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Universal Life and Indexed Universal Life Issues

Executive Summary



TABLE OF CONTENTS

BACKGROUND	9
EXECUTIVE SUMMARY	10
APPENDIX: THE SURVEY	24

TABLE OF FIGURES IN EXECUTIVE SUMMARY

Figure 1: UL Product Mix By Year	10
Figure 2: Weighted Average Premiums Per Policy By Product Type	11
Figure 3: Weighted Average Face Amount Per Policy By Product Type	11
Figure 4: UL Weighted Average Issue Ages For All Distribution Channels Combined	12
Figure 5: UL Weighted Average Issue Ages By Gender	12
Figure 6: Distribution Of Total Individual UL Sales By Death Benefit Option	13
Figure 7: Distribution Of Total Individual UL Sales By 7702 Option And Death Benefit Option	13
Figure 8: IUL Weighted Average Issue Ages For All Distribution Channels Combined	14
Figure 9: IUL Weighted Average Issue Ages By Gender	15
Figure 10: Distribution Of Total Individual IUL Sales By Death Benefit Option	15
Figure 11: Distribution Of Total Individual IUL Sales By 7702 Option And Death Benefit Option	16
Figure 12: Total Sales And Chronic Illness Rider Sales (\$ Millions)	17
Figure 13: Chronic Illness Rider Sales As A Percentage Of Total Sales	17
Figure 14: LTC Rider Sales As A Percentage Of Total Sales By Premium	18
Figure 15: Distribution By Channel Of UL/IUL Sales With LTC Riders Compared With Total UL/IUL Sales Combined	19
Figure 16: Pricing And Actual Expenses For A Representative Sample Policy	22

ADDITIONAL FIGURES IN FULL REPORT

Universal Life Sales Details

Figure 17: UL Product Mix By Year
Figure 18: Total Individual UL Sales (Excluding IUL) (\$ Millions)
Figure 19: Total ULSG Sales (\$ Millions)
Figure 20: Total Cash Accumulation UL Sales (\$ Millions)
Figure 21: Total Current Assumption UL Sales (\$ Millions)
Figure 22: Election Percentages Of Cash Value Enhancement Riders On Total Individual UL Sales (Excluding IUL)
Figure 23: Percentage Of Total Individual UL Sales That Selected NLG Premiums To 90+
Figure 24: Percentage Of ULSG Sales That Selected NLG Premiums To 90+
Figure 25: Total Individual UL Business (Excluding IUL)
Figure 26: Weighted Average Premiums Per Policy By Product Type
Figure 27: Weighted Average Face Amount Per Policy By Product Type
Figure 28: ULSG
Figure 29: Cash Accumulation UL
Figure 30: Current Assumption UL
Figure 31: Current Mix Of Business
Figure 32: Anticipated Mix Of UL/IUL Business
Figure 33: 2014 Total Individual UL Sales (Excluding IUL) By Distribution Channel (\$ Millions)
Figure 34: 2014 Total ULSG Sales By Distribution Channel (\$ Millions)
Figure 35: 2014 Total Cash Accumulation UL Sales By Distribution Channel (\$ Millions)
Figure 36: 2014 Total Current Assumption UL Sales By Distribution Channel (\$ Millions)
Figure 37: YTD 9/30/15 Total Individual UL Sales (Excluding IUL) By Distribution Channel (\$ Millions)
Figure 38: YTD 9/30/15 Total ULSG Sales By Distribution Channel (\$ Millions)
Figure 39: YTD 9/30/15 Total Cash Accumulation UL Sales By Distribution Channel (\$ Millions)
Figure 40: YTD 9/30/15 Total Current Assumption UL Sales By Distribution Channel (\$ Millions)
Figure 41: UL Sales By Distribution Channel Within Product Type

