

Title of Exposure Draft: 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
Jarad Graham / Pacific Life

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

Question No.	Commentator Response
4	The ASOP does not appropriately cover the impact of assets underlying nontraditional reinsurance or potential jurisdictional differences. Recommend adding consideration of assets supporting reserves and the impact of different regulatory regimes on the transaction value.
6	The ASOP should specifically address Modco and Funds Withheld reinsurance structures.
4	Section 3.2 is worded in a way that only covers traditional type of reinsurance (i.e., a pool renewal). For nontraditional transactions like acquisitions or PRT the "Actual Experience from the Reinsurance Transaction" is not available since this a new transaction. Recommend changing "from the Reinsurance Transaction" to "From the Underlying products" throughout the section.
4	Recommend adding to Section 3.3 or other related sections that consideration should be given to how the reinsurance transaction being evaluated would impact the overall profitability and risk profile of the Assuming Entity. For example, the new transaction could impact capital diversification factors, impacting profitability of other existing transactions.

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)
3.2	Recommend changing "from the Reinsurance Transaction" to "From the Underlying products" throughout the section.	If this is a nontraditional opportunity, the experience from the "underlying products" would be available, but no experience from a previous "reinsurance transaction".
3.1.2	Add "assets held in support of the reinsurance transaction, including any requirements in the reinsurance agreement and whether the assets are held by the ceding entity or assuming entity"	Asset intensive reinsurance is a major part of current reinsurance activity and needs to be further addressed. Asset considerations (e.g. investment guidelines) are particularly important for non-traditional reinsurance.

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3.1.3	Add “whether the ceding entity is in a different jurisdiction from the assuming entity”	Jurisdiction differences will impact how the transaction is structured (e.g. collateral requirements). This is important for reinsurers operating in several markets. This will also need to be a consideration for reinsurers with subsidiaries in different countries.
3.3	Add “the jurisdiction of the assuming entity”	Jurisdiction will impact profitability and risk capital metrics.
3.4.1.c	Add initial asset allocation to list of assumptions	This is a key investment assumption and should be called out separately.
3.1	Define “principal”	If this is intended to be the Assuming Entity, replace “principal” with Assuming Entity; otherwise define.
3.5.2	Remove entirety of section 3.5.2.	This section is redundant and covered by ASOP 56

IV. General Recommendations (If Any):

Commentator Recommendation (Identify relevant sections when possible)	Commentator Rationale (Support for the recommendation)

V. Signature:

Commentator Signature	Date
<i>Jarad Graham</i>	10/31/24