

Title of Exposure Draft: Proposed ASOP: Pricing Reinsurance or Similar Risk Transfer Transactions Involving Life Insurance, Annuities, or Long-Duration Health Benefit Plans

Comment Deadline: November 1, 2024

Instructions: Please review the exposure draft and give the ASB the benefit or your recommendations by completing this comment template. Please fill out the tables within the section below, adding rows as necessary. Sample for completing the template provided at the following link: <http://www.actuarialstandardsboard.org/email/2020/ASB-Comment-Template-Sample.docx>

Each completed comment template received by the comment deadline will receive consideration by the drafting committee and the ASB. The ASB accepts comments by email. Please send to comments@actuary.org and include the phrase 'ASB COMMENTS' in the subject line. Please note: Any email not containing this exact phrase in the subject line will be deleted by our system's spam filter.

The ASB posts all signed comments received to its website to encourage transparency and dialogue. Comments received after the deadline may not be considered. Anonymous comments will not be considered by the ASB nor posted to the website. Comments will be posted in the order that they are received. The ASB disclaims any responsibility for the content of the comments, which are solely the responsibility of those who submit them.

I. Identification:

Name of Commentator / Company
John Blocher, Liberty Bankers Insurance Group

II. ASB Questions (If Any). Responses to any transmittal memorandum questions should be entered below.

Question No.	Commentator Response
1.	Yes.
2.	Yes, except a minor edit proposed related to the listing of long-duration health benefit plans.
3.	Yes, except a small edit proposed for assuming business in a retrocession to make sure retrocession is considered to be clearly in scope for the ASOP.
4.	Yes.
5.	Yes, except an edit proposed for risk mitigation by the ceding company that may have an associated effect on reinsurance pricing.
6.	No.

III. Specific Recommendations:

Section # (e.g. 3.2.a)	Commentator Recommendation (Please provide recommended wording for any suggested changes)	Commentator Rationale (Support for the recommendation)
2.11	"A transfer of one or more elements of risk from a ceding entity to an assuming entity through a reinsurance agreement, to include a retrocession."	To me it is clear that this ASOP would apply if the assuming entity is assuming business through a retrocession; however, retrocession is currently only mentioned as a consideration by the assuming company in 3.1.2(f). Some actuaries may mistakenly believe the ASOP doesn't apply when pricing assuming business in a retrocession type of reinsurance transaction.
2.3	"Examples of long-duration health benefit plans include accidental death and dismemberment insurance, critical illness, long-term disability, and long-term care."	Order examples from least health-related to most. Intent of the list seems to be to include product types that might not immediately indicate health, so start with the least health-related first to most health-related last.

Title of Exposure Draft: Proposed ASOP: Pricing Reinsurance or Similar Risk Transfer Transactions Involving Life Insurance, Annuities, or Long-Duration Health Benefit Plans

Comment Deadline: November 1, 2024

3.1.3	“(j). Effect on pricing of ceding company risk mitigation strategies, including any trusts, any over-collateralization provisions, any investment guidelines (issuer and exposure limits and cure provisions), and any parental guarantees.”	In some ways analogous to 3.1.2(f) that mentioned risk management for the reinsurer, there is no current mention of provisions required by ceding entity to mitigate ceding company risk against the reinsurer that may affect reinsurance pricing from the assuming company perspective. If the assuming company has risk management available, then so does the ceding company, and those risk mitigation measures affect the reinsurance pricing.
-------	--	--

IV. General Recommendations (If Any):

Commentator Recommendation (Identify relevant sections when possible)	Commentator Rationale (Support for the recommendation)
Nothing additional.	

V. Signature:

Commentator Signature	Date
John Blocher, FSA MAAA	September 24, 2024