

**Title of Exposure Draft: Proposed Revision of ASOP No. 30**

**Comment Deadline: November 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](mailto: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
Susan Cleaver/ State Farm Insurance Companies

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

Question No.	Commentator Response
1.	Yes, in general these distinctions are clear.
2.	No. See clarifications and comments noted below.
3.	Yes

**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)
2.2	<p>Suggested wording: A provision for the difference between the actuary's projected costs and premiums and the actual costs and premiums that cannot be eliminated by changes in other components of the ratemaking process. A contingency provision is a component of the expected costs and is therefore not expected to be earned as profit.</p>	<ul style="list-style-type: none"><li>• The replacement of the word costs with losses removed the opportunity to reflect projected expenses that could vary from actual results. Recommend going back to "costs"</li><li>• The addition of the word "expected" into the actual losses adds confusion.</li><li>• The addition of the word "modeled" into the expected losses and reference to the Modeling ASOP could cause confusion with projections that are not based on a specific type of model. While any projection could be a "model", the implication here is that in all cases the expected losses will be determined by a formal modeling approach. This doesn't seem to be needed given other ASOPs that address the use of models.</li><li>• One area not addressed in the current definition is when premium forecasts fall short. This has not been included in the past</li></ul>

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		but can arise due to issues such as a delay in filing approvals. <ul style="list-style-type: none"><li>• The last sentence in the definition is a good addition.</li></ul>
3.2	The same comments as above for 2.2 apply here as well. In addition, section 3.2 could refer to the ratemaking process, rather than “future cost estimate process”	

**IV. General Recommendations (If Any):**

Commentator Recommendation (Identify relevant sections when possible)	Commentator Rationale (Support for the recommendation)

**V. Signature:**

Commentator Signature	Date
Susan Cleaver	10/23/2024