- Figure 42: Weighted Average Issue Ages, 2014
 Figure 43: Issue Age Distribution, Total Individual UL 2014
 Figure 44: 2014 Total Individual UL Sales By Issue Age Groups (\$ Millions)
 Figure 45: Weighted Average Issue Ages, YTD 9/30/15
 Figure 46: Issue Age Distribution, Total Individual UL YTD 9/30/15
 Figure 47: YTD 9/30/15 Total Individual UL Sales By Issue Age Groups (\$ Millions)
 Figure 48: 2014 UL Sales By Premium Type (\$ Millions)
 Figure 49: YTD 9/30/15 UL Sales By Premium Type (\$ Millions)
 Figure 50: Distribution Of UL Sales By Gender
 Figure 51: Weighted Average Issue Ages By Gender
 Figure 52: Charts Of Average Issue Age And Gender Distributions For 2014 And YTD 9/30/15
 Figure 53: Tables Of Average Issue Age And Gender Distributions For 2014 And YTD 9/30/15
 Figure 54: Underwriting Classes
 Figure 55: Distribution Of 2014 UL Sales By Underwriting Class
 Figure 56: Distribution Of YTD 9/30/15 UL Sales By Underwriting Class
 Figure 57: 2014 Total Individual UL Sales (Excluding IUL) By Underwriting Class (\$ Millions)
 Figure 58: 2014 Total ULSG Sales By Underwriting Class (\$ Millions)
 Figure 59: 2014 Total Cash Accumulation UL Sales By Underwriting Class (\$ Millions)
 Figure 60: 2014 Total Current Assumption UL Sales By Underwriting Class (\$ Millions)
 Figure 61: YTD 9/30/15 Total Individual UL Sales (Excluding IUL) By Underwriting Class (\$ Millions)
 Figure 62: YTD 9/30/15 Total ULSG Sales By Underwriting Class (\$ Millions)
 Figure 63: YTD 9/30/15 Total Cash Accumulation UL Sales By Underwriting Class (\$ Millions)
 Figure 64: YTD 9/30/15 Total Current Assumption UL Sales By Underwriting Class (\$ Millions)
 Figure 65: 2014 Total Individual UL Sales By Death Benefit Option (\$ Millions)
 Figure 66: YTD 9/30/15 Total Individual UL Sales By Death Benefit Option (\$ Millions)
 Figure 67: Charts Of Death Benefit Option Distributions For 2014 And YTD 9/30/15
 Figure 68: Death Benefit Option Distributions By Product For 2014
 Figure 69: Death Benefit Option Distributions By Product For YTD 9/30/15
 Figure 70: 2014 Total Individual UL Sales By 7702 Option And Death Benefit Option (\$ Millions)
 Figure 71: Charts Of 7702 Option Distributions For 2014
 Figure 72: Charts Of 7702 Option/Death Benefit Option Distributions For 2014
 Figure 73: 7702 Option/Death Benefit Option Distributions By Product For 2014
 Figure 74: YTD 9/30/15 Total Individual UL Sales By 7702 Option And Death Benefit Option
 Figure 75: Charts Of 7702 Option Distributions For YTD 9/30/15
 Figure 76: Charts Of 7702 Option/Death Benefit Option Distributions For YTD 9/30/15
 Figure 77: 7702 Option/Death Benefit Option Distributions By Product For YTD 9/30/15

Indexed Universal Life Sales Details

- Figure 78: IUL Product Mix By Year
 Figure 79: Total Individual IUL Sales (\$ Millions)
 Figure 80: Total IULSG Sales (\$ Millions)
 Figure 81: Total Cash Accumulation IUL Sales (\$ Millions)
 Figure 82: Total Current Assumption IUL Sales (\$ Millions)
 Figure 83: Election Percentages Of CVE Riders On IUL Policies
 Figure 84: Percentage Of Total Individual IUL Sales That Selected NLG Premiums To 90+
 Figure 85: Percentage Of IULSG Sales That Selected NLG Premiums To 90+
 Figure 86: Total Individual IUL Business

