



AMERICAN ACADEMY of ACTUARIES

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September 29, 2016

ASOP No. 24 Revision  
Actuarial Standards Board  
1850 M Street, NW, Suite 300  
Washington, DC 20036

To Whom it May Concern,

The Life Illustration Work Group of the American Academy of Actuaries<sup>1</sup> appreciates the opportunity to provide comments regarding revisions to Actuarial Standard of Practice (ASOP) No. 24 that were exposed for comments in June 2016.

We ask that the ASB consider the following comments related to the exposure:

1. Section 3.4.2 – We note that in the last sentence of the first paragraph of this section the ASB has removed the word “promptly.” We want to ensure this is meant to be a clarification rather than a substantive change in terms of how quickly changes should be reflected when determined to be significant and ongoing.
2. Section 3.5 – We note that this section does not reflect the recently adopted changes to Actuarial Guideline (AG) 49 Section 5D, which does not allow aggregation of index accounts on a single policy form when more than one benchmark index account exists.
3. Section 3.6 – The work group discussed changes in the wording of this section specifically as it relates to clarification of the prior ASOP No. 24 wording.

Current ASOP 24 wording: Where benefits are conditional upon policy continuation or certain premium payment patterns, the actuary should consider whether the lapse-support test assumes all policies in force at the end of year five and surviving to the date of such benefits will qualify for these benefits.

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<sup>1</sup> The American Academy of Actuaries is an 18,500+ member professional association whose mission is to serve the public and the U.S. actuarial profession. For more than 50 years, the Academy has assisted public policymakers on all levels by providing leadership, objective expertise, and actuarial advice on risk and financial security issues. The Academy also sets qualification, practice, and professionalism standards for actuaries in the United States.

Draft ASOP 24 wording: In performing the lapse-support test for a policy form, the actuary should assume that benefits that are conditional only upon policy continuation will be provided to all policies in force at the end of year five and surviving to the date of such benefits. For policy forms that provide benefits that are conditional upon certain premium payment patterns, the actuary should consider whether all policies in force to the end of year five will qualify for such benefits.

We want to ensure this is meant to be a clarification rather than a substantive change in practice and consider adding a drafting note related to this change.

We appreciate the efforts of the ASB to address the issues related to ASOP No. 24. If you have any questions or would like further dialogue on the above topics, please contact Amanda Darlington, life policy analyst, at [darlington@actuary.org](mailto:darlington@actuary.org).

Sincerely,

Donna Megregian, MAAA, FSA  
Chairperson, Life Illustration Work Group  
American Academy of Actuaries