

Comment #4 – 9/29/16 – 2:07 p.m.

To: Task Force to Revise ASOP No. 24 of the Life Committee of the Actuarial Standards Board

The ASOP No. 24 revision should clarify the following two matters:

Per Section 3.6, the Lapse Support test should use “the persistency rates underlying the Disciplined Current Scale for the first five years and 100% persistency thereafter.” When performing Lapse Support tests for In-Force policies, should the lapse rates underlying the DCS be used for:

- All past and future policy years up to the first 5, but not for *past or future* years beyond the 5th policy year,
- *All past policy years*, all future years up to policy year 5, but not for future years beyond the 5th policy year, or
- The first 5 policy years of the in-force projection; i.e., the *next* 5 policy years.

Can an otherwise non-passing form pass due to a reinsurer’s non-guaranteed scale? In other words, if the DCS mortality rates exceed the non-guaranteed reinsurance rates, can the form pass the Self-support/Lapse-support tests due to projected subsidies from the reinsurer?

Many thanks for the important guidance you are providing.

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