- Figure 87: Weighted Average IUL Premiums Per Policy By Product Type
- Figure 88: Weighted Average IUL Face Amount Per Policy By Product Type
- Figure 89: IULSG
- Figure 90: Cash Accumulation IUL
- Figure 91: Current Assumption IUL
- Figure 92: 2014 Total Individual IUL Sales By Distribution Channel (\$ Millions)
- Figure 93: 2014 Total IULSG Sales By Distribution Channel (\$ Millions)
- Figure 94: 2014 Total Cash Accumulation IUL Sales By Distribution Channel (\$ Millions)
- Figure 95: 2014 Total Current Assumption IUL Sales By Distribution Channel (\$ Millions)
- Figure 96: YTD 9/30/15 Total Individual IUL Sales By Distribution Channel (\$ Millions)
- Figure 97: YTD 9/30/15 Total IULSG Sales By Distribution Channel (\$ Millions)
- Figure 98: YTD 9/30/15 Total Cash Accumulation IUL Sales By Distribution Channel (\$ Millions)
- Figure 99: YTD 9/30/15 Total Current Assumption IUL Sales By Distribution Channel (\$ Millions)
- Figure 100: IUL Sales By Distribution Channel Within Product Type
- Figure 101: IUL Weighted Average Issue Ages, 2014
- Figure 102: Issue Age Distribution, Total Individual IUL 2014
- Figure 103: 2014 Total Individual IUL Sales By Issue Age Group (\$ Millions)
- Figure 104: IUL Weighted Average Issue Ages, YTD 9/30/15
- Figure 105: Issue Age Distribution, Total Individual IUL YTD 9/30/15
- Figure 106: YTD 9/30/15 Total Individual IUL Sales By Issue Age Group (\$ Millions)
- Figure 107: 2014 IUL Sales By Premium Type (\$ Millions)
- Figure 108: YTD 9/30/15 IUL Sales By Premium Type (\$ Millions)
- Figure 109: Distribution Of IUL Sales By Gender
- Figure 110: IUL Weighted Average Issue Ages
- Figure 111: Charts Of Average Issue Age And Gender Distributions For 2014 And YTD 9/30/15
- Figure 112: Individual IUL Sales By Issue Age And Gender For 2014 And YTD 9/30/15
- Figure 113: Underwriting Classes
- Figure 114: Distribution Of 2014 IUL Sales By Underwriting Class
- Figure 115: Distribution Of YTD 9/30/15 IUL Sales By Underwriting Class
- Figure 116: 2014 Total Individual IUL Sales By Underwriting Class (\$ Millions)
- Figure 117: 2014 Total IULSG Sales By Underwriting Class (\$ Millions)
- Figure 118: 2014 Total Cash Accumulation IUL Sales By Underwriting Class (\$ Millions)
- Figure 119: 2014 Total Current Assumption IUL Sales By Underwriting Class (\$ Millions)
- Figure 120: YTD 9/30/15 Total Individual IUL Sales By Underwriting Class (\$ Millions)
- Figure 121: YTD 9/30/15 Total IULSG Sales By Underwriting Class (\$ Millions)
- Figure 122: YTD 9/30/15 Total Cash Accumulation IUL Sales By Underwriting Class (\$ Millions)
- Figure 123: YTD 9/30/15 Total Current Assumption IUL Sales By Underwriting Class (\$ Millions)
- Figure 124: 2014 Total Individual IUL Sales By Death Benefit Option (\$ Millions)
- Figure 125: YTD 9/30/15 Total Individual IUL Sales By Death Benefit Option (\$ Millions)
- Figure 126: Charts Of IUL Death Benefit Distributions For 2014 And YTD 9/30/15
- Figure 127: Death Benefit Option Distributions By IUL Product For 2014
- Figure 128: Death Benefit Option Distributions By IUL Product For YTD 9/30/15
- Figure 129: 2014 Total Individual IUL Sales By 7702 Option And Death Benefit Option
- Figure 130: Charts Of IUL 7702 Option Distributions For 2014
- Figure 131: Charts Of IUL 7702 Option/Death Benefit Option Distributions For 2014
- Figure 132: 7702 Option/Death Benefit Option Distributions By IUL Product For 2014

