

**Note: This version of ASOP No. 15 is no longer in effect.
It was superseded in 1997 by ASOP No. 15, Doc. No. 061.**

ACTUARIAL STANDARD

OF PRACTICE

NO. 15

**DIVIDEND DETERMINATION AND ILLUSTRATION
FOR PARTICIPATING INDIVIDUAL LIFE INSURANCE
POLICIES AND ANNUITY CONTRACTS**

Adopted 1980 and Revised 1985

Board of Directors, American Academy of Actuaries

Developed by the

Committee on Dividend Principles and Practices

American Academy of Actuaries

Reformatted and Readopted 1990

Actuarial Standards Board

(Doc. No. 023)

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July 1990

TO: Members of the American Academy of Actuaries and Other Persons Interested in Dividend Determination and Illustration for Participating Individual Life Insurance Policies and Contracts

FROM: Actuarial Standards Board (ASB)

SUBJ: Actuarial Standard of Practice No. 15:
Dividend Determination and Illustration for Participating Individual Life Insurance Policies and Annuity Contracts

The Standard in this booklet is a reformatted version of the former Recommendations Concerning Actuarial Principles and Practices in Connection with Dividend Determination and Illustration for Participating Individual Life Insurance Policies and Annuity Contracts. The reformatting was done in 1990 to conform the Standard to the uniform format for actuarial standards of practice adopted by the ASB in 1989.

The Recommendations were originally developed by the Committee on Dividend Principles and Practices of the American Academy of Actuaries (AAA), building on the work of a committee of the Society of Actuaries. As adopted by the AAA Board of Directors in 1980, the Recommendations applied only to the participating individual life insurance business of mutual companies. In 1985, the Academy board adopted a revised set of Recommendations that covered participating individual life insurance and participating annuity contracts of both mutual and stock companies.

The present Standard was reformatted by a task force appointed by the Life Committee of the ASB, and was approved for submission to the ASB by that committee. Both the task force and the Life Committee recommended that the new document be approved for publication without reexposure to the profession, since there were deemed to be no changes of a substantive nature. The ASB adopted the reformatted Standard on July 13, 1990.

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(1980)

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ACTUARIAL STANDARD OF PRACTICE NO. 15

DIVIDEND DETERMINATION AND ILLUSTRATION FOR PARTICIPATING INDIVIDUAL LIFE INSURANCE POLICIES AND ANNUITY CONTRACTS

PREAMBLE

Section 1. Purpose, Scope, and Effective Date

- 1.1 Purpose - This Standard describes the basic responsibilities of the actuary in the application of sound actuarial principles and practices to the determination of dividends for participating individual life insurance policies and annuity contracts.
- 1.2 Scope - This Standard applies to dividends illustrated or distributed under the provisions of participating policies issued for delivery in the United States by mutual and stock life insurance companies and by fraternal societies and associations. For a stock company, it also applies to transfers from any participating account to any stockholder or non-participating account.

This Standard addresses both the determination of currently payable dividends for policies in force and the closely related process of determining illustrated future dividends for both in-force business and new business.

This Standard does not address the determination of divisible surplus, i.e., the aggregate amount of dividends to be distributed to policyholders. This determination is a decision to be made by company management in light of many factors, the most significant being the continuing solvency of the company and its ability to fulfill all contractual obligations.

Individual life insurance policies and annuity contracts may be composed of several distinct agreements, each of which has a defined consideration and benefit structure. For example, in addition to the basic benefits, a life insurance policy may include disability and accidental death benefit provisions, term riders, etc. This Standard may be applied separately to any of these different types of agreements which is participating.

- 1.3 Effective Date - This Standard is a reformatted version of Recommendations Concerning Actuarial Principles and Practices in Connection with Dividend Determination and

Illustration for Participating Individual Life Insurance Policies and Annuity Contracts. Those Recommendations became applicable October 31, 1980 for dividends illustrated or distributed on participating life insurance issued by mutual companies, and on December 31, 1987, for (i) dividends illustrated and distributed on participating life insurance issued by stock companies, and participating annuities; and (ii) transfers from a stock company participating account to a nonparticipating or stockholder account.

