

Appendix 2

Comments on the Third Exposure Draft and Responses

The third exposure draft of the proposed revision of ASOP No. 24, *Compliance with the NAIC Life Insurance Illustrations Model Regulation*, was issued in April 2024 with a comment deadline of July 1, 2024. Two comment letters were received, one of which was submitted on behalf of multiple commentators, such as by a firm or committee. For purposes of this appendix, the term “commentator” refers to more than one person associated with a particular comment letter. The ASOP No. 24 Task Force and the Life Committee of the Actuarial Standards Board (ASB) carefully considered all comments received, and the ASB reviewed (and modified, where appropriate) the changes proposed by the task force and committee.

Summarized below are the significant issues and questions contained in the comment letters and the responses. Minor wording or punctuation changes that were suggested but not significant are not reflected in the appendix, although they may have been adopted.

The term “reviewers” in appendix 2 includes the ASOP No. 24 Task Force, the ASB Life Committee, and the ASB. The section numbers and titles used in appendix 2 refer to those in the third exposure draft, which are then cross referenced with those in this final standard.

SECTION 1. PURPOSE, SCOPE, CROSS REFERENCES, AND EFFECTIVE DATE	
Section 1.2, Scope	
Comment	One commentator suggested adding “life insurance” before “illustrations” in the sentence referring to ASOP No. 2.
Response	The reviewers disagree and made no change.
SECTION 2. DEFINITIONS	
Section 2.2, Applicable Actuarial Guideline (Applicable AG)	
Comment	One commentator suggested changing the reference to AG 49 and AG 49-A.
Response	The reviewers modified the language.
Section 2.9, Nonguaranteed Element	
Comment	One commentator suggested that each nonguaranteed element must be explicitly defined and shown in the illustration with its effect on policy value.
Response	The reviewers disagree and made no change.
Proposed new definitions	
Comment	One commentator suggested adding a definition for “hypothetical index account.”
Response	The reviewers note this concept is described in AG 49 and AG 49-A and made no change.

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Comment	One commentator suggested adding a definition for “hedge costs.”
Response	The reviewers disagree and made no change.
SECTION 3. ANALYSIS OF ISSUES AND RECOMMENDED PRACTICES	
Section 3.2.3, Hedge Costs	
Comment	One commentator said that the language should clearly state if the intent is to focus on index products only.
Response	The reviewers believe the language is clear and made no change.
Comment	One commentator suggested moving the guidance that applies only to index products to a new section called “Considerations for Index Products.”
Response	The reviewers disagree and made no change.
Section 3.3, Hypothetical Accounts	
Comment	One commentator suggested adding “Index” to the title.
Response	The reviewers believe the language is clear and made no change.