Figure 133: YTD 9/30/15 Total Individual IUL Sales By 7702 Option And Death Benefit Option

Figure 134: Charts Of IUL 7702 Option Distributions For YTD 9/30/15

Figure 135: Charts Of IUL 7702 Option/Death Benefit Option Distributions For YTD 9/30/15

Figure 136: 7702 Option/Death Benefit Option Distributions By IUL Product For YTD 9/30/15

Sales With Chronic Illness Riders

Figure 137: Total Individual UL Sales (Excluding IUL) With Chronic Illness Riders (\$ Millions)

Figure 138: Total ULSG Sales With Chronic Illness Riders (\$ Millions)

Figure 139: Total Cash Accumulation UL Sales With Chronic Illness Riders (\$ Millions)

Figure 140: Total Current Assumption UL Sales With Chronic Illness Riders (\$ Millions)

Figure 141: UL Sales With Chronic Illness Riders As A Percentage Of Total UL Sales

Figure 142: Total Individual IUL Sales With Chronic Illness Riders (\$ Millions)

Figure 143: Total IUL With Secondary Guarantees Sales With Chronic Illness Riders (\$ Millions)

Figure 144: Total Cash Accumulation IUL Sales With Chronic Illness Riders (\$ Millions)

Figure 145: Total Current Assumption IUL Sales With Chronic Illness Riders (\$ Millions)

Figure 146: IUL Sales With Chronic Illness Riders As A Percentage Of Total IUL Sales

Figure 147: Total Individual UL Business (Excluding IUL) With Chronic Illness Riders

Figure 148: Weighted Average Premiums Per Policy On All UL Business With Chronic Illness Riders By Product Type

Figure 149: Weighted Average Face Amount Per Policy On All UL Business With Chronic Illness Riders By Product Type

Figure 150: Weighted Averages Per Policy for UL Sales With Chronic Illness Riders As A Percentage of Weighted Averages Per Policy for Total UL Sales

Figure 151: Total ULSG Business With Chronic Illness Riders

Figure 152: Total Cash Accumulation UL Business With Chronic Illness Riders

Figure 153: Total Current Assumption UL Business With Chronic Illness Riders

Figure 154: Total Individual IUL Business With Chronic Illness Riders

Figure 155: Weighted Average Premiums Per Policy On All IUL Business With Chronic Illness Riders By Product Type

Figure 156: Weighted Average Face Amount Per Policy On All IUL Business With Chronic Illness Riders By Product Type

Figure 157: Weighted Averages Per Policy for IUL Sales With Chronic Illness Riders As A Percentage of Weighted Averages Per Policy for Total IUL Sales

Figure 158: Total Cash Accumulation IUL Business With Chronic Illness Riders

Figure 159: Total Current Assumption IUL Business With Chronic Illness Riders

Figure 160: Total Individual UL Sales With Chronic Illness Riders That Were Single Premium Business (\$ Millions)

Figure 161: Total ULSG Sales With Chronic Illness Riders That Were Single Premium Business (\$ Millions)

Figure 162: Total Cash Accumulation UL Sales With Chronic Illness Riders That Were Single Premium Business (\$ Millions)

Figure 163: Total Current Assumption UL Sales With Chronic Illness Riders That Were Single Premium Business (\$ Millions)

Figure 164: Total Individual IUL Sales With Chronic Illness Riders That Were Single Premium Business (\$ Millions)

Figure 165: Total Cash Accumulation IUL Sales With Chronic Illness Riders That Were Single Premium Business (\$ Millions)

Figure 166: 2014 UL/IUL Sales With Chronic Illness Riders By Distribution Channel (\$ Millions)

Figure 167: YTD 9/30/15 UL/IUL Sales With Chronic Illness Riders By Distribution Channel (\$ Millions)