Section 2. Definitions

- 2.1 Contribution Principle - The contribution principle requires that aggregate divisible surplus be distributed among policies in the same proportion as the policies are considered to have contributed to divisible surplus.
- 2.2 Experience Factors - Those elements which reflect actual experience. A particular experience factor reflects actual experience or a specific type. Examples of experience factors are: investment income rates, mortality rates, termination rates, and expense rates.
- 2.3 Experience Factor Class - A group of policies for which dividends are determined by using a common numerical value of a particular experience factor. Examples of experience factor classes are claims, expense, investment income, termination, tax, and other factor classes.
- 2.4 Policies - Unless otherwise specified, the word “policies” in this document means both policies and annuity contracts.
- 2.5 Policy Factors - Policy factors are those elements which reflect the assumptions inherent in the standard against which experience is measured. They are based on the guarantees or underlying actuarial structure of the policy. Examples of policy factors are: cash values, reserves and their associated net premiums, gross premiums, policy loan interest rates, and the rates of interest and mortality used in calculating cash values and reserves.
- 2.6 Termination Factors - Annual rates of termination of insurance for reasons other than claim.

Section 3. Background and Historical Issues

The determination and illustration of dividends on participating policies was a fundamental part of actuarial practice in the United States before the founding of formal actuarial organizations. Principles were defined early and have not changed. Practices have changed. Broad averaging of experience was generally used until the early 1970s. Because of newly emerging products with differentiated pricing, newly emerging differences in experience factors, and increased computer speed and capacity, dividend practices shifted toward more refined reflections of cost and income.

In 1976, the Society of Actuaries appointed a Committee on Dividend Philosophy to consider this subject. Building on the work and recommendations of that committee, the American Academy of Actuaries' Committee on Dividend Principles and Practices formulated a set of Recommendations for the participating individual life insurance business of mutual companies that was adopted by the Board of Directors of the Academy in 1980. In 1985, the Academy board adopted a revised set of Recommendations that covered participating individual life insurance and participating annuity contracts of both mutual and stock companies. This Standard of Practice is a reformatted version of those Recommendations, in the uniform format adopted by the Actuarial Standards Board.

Section 4. Current Practices and Alternatives

- 4.1 The Contribution Principle - Because the contribution principle provides the essential equity implied by participating business, it is widely used in current practice.
- 4.2 Methods of Applying Contribution Principle - The contribution method, also known as the source of earnings method, is the method most commonly used to apply the contribution principle. Other methods of dividend determination described in actuarial literature include:
- a. the asset share method;
 - b. the fund method;
 - c. the experience premium method;
 - d. the percentage of premium method; and
 - e. the reversionary bonus method.

Some of these methods, such as the percentage of premium method, refer primarily to the formulation used to calculate dividends. Other methods, such as the asset share method, refer primarily to the process used (as opposed to the wide variety of mathematical formulations which may be employed under that method).

It is the application of a particular method, by means of the experience factors, which determines whether or not it follows the contribution principle - not the method itself. Also, it may be that a particular method which does not of itself satisfy the contribution principle will do so when termination dividends (see Subsection 5.13) are taken into account.

STANDARD OF PRACTICE

Section 5. Analysis of Issues and Recommended Practices

5.1 Contribution Principle is Generally Accepted Practice - The use of the contribution principle in determining dividends is generally accepted practice in the United States.

5.1.1 Disclosures Concerning Contribution Principle - The actuary's report should include a statement that this principle has been followed. If it has not been followed, the report should explicitly state any deviations and their rationale.

5.1.2 Operation over Extended Period, and Required Disclosure – In its pure form, the contribution principle applies to each year's divisible surplus. However, the contribution principle can also be related to divisible surplus over an extended period of time when constraints on divisible surplus or the dividend distribution system prevent the application of the principle each year.

In such event, the procedures which lead to the longer term operation of the contribution principle should be described in the actuary's report.

5.2 Process of Dividend Determination - The process of dividend determination leads to a formulation which is used to calculate specific dividends. This process always requires the use of policy and experience factors. However, those factors may or may not appear in the formulation actually used to calculate the dividends.

Dividend determination is a process subject to practical constraints. The application of this Standard may reasonably be limited by the cost of calculation, the size of a particular group of policies, the cost and practical difficulty of making a dividend scale change and other similar conditions and circumstances.

5.2.1 Simplified Procedures and Required Disclosure - When it would be impractical to apply this Standard directly to all policies and benefits, the actuary may continue a dividend scale or use approximations or simpler processes and formulations. When such actions are taken, their rationale and impact should be disclosed in the actuary's report.

