

**Comment #8 – 12/19/13 – 2:05 p.m.**

Pinnacle Actuarial Resources, Inc. is pleased to have the opportunity to provide the following comments in regards to the Exposure Draft of the Proposed Revision of Actuarial Standard of Practice No. 38 – Catastrophe Modeling.

**Response to the specific questions posted**

- 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?**

The Definition is clear.

- 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 scope is clearly defined in Section 1.2.

- 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?**

This is included in the scope in Section 1.2.

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

It is clearly indicated that this applies to all practice areas.

- 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 proposed standard meets the intent related to the level and quality of guidance.

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

The proposed standard seems to have flexibility.

The comments above are the collected comments of the consultants employed or affiliated with Pinnacle Actuarial Resources, Inc. If you have any questions regarding the above, please contact Laura Maxwell at [lmaxwell@pinnacleactuaries.com](mailto:lmaxwell@pinnacleactuaries.com).

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