



Lincoln National Corporation
150 N. Radnor-Chester Road
Radnor, PA 19087

December 15, 2014

Life Insurance and Annuity Pricing ASOP
Actuarial Standards Board
1850 M Street, NW, Suite 300
Washington, DC 20036-4601

Dear Sir or Madam:

The following comments are being submitted on behalf of Lincoln Financial Group in response to the Actuarial Standards Board Request for Comments on the proposed ASOP related to Life Insurance and Annuity Pricing.

The proposed ASOP related to Life Insurance and Annuity Pricing contains some well-intentioned concepts. However, there is existing guidance in other ASOPs that applies when performing the pricing function. Pricing is a complex actuarial function that relies upon professional judgment of the pricing actuary, and some potential pitfalls of the proposed ASOP would need to be addressed by its creators and duly vetted.

There is potential for the ASOP to be so far reaching that it creates unintended restrictions on product design and/or profitability. Definitions of acceptable risk, sensitivity analysis, compliance, and disclosure, among others, would need to be thoroughly evaluated.

Insurance companies that sell life and annuity products have due diligence processes in place that control and monitor pricing efforts. Similarly, actuaries are already held to a high professional standard with regards to due diligence, communication, and documentation. Given the collaborative nature of pricing, this ASOP may put undue burden on the pricing actuary to document items specifically outside of their purview.

If an ASOP is adopted, it should focus on specific areas where there is agreement in the actuarial community that current guidance is lacking or insufficient; and, pricing actuaries should still be left with sufficient pricing authority within their defined roles. The ASOP should not define pricing too narrowly, restricting innovation and product design; nor, too broadly by assuming that pricing actuaries are involved in all aspects of the product design process. An ASOP should aim to provide appropriate guidance without inadvertently consuming a large amount of company resources with little or no gain.

Sincerely,

A handwritten signature in black ink that reads "Michael L Parker". The signature is written in a cursive, slightly slanted style.

Michael Parker
Vice President, Life Product Management