

Pricing Reinsurance or Similar Risk Transfer Transactions Involving Life Insurance, Annuities, or Long-Duration Health Benefit Plans

Comment Deadline: November 1, 2024

<http://www.actuarialstandardsboard.org/asops/pricing-reinsurance-or-similar-risk-transfer-transactions-involving-life-insurance-annuities-or-long-duration-health-benefit-plans/>

Sample response to Exposure Draft

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: <https://www.actuarialstandardsboard.org/asb-comment-template/>

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
Catherine Murphy / John Hancock

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

Question No.	Commentator Response

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)
Definition 2.5	From ASOP 11, definition 2.11 "Nonguaranteed Reinsurance Elements- Any premium, charge, or benefit within a reinsurance program that affects reinsurance costs or values, is not guaranteed in the reinsurance program, and can be changed at the discretion of the assuming entity or service provider. A nonguaranteed reinsurance element may provide a more favorable value to the ceding entity than an element that is guaranteed in the policy. Examples	Suggestion to be consistent with the definition in ASOP 11 where applicable. Additionally, as it reads now, it looks like most NGEs can be changed solely at the discretion of the assuming entity which is very unlikely to be true. Examples of NGEs in the current definition cannot be changed solely "at the discretion of the assuming entity." When determining NGEs, the actuary considers treaty provisions, corporate governance practices, policy administration, regulation,

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	of nonguaranteed reinsurance elements are the premiums in a yearly renewable term reinsurance agreement that are defined as nonguaranteed and service provider fees that can be contractually changed. “	marketing objectives, and consumer expectations, among other factors.
Section 3.5.1	Should references at the end of this section to 3.3.1 really refer to 3.5.1?	There is no section 3.3.1

IV. General Recommendations (If Any):

Commentator Recommendation (Identify relevant sections when possible)	Commentator Rationale (Support for the recommendation)
	<p>Thank you for the work you have done on this and for the opportunity to comment. Given that many of the considerations addressed in ASOPs 54 and 11 are also relevant here, we feel there is substantive guidance on these issues already.</p> <p>There are some inconsistencies between this draft and ASOP 11 that may not be appropriate. We have noted one above and request further explanation as to why this new ASOP is required rather than incorporating reinsurance pricing and risk transfer into the other ASOPs. Thank you.</p>

V. Signature:

Commentator Signature	Date
Catherine Murphy	11/1/24