

**Comment #15 – 4/29/16 – 5:04 p.m.**

Pinnacle Actuarial Resources, Inc. is pleased to have the opportunity to provide the following comments in regards to the Second Exposure Draft of the Proposed Revision of Actuarial Standard of Practice– Property/Casualty Ratemaking.

1. Are there any conflicts between the proposed ASOP and existing practice?

There do not appear to be any conflicts between the proposal ASOP and existing practice.

2. This standard is proposed to be effective for work “performed on or after” four months following the adoption of the standard. Does this language appear to create any undue burden?

This timing does not create any undue burden.

3. Is it clear that this ASOP does not provide any guidance on the use of what is generally referred to as “price optimization,” which relates to the company’s decisions in determining price?

It is clear that this ASOP does not provide guidance on price optimization.

4. The task force eliminated the reference to “expected” value of all future costs to eliminate the possible confusion that the only appropriate estimate of all future costs was a mean value without any consideration of potential variability. Is this change appropriate? Does this change lead to confusion about what is being estimated?

The change is appropriate and does not lead to confusion about what is being estimate.

5. Is it clear within the definition of ratemaking, section 2.8, that the ASOP provides guidance regarding the estimation of future costs at more refined levels than the aggregate?

It is clear that the ASOP provides guidance at more refined levels.

6. Is it clear that this ASOP applies to elements of the rate, such as loss costs developed by advisory organizations such as ISO, NCCI, and AAIS?

It is not clear that “subset of the elements of the rate” is referring to loss costs.

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).

Laura A. Maxwell, FCAS, MAAA | Consulting Actuary

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Pinnacle Actuarial Resources, Inc.