5.3 Policy Factors - The use of actual or approximate policy factors is generally accepted practice.

In calculating dividends for a particular policy, the policy factors may be the actual factors of that policy or they may be reasonable approximations to the actual factors when practical considerations indicate the need for such approximations.

- 5.3.1 Disclosures Concerning Policy Factors - The actuary should include in the report a description of the policy factors and of any changes in practice with respect to their determination for the period covered by the report.
- 5.4 Experience Factors - The experience factor for a given type of experience may have several different numerical values. For example, the investment income experience factor may vary by policy loan rate.
- 5.4.1 Actual or Similar Experience - As used in this Standard, actual experience of an experience factor class means experience and trends in experience to the extent that they are determinable, available, and statistically credible. When such suitable data are lacking, experience factors may be based on actual experience and trends in experience of other similar classes of business either in the same company or other companies or from other sources, generally in that order of preference.
- 5.4.2 Projection of Experience Trends - If any projection of experience trends is made in determining the experience factor value of any factor class, then such trend projections to the same point in time should be made uniformly for all classes. Such projections should be limited to a relatively short time frame (for example, to reflect the average experience expected during a period for which a dividend scale is likely to remain appropriate), and in particular, they should be used in a consistent manner both for current dividends for policies in force and for illustrated future dividends.
- 5.4.3 Disclosures Concerning Experience Factors - The actuary's report should describe the experience factor values used. If projection has been used, the type and extent of usage should be stated.

The actuary's report should include an identification for the period covered by the report of all changes in values of experience factors and of any changes in practice with respect to determination of experience factor classes or placement of policies within them.

- 5.4.4 Differences between Classes - When there is more than one factor class with respect to a particular experience factor, differences in values should be based on differences in actual experience between the classes.

The mortality claim factor may be the same for policies with different experience, as long as this difference is appropriately charged for elsewhere. For example, the mortality claims factor used for permanent policies resulting from term conversion may be the same as that for newly issued insurance, even though the experience is different, provided that the appropriate charges for the differences in mortality experience are charged to the term policies.

An example of such a situation might be grouping of underwritten new business policies of a particular whole life plan with conversions from term policies to that same plan. Although the company anticipates different mortality and lapse

experience from these two sets of policies, it may have established an overriding agreement with the converting policyholders to treat them in all respects identically to those who purchased underwritten whole life policies. This agreement may be explicit; it may be implicit in the wording of the conversion guarantee; or it may be implicit from prior company practice. It may cause the dividend scale to be based strictly on the experience of underwritten policies despite the fact the scale also applies to some non-underwritten policies.

- 5.4.5 Disclosure of Differences between Classes - In the report, the actuary should identify each such difference and be prepared to provide a demonstration to support such differences.
- 5.4.6 Uniform Criteria - The placement of a policy within an experience factor class or another should be based on uniformly applied criteria designed to group together policies with similar levels of experience. With regard to claim factor classes, the actual occurrence or non-occurrence of a claim on a particular policy should not be a criterion for class placement of that policy.
- 5.5 Claims Factors - Statistical data demonstrate significant and valid variations in claims rates by age, sex, and duration for most coverages subject to this Standard. An organized set of internally consistent experience factors corresponding to all ages will be considered as one factor in defining a claims factor class. Similarly, an entire set of experience factors by age and sex, or by age, sex, and duration, will be considered as one factor in defining a claims factor class.
- 5.5.1 Other Claims Factor Class Distinctions - Distinctions in claims factor class may also be made on the basis of: risk selection class, selection process, marketing method, policy provisions, plan, premium rate, geographic location, size of policy and date of policy issue.
- 5.5.2 Disclosure of Other Basis for Distinctions - If a basis different from any of those referred to in Subsection 5.5.1 is used, such other basis should be stated in the report, along with an explanation of the rationale and effect of such other basis.
- 5.6 Investment Income Factors - The investment income experience factor generally reflects the investment experience, after investment expenses, of the line of business for which dividends are being determined. This experience may include capital gains and losses. Furthermore, investment income may be reduced by taxes. Alternatively, such taxes may be treated separately (See Subsection 5.9).
- 5.6.1 Effect of Policy Loans - It is generally accepted practice to reflect the effect of policy loans in the investment income factors. The effect depends on the policy loan interest rate, the policy loan expenses, and whether policy loan interest is aggregated with other investment income recognizing the utilization rate of loanable funds (which may depend on the contractual loan interest rate, the plan, and the size of policy) or whether policy loan interest is passed through directly to borrowing policyholders.

