

Title of Exposure Draft: ASOP 7: Analysis of Life, Health, or Property/Casualty Insurance Cash Flow Risk

Comment Deadline: June 1, 2024

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
Pinnacle Actuarial Resources, Inc.

II. ASB Questions (If Any). Responses to any transmittal memorandum questions should be entered below.

Question No.	Commentator Response
1.a.i	In general, this standard does not appear applicable to the P&C space and thus P&C actuaries should not be subject to this standard. If P&C actuaries are going to be subject to this standard, a significant review and rewrite of several sections would seem necessary. There are several references and terms that are either not applicable in a P&C context or have different meanings. The term "loss ratio method" is a good example. For a P&C actuary, this refers to a specific methodology for projecting an ultimate loss. It has nothing to do with cash flows, but it is defined as a type of cash flow analysis in Section 2.3.
1.a.iii	No, expanding the current ASOP 7 to include more P&C functions would not be beneficial. There are already specific ASOPs that govern P&C specific activities.
1b/1c	We are not responding to the applicability for life or health practices.
2	
3	This guidance should not apply to the P&C practice area.

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)

IV. General Recommendations (If Any):

Commentator Recommendation (Identify relevant sections when possible)	Commentator Rationale (Support for the recommendation)
Remove P&C from the scope of the standard	The wording contained within the current exposure draft is confusing and irrelevant as it relates to P&C work. Examples and terms used throughout the exposure draft would be unfamiliar to actuaries working in the P&C space and would

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	<p>lead to an unreasonable amount of time spent to try to discern how to apply the standard to applicable work.</p> <p>Additionally, several terms utilized in the exposure draft have a different meaning in the P&C context, including “risk theory techniques” and “loss ratio methods”.</p>

V. Signature:

Commentator Signature	Date
<p>The comments above are the collected comments of the consultants employed or affiliated with Pinnacle. If you have any questions regarding our comments, please contact Laura Maxwell, Pinnacle’s Professional Standards Officer, at lmaxwell@pinnacleactuaries.com. Laura A. Maxwell, FCAS, MAAA, CSPA</p>	<p>6/1/2024</p>