

Thanks for the opportunity to review. Here are my general comments, followed by answers to the questions in the draft.

- The proposed definition of the Contingency Provision in Section 2.2 should be revised as follows:
 - The decision to change from “costs” to “losses” is unnecessary. The rate should reflect all costs associate with a risk transfer, and if any costs (losses or not) have the chance to be different than expected, there is no reason a contingency provision should not be allowed.
 - The term ‘modeled’ around expected loss could suggest that a sophisticated model has to be used to estimate losses. I don’t believe ‘modeled’ is necessary. If it just read ‘expected losses’ (or expected costs per my first sub-bullet) it would incorporate the expectations regardless of how they were determined.
 - The phrase ‘actual expected losses’ is confusing. Once losses are actual, they are no longer expected. I believe the definition would be sufficiently clear if it merely said, ‘actual losses’ or even better, ‘actual costs.’
 - The addition of the last sentence is very helpful and appreciated.
 - In any or all of my suggested changes from my first bullet are adopted, there are several other places in the document that would need that same update, including 3.1 and 3.2.
 - The list of considerations in 3.3.1. is more robust and helpful than the prior standard. Please keep those changes. Well done.
1. *Are the distinctions and relationships among contingency provision, risk margin, underwriting profit margin, and profit margin clear? If not, please explain and suggest language. Aside from my suggested changes above, I do believe the distinctions between these terms in there definitions are clear and effective.*
 2. *In the context of a contingency provision (both in the definition in section 2.2 and the guidance in section 3.2), is the difference between modeled expected losses and actual expected losses clear? If not, please explain and suggest language. No further suggestions beyond what is in my comments above.*
 3. *Is the level of disclosure required appropriate? Yes.*

Sincerely,

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