- 5.6.2 Portfolio Average and Investment Generation Approaches Are Acceptable - The use of either the portfolio average approach or the investment generation approach is considered generally acceptable practice. The detailed procedures for implementing either approach should have a sound theoretical basis.

The portfolio average approach for determining investment income, excluding policy loans, for a given block of policies averages the investment income over all groups of policies or over a specific group of policies supported by a portfolio of investments (e.g., a segmentation approach). The investment generation approach recognizes the effect of investable cash flow--amount, timing, and rollover--and the applicable actual investment rates separately for each group(s) of policies. Various mixed approaches are also acceptable.

- 5.6.3 Disclosures Concerning Allocation of Investment Income - The actuary's report should describe in appropriate detail the approach used for allocating investment income to the policies covered by the report. Furthermore, if the approach for a given group of policies has been changed, or if a previously unused approach is to be introduced for a new group of policies, the actuary's report should state that fact and should include a full description of the nature, rationale and effect of such new or revised approach.

- 5.7 Termination Factors - Termination factors display significant variation by the time elapsed since policy issue. Other elements which have a significant impact on termination factors include age at issue, sex, marketing method, frequency of premium payment, plan and size of the policy. An organized set of internally consistent experience factors corresponding to the preceding elements will be considered as one factor in defining a termination rate factor class.

- 5.8 Expense Factors - Expense incurred on behalf of a group of policies may in fact depend on most or all of the various elements present in the policies and on the risks insured. Such elements include, but are not limited to, the items listed elsewhere in this Standard which affect claims, investment income and termination factors. Some expenses are direct in that they can be specifically related to a particular policy. Other expenses, such as general overhead costs, are indirect.

- 5.8.1 Allocation of Costs - Marketing, underwriting, and other costs connected with acquisition of policies may be allocated to all policies or may be recognized specifically as non-level costs to be charged to a policy and amortized. Select mortality savings may be used as an offset to these costs.

In the determination of unit expense rates for dividend purposes, direct costs should be charged to the groups of policies generating those costs and indirect costs should be allocated using sound principles of expense allocation. To the extent that non-level costs are amortized, the amortization should be based on realistic interest and termination rates appropriate for the groups of policies to which they are applied.

5.8.2 Expense Factor Classes - An expense factor class is defined as a group of policies which share a consistent and uniformly applied approach for assessing expenses among policies within that group. More specifically, such a group of policies share a common set of unit expense rates. Those unit rates may be a combination of amounts which, for example, are applied per policy, termination and claim; per unit of risk, coverage, premium, loading, reserves, cash value and expected claims; and per year of premium paying period and coverage period. Further, any of these unit rates may vary by issue age or policy duration and may be modified for tax status, risk class, policy size or other elements. In addition, when there is amortization of non-level costs, a common approach is necessary for that amortization, as well as a common interest rate and set of appropriate termination rates.

There is considerable latitude in allocating indirect costs within various groups of policies. Amortization periods and patterns also vary widely. Different approaches may have been taken at the inception of various historical blocks of business. These variations make reconciliation of different expense factor classes a complex process. One approach to reconciliation is to consider the total expenses charged to one class in relation to another. Total expenses charged to a class are those based on the unit expense rates for that class with due regard for the amortization of non-level expenses.

5.8.3 Test of Consistency, and Required Disclosure - A minimum test of consistency between two expense factor classes is that any difference in the total expense charged to each class should be justifiable and in accordance with sound principles of expense analysis. The actuary should include a statement to this effect in the report.

5.9 Tax Factors - Tax factors may be incorporated in the determination of dividends. Details of taxation may vary widely, depending on the application of law and regulation in various jurisdictions. Differences in dividends resulting from differences in taxation should reflect the elements addressed in the tax laws.

Any variations in tax factors used in determining dividends should reflect corresponding variations inherent in the applicable laws and regulations imposing that tax and should be consistent with other experience factors.

