

Comment #6 – 10/31/14 – 1:17 p.m.

Comments on the proposed Life Insurance and Annuity Pricing ASOP

1. Would an ASOP on life insurance and annuity pricing be beneficial to the profession?
 - Yes.

2. Are there areas where appropriate practice needs to be defined or current practice needs to be improved? If so, what are those areas?
 - The areas where appropriate practice could be better defined are generally covered in the proposal. Additionally, it would be good to include guidance on use of mortality improvement and other assumptions such as interest rates which may vary over the pricing horizon, as well as setting the pricing horizon itself.

3. Does the proposed ASOP cover the appropriate subject areas? If not, what changes do you suggest?
 - While it is necessary to limit the scope of the ASOP, and the proposed scope seems reasonable, the ASOP should mention that there are factors not addressed in the ASOP, such as marketing strategy, competition and fit within company's product suite that the actuary may need to consider. A comment might belong near point (a) Coverage and Product Features, which discusses the information necessary prior to beginning pricing.

4. How should the proposed ASOP interact with existing ASOPs that provide guidance regarding policyholder dividends and other nonguaranteed elements?
 - The pricing ASOP should be a separate ASOP and existing ASOPs should remain in place. The existing ASOPs provide in depth looks at certain elements like dividends that do not apply to all products and should be separate from a pricing ASOP which applies to a broader range.

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