

**Appendix 2**

**Comments on Exposure Draft and Responses**

The exposure draft of this revised ASOP, *Compliance with the NAIC Life Insurance Illustrations Model Regulation*, was issued in June 2016 with a comment deadline of September 30, 2016. Five comment letters were received, some of which were submitted on behalf of multiple commentators, such as by firms or committees. For purposes of this appendix, the term “commentator” may refer to more than one person associated with a particular comment letter. The Task Force to Revise ASOP No. 24 carefully considered all comments received, reviewed the exposure draft, and proposed changes. The Life Committee and the ASB reviewed the proposed changes and made modifications where appropriate.

Summarized below are the significant issues and questions contained in the comment letters and responses.

The term “reviewers” in appendix 2 includes the Task Force to Revise ASOP No. 24, the Life Committee, and the ASB. Also, unless otherwise noted, the section numbers and titles used in appendix 2 refer to those in the exposure draft.

<b>SECTION 3. ANALYSIS OF ISSUES AND RECOMMENDED PRACTICES</b>	
<b>Section 3.4.1(c), Assumptions Underlying the Disciplined Current Scale</b>	
Comment	One commentator said that the Life Insurance Marketing and Research Association is now LIMRA.
Response	The reviewers agree and made this change.
<b>Section 3.4.2, Relationship of Actual Experience to Disciplined Current Scale</b>	
Comment	One commentator inquired if the removal of the word “promptly” reflected a change in guidance relative to how quickly changes in experience should be reflected when determined to be significant and ongoing.
Response	The reviewers believe that the guidance is substantially unchanged, and therefore made no change.
<b>Section 3.5, Requirements for Self-Support</b>	
Comment	One commentator noted that if more than one Benchmark Index Account is used for an illustrated policy, under the latest adopted version of AG 49 each set of index accounts corresponding to each Benchmark Index Account must independently pass the self-support and lapse-support tests, whereas the exposure draft indicates that testing in the aggregate would be permissible.
Response	The reviewers agree and modified this section to reflect the comment.

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<b>Section 3.6, Requirements to Prevent Lapse-Supported Illustrations</b>	
Comment	One commentator recommended including a drafting note with respect to the wording change to ensure that practitioners understand that the change was made to clarify rather than to reflect a change in guidance.
Response	The reviewers believe that the wording changes clarify the guidance with respect to the lapse-support test and therefore made no change in response to this comment.
Comment	One commentator posed specific questions related to the application of the lapse-support test, one involving the use of experience beyond the fifth policy year when testing previously issued policy forms, and a second involving the impact of reinsurance on the lapse-support and self-support tests.
Response	The reviewers believe that the current language covers these issues at the appropriate level of detail and therefore made no change in response to this comment. This comment has been referred to the Academy’s Life Illustration Work Group for possible inclusion in a practice note.
Comment	One commentator suggested clarifying the application of the lapse-support test to flexible premium policy forms that are not funded to keep the policy in force for its full term.
Response	The reviewers believe that the current language covers these issues at the appropriate level of detail and therefore made no change in response to this comment. This comment has been referred to the Academy’s Life Illustration Work Group for possible inclusion in a practice note.
<b>Section 3.8, Changes in Practice</b>	
Comment	One commentator suggested changing section 3.8 to clarify how the last sentence is associated with the rest of that section.
Response	The reviewers agree and revised this section.