5.10 Charge for Stockholder Retention - An important element in the determination of dividends for stock company participating business is the charge for stockholder retention. This charge can be reflected at an aggregate level in determining divisible surplus. Alternatively, the charge can be a separate factor in the formula for the dividend scale or can be implicitly included as a part of one or more of the other experience factors. Stockholder retention charges may vary by series, type of policy, etc. Stockholder retention charges ordinarily should not be changed from the scale of charges used in the original dividend illustration. If the retention charges are changed from the scale of charges used in the original dividend illustrations, corresponding changes should ordinarily be made for all policies in force.

5.10.1 Disclosures Concerning Stockholder Retention Charges - The actuary's report should describe the method used by the company for stockholder retention charges. If the dividend scale contains a specific experience factor for such charges, the actuary's report should describe the stockholder retention factors used and any changes during the year in the values of these charges.

5.11 Adjustments to Dividends - Adjustments to dividends are frequently made for a variety of special reasons such as:

- a. to reflect unusual gains or losses on certain supplementary benefit riders;
- b. to reflect losses arising from the presence of settlement option guarantees;
- c. to smooth the transition from one dividend scale to another;
- d. to provide consistency in quantity discounts made to varying degrees in the gross premium structure;
- e. to serve as a balancing item so that aggregate dividends equal aggregate divisible surplus;
- f. to distribute gains from extraneous sources such as non-par benefits or lines of business; and
- g. to smooth the incidence of dividends within a dividend scale by policy duration.

5.11.1 Disclosures Concerning Dividend Adjustments - The actuary's report should describe the nature and purpose of any special adjustments which have been made to dividends. If the basis of determining a special adjustment differs among groups of policies, the actuary's report should describe the bases employed and the actuary should be prepared to provide appropriate demonstrations to support such differences.

5.12 Termination Dividends - The preceding subsections have primarily been directed toward the determination of annual dividends. A number of companies also provide for termination dividends payable upon events such as death, maturity and surrender. Termination dividends paid on death, maturity, and surrender generally reflect a policyholders share of surplus which has not been distributed through the annual dividend. This surplus may be generated by investment in common stocks and real estate, but other types of gains, including non-investment gains, may also be recognized. The termination dividend program may be part of a recurring process by which such gains are distributed, and/or it may be a one-time distribution over a period such as one to three years.

5.12.1 Disclosures Concerning Termination Dividends - The actuary's report should specifically state whether termination dividends equitably reflect the incidence, size, and growth of the policy's share of the amounts previously accumulated on behalf of

the policies on which such dividends are payable, whether differences in termination dividends among different policies reflect differences in the corresponding amounts accumulated, and whether termination dividends are expected to be recurring and/or for a temporary period. The actuary's report should include a description of the process used to determine termination dividends, the sources of funds or the types of investment gains which are being used to support the dividend, and any changes in practice with respect to the determination of termination dividends since the last report.

5.13 Separation of Accounts - Determination of dividends requires analysis of the experience of the participating block for which the dividends are being determined. Maintaining separate accounts for participating business and for non-participating business, and by line within each of these businesses, may be helpful for this purpose. If separate accounts are utilized, they should be maintained using generally accepted accounting/actuarial standards and principles, and/or standards and methods defined by statute or regulation. If separate accounts are not utilized, the actuary's report should describe the methods used to determine the earnings for each participating line. Furthermore, if any amounts have been removed from the experience of the participating line in a manner similar to a transfer of funds from a participating account to a non-participating and/or the stockholders' account, the actuary's report should include information comparable to that which would have been provided if separate accounts were maintained.

5.13.1 Disclosures Concerning Separation of Accounts - The actuary should state in the report whether a separation of accounts is maintained and, if it is, whether it is maintained on the basis of statutory or regulatory standards and methods and/or generally accepted accounting/actuarial standards and principles.

5.14 Participating Accounts of Stock Companies - Amounts transferred from a participating account to a non-participating account and/or the stockholders' account should be reasonable in amount and should be reasonably consistent from year to year. There are various measures that could be used to test reasonableness. One is comparing the gross transfers to the stockholders' account over recent fiscal periods. Another is the proportion which the transferred amount represents of the total earnings in the participating account for the same fiscal period and whether this proportion is materially larger than in recent fiscal periods. A significant consideration is the extent to which the participating account has been funded with amounts transferred from the non-participating account and/or the stockholders' account. Any transfer which represents a refund of such contributions with a reasonable rate of return thereon should ordinarily be satisfactory. Finally, the impact on the current dividend scale for policies in a participating account should be considered. Ordinarily, material increases in transfer levels from a particular block of participating policies should not be made if they would impair the company's ability to maintain the current dividend scale on that particular block of participating policies.

