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May 14, 2019

**Re: Response to proposed ASOP exposure draft on “Modeling”**

These comments are being submitted on behalf of NCCI Holdings, Inc. (“NCCI”).

One of the important roles of the Actuarial Standards Board is to establish and improve actuarial standards of practice (ASOPs) for our profession. These ASOPs are critical to maintaining our reputation for professional and ethical standards.

While there is a need for flexibility as to how the guidance in this ASOP should apply, there is also a need for sufficient clarity on what is intended to be covered by this ASOP. That being said, we believe that the proposed standard allows for a wide range of interpretations that lead to varying conclusions on what is intended to be covered. Clarity can be achieved with either the addition of explicit wording in Section 1.2 (Scope) or through narrowing the definition in Section 2.7 (Model) to more clearly define those “models” intended to be covered by the guidance.

**COMMENT ON SECTION 1.2 SCOPE:**

The third exposure draft excluded “simple models,” as defined therein, from the guidance of this ASOP. The concept of “simple models” was subsequently removed in the fourth exposure draft, in response to comments that the concept of a “simple model” was not helpful. This does not seem to imply an intent to expand the scope of the ASOP. However, without any explicit exclusion of simple calculations, the scope can now be interpreted by some to include more than what is intended.

**SUGGESTIONS FOR SECTION 1.2 SCOPE:**

Include language that explicitly excludes simple calculations.

**COMMENT ON SECTION 2.7 MODEL:**

The definition of a “model” is very broad. Any simple calculation that takes an input and processes (i.e., transforms) it into an output could meet the definition of a “model.” This would likely expand the definition of a “model” to include things (e.g., basic and/or complex spreadsheets, linear regression, etc.) for which it may not be intended.

**SUGGESTIONS FOR SECTION 2.7 MODEL:**

Include language defining the “processing component.” It would appear that the “processing component” is intended to differentiate between a “model” and a simple calculation. Defining the processing component further would assist in avoiding a misinterpretation that it applies to simple calculations.

Thank you for the opportunity to comment on the exposure draft.

Sincerely,

A handwritten signature in black ink that reads "K. Antonello". The signature is written in a cursive style with a long, sweeping tail on the final letter.

Kathy Antonello