Figure 168: Distribution By Channel Of UL/IUL Sales With Chronic Illness Riders Compared With Combined UL/IUL Sales

Figure 169: Distribution By Gender Of UL/IUL Sales With Chronic Illness Riders Compared With Combined UL/IUL Sales

Figure 170: Weighted Average Issue Ages, UL/IUL Sales With Chronic Illness Riders

Figure 171: Charts Of Average Issue Age Distributions By Gender For 2014 And YTD 9/30/15

Figure 172: Tables Of Average Issue Age Distributions By Gender For 2014

Figure 173: Tables Of Average Issue Age Distributions By Gender For YTD 9/30/15

Figure 174: Election Rate Of UL Chronic Illness Riders

Figure 175: Election Rate Of IUL Chronic Illness Riders

Sales With Long-Term Care (LTC) Riders

- Figure 176: Total Individual UL Sales (Excluding IUL) With LTC Riders (\$ Millions)
- Figure 177: UL Sales With LTC Riders As A Percent Of Total UL Sales
- Figure 178: 2012 Total Individual UL Sales (Excluding IUL) With LTC Riders (\$ Millions)
- Figure 179: 2012 Total ULSG Sales With LTC Riders (\$ Millions)
- Figure 180: 2012 Total Cash Accumulation UL Sales With LTC Riders (\$ Millions)
- Figure 181: 2012 Total Current Assumption UL Sales With LTC Riders (\$ Millions)
- Figure 182: 2013 Total Individual UL Sales (Excluding IUL) With LTC Riders (\$ Millions)
- Figure 183: 2013 Total ULSG Sales With LTC Riders (\$ Millions)
- Figure 184: 2013 Total Cash Accumulation UL Sales With LTC Riders (\$ Millions)
- Figure 185: 2013 Total Current Assumption UL Sales With LTC Riders (\$ Millions)
- Figure 186: 2014 Total Individual UL Sales (Excluding IUL) With LTC Riders (\$ Millions)
- Figure 187: 2014 Total ULSG Sales With LTC Riders (\$ Millions)
- Figure 188: 2014 Total Cash Accumulation UL Sales With LTC Riders (\$ Millions)
- Figure 189: 2014 Total Current Assumption UL Sales With LTC Riders (\$ Millions)
- Figure 190: YTD 9/30/2015 Total Individual UL Sales (Excluding IUL) With LTC Riders
- Figure 191: YTD 9/30/2015 Total ULSG Sales With LTC Riders (\$ Millions)
- Figure 192: YTD 9/30/2015 Total Cash Accumulation UL Sales With LTC Riders (\$ Millions)
- Figure 193: YTD 9/30/2015 Total Current Assumption UL Sales With LTC Riders (\$ Millions)
- Figure 194: Total Individual IUL Sales With LTC Riders (\$ Millions)
- Figure 195: IUL Sales With LTC Riders As A Percentage Of Total IUL Sales
- Figure 196: 2012 Total Individual IUL Sales With LTC Riders (\$ Millions)
- Figure 197: 2012 Total IUL With Secondary Guarantees Sales With LTC Riders (\$ Millions)
- Figure 198: 2012 Total Cash Accumulation IUL Sales With LTC Riders (\$ Millions)
- Figure 199: 2012 Total Current Assumption IUL Sales With LTC Riders (\$ Millions)
- Figure 200: 2013 Total Individual IUL Sales With LTC Riders (\$ Millions)
- Figure 201: 2013 Total IUL With Secondary Guarantees Sales With LTC Riders (\$ Millions)
- Figure 202: 2013 Total Cash Accumulation IUL Sales With LTC Riders (\$ Millions)
- Figure 203: 2014 Total Individual IUL Sales With LTC Riders (\$ Millions)
- Figure 204: 2014 Total IUL With Secondary Guarantees Sales With LTC Riders (\$ Millions)
- Figure 205: 2014 Total Cash Accumulation IUL Sales With LTC Riders (\$ Millions)
- Figure 206: 2014 Total Current Assumption IUL Sales With LTC Riders (\$ Millions)
- Figure 207: YTD 9/30/15 Total Individual IUL Sales With LTC Riders (\$ Millions)
- Figure 208: YTD 9/30/15 Total IUL With Secondary Guarantees Sales With LTC Riders (\$ Millions)
- Figure 209: YTD 9/30/15 Total Cash Accumulation IUL Sales With LTC Riders (\$ Millions)
- Figure 210: YTD 9/30/15 Total Current Assumption IUL Sales With LTC Riders (\$ Millions)
- Figure 211: Total Individual UL Business (Excluding IUL) With LTC Riders
- Figure 212: Weighted Average Premiums Per Policy On All UL Business With LTC Riders By Product Type
- Figure 213: Weighted Average Face Amount Per Policy On All UL Business With LTC Riders By Product Type
- Figure 214: Weighted Averages Per Policy for UL Sales With LTC Riders As A Percentage of Weighted Averages Per Policy for Total UL Sales
- Figure 215: Total ULSG Business With LTC Riders
- Figure 216: Total Cash Accumulation UL Business With LTC Riders
- Figure 217: Total Current Assumption UL Business With LTC Riders
- Figure 218: Total Individual IUL Business With LTC Riders
- Figure 219: Weighted Average Premium Per Policy On All IUL Business With LTC Riders By Product Type