5.14.1 Disclosures Concerning Participating Accounts - The actuary should report, or incorporate by reference, the current earnings and policyholder surplus of each participating account, the amounts proposed to be distributed to policyholders or

proposed to be transferred among the several accounts and, for a stock company, the amounts proposed to be transferred to a non-participating account or the stockholders' account. The report should describe the basis on which such transfers are determined and the actuary should state why the transfers are reasonable or unreasonable. The report should also indicate whether, in the actuary's judgment, the transfers might impair the company's ability to maintain the current dividend scale.

The actuary should state in the report whether a current limitation exists, by reason of charter, statute, or other regulation, on amounts transferred from a participating account to a non-participating account and/or the stockholders' account.

- 5.15 Illustrated Dividends - The actuary's primary professional responsibility with regard to illustrated dividends is to ensure that the dividends appropriately reflect the current financial results of the company and are related to paid dividends in an equitable, justifiable manner.

The methods and procedures stated in this Standard are intended to apply equally to currently payable dividends and to illustrated future dividends for both in-force and new policies. When an experience factor differs when applied to new policies from the value of the same factor applied to older policies, the difference(s) must be based upon sound data, reasonable expectations, and equitable methods.

- 5.15.1 Conservatism - The actuary may find it desirable to assume a conservative posture in determining an experience factor value applicable only to new or recent issues, if such value differs from values used for any existing policies. In such a case, it is important to bear in mind the degree of uncertainty that exists when factor variations are based upon limited experienced data.

- 5.15.2 Testing and Disclosure Concerning Supportability of Dividend Scale - The actuary should conduct tests of illustrated dividends which are adequate to judge whether those illustrated dividends could be paid in the near future. If there is a substantial probability that the illustrated dividend scale will not be supportable in the near future, the actuary should disclose this, and consider the appropriateness of recommending a reduced scale now.

- 5.15.3 Effect of Time Periods on Illustrated Dividends - Illustrated dividends may vary significantly between companies using the portfolio average method and those using the investment generation method. This difference is primarily due to the difference in time periods over which an investment generation is determined. For the portfolio method, the time period is the age of the oldest outstanding investment. For the investment generation method, the time period may be as short as a week or a month or as long as many years.

- 5.15.4 Disclosure of Time Period - The actuary's report should identify the time period used to determine the portfolio or investment generation rate of return for policies

to which the illustrated dividends apply, as well as describing any other relevant experience factors.

Section 6. Communications and Disclosures

- 6.1 Actuarial Report - Whenever an actuary advises an insurance company on dividends, either illustrated dividends or current dividends, a written report should be prepared which documents the advice. Such a report should include a statement describing the framework of facts, assumptions and procedures upon which the advice was based.
- 6.2 Disclosures Concerning Process of Dividend Determination - The actuary's report should include a description of the process used to determine dividends as well as the manner in which the policy and experience factors are reflected in that process. The report should also describe the formulations used to calculate dividends.
- 6.3 Other Disclosures Specified in the Standard - Additional disclosure requirements are referred to in the following subsections:
 - 5.1.1 Disclosures Concerning Contribution Principle
 - 5.1.2 Operation over Extended Period, and Required Disclosure
 - 5.2.1 Simplified Procedures and Required Disclosure
 - 5.3.1 Disclosures Concerning Policy Factors
 - 5.4.3 Disclosures Concerning Experience Factors
 - 5.5.2 Disclosure of Other Basis for Distinctions
 - 5.6.3 Disclosures Concerning Allocation of Investment Income
 - 5.8.3 Test of Consistency, and Required Disclosure
 - 5.10.1 Disclosures Concerning Retention Charges
 - 5.11.1 Disclosures Concerning Dividend Adjustment
 - 5.12.1 Disclosures Concerning Termination Dividends
 - 5.13.1 Disclosures Concerning Separation of Accounts
 - 5.14.1 Disclosures Concerning Participating Earnings
 - 5.15.2 Testing and Disclosure of Dividend Scale
 - 5.15.4 Disclosure of Time Period
- 6.4 Deviation from Standard - An actuary who uses assumptions and procedures which deviate materially from those prescribed in this Standard should include, in the actuarial communication disclosing the result, an appropriate and explicit statement with respect to the nature, rationale, and effect of such deviations.