASOP does not apply when the actuary is only designing, building, modifying, or developing a catastrophe model (or a portion of a catastrophe model). Is this sufficiently clear and appropriate?

I believe this is clear and appropriate.

4. The proposed ASOP now applies to all practice areas. Is that clear and appropriate?

It is very clear. As a P&C actuary I am not a good judge as to the appropriateness of the standard to other areas. I would make sure that you receive a reasonable sample of responses from actuaries in each of the other areas of practice.

5. The proposed ASOP is intended to maintain the same level and quality of guidance as the current ASOP No. 38 in regards to property/casualty actuarial work involving the use of catastrophe models. Does the proposed ASOP meet that intent?

The quality of guidance is comparable to the current ASOP No. 38.

6. Is the proposed standard sufficiently flexible to allow for new developments in practice?

Yes