- Figure 220: Weighted Average Face Amount Per Policy On All IUL Business With LTC Riders
- Figure 221: Weighted Averages Per Policy for IUL Sales With LTC Riders As A Percentage of Weighted Averages Per Policy for Total IUL Sales
- Figure 222: Total IULSG Business With LTC Riders
- Figure 223: Total Cash Accumulation IUL Business With LTC Riders
- Figure 224: Total Current Assumption IUL Business With LTC Riders
- Figure 225: Total Individual UL Sales (Excluding IUL) With LTC Riders That Were Single Premium Business (\$ Millions)
- Figure 226: Total ULSG Sales With LTC Riders That Were Single Premium Business (\$ Millions)
- Figure 227: Total Cash Accumulation UL Sales With LTC Riders That Were Single Premium Business (\$ Millions)
- Figure 228: Total Individual IUL Sales With LTC Riders That Were Single Premium Business (\$ Millions)
- Figure 229: Total IULSG Sales With LTC Riders That Were Single Premium Business (\$ Millions)
- Figure 230: Total Cash Accumulation IUL Sales With LTC Riders That Were Single Premium Business (\$ Millions)
- Figure 231: 2014 UL/IUL Sales With LTC Riders By Distribution Channel (\$ Millions)
- Figure 232: YTD 9/30/15 UL/IUL Sales With LTC Riders By Distribution Channel (\$ Millions)
- Figure 233: Distribution By Channel Of UL/IUL Sales With LTC Riders Compared With Total UL/IUL Sales Combined
- Figure 234: Distribution By Gender Of UL/IUL Sales With LTC Riders Compared With Combined UL/IUL Sales
- Figure 235: Weighted Average Issue Ages, UL/IUL Sales With LTC Riders
- Figure 236: Charts Of Average Issue Age Distributions By Gender For 2014 And YTD 9/30/15
- Figure 237: Tables Of Average Issue Age Distributions By Gender For 2014
- Figure 238: Tables Of Average Issue Age Distributions By Gender For YTD 9/30/15
- Figure 239: Election Rates Of Optional UL LTC Riders
- Figure 240: Election Rates Of Optional IUL LTC Riders

Profit Measures

- Figure 241: Distribution Of The Number Of Profit Measures
- Figure 242: ROI/IRRs By Product Type
- Figure 243: Profit Margins
- Figure 244: Discount Rate Used To Calculate Profit Margins
- Figure 245: "Other" Statutory Profit Measures
- Figure 246: GAAP ROE
- Figure 247: "Other" GAAP Profit Measures
- Figure 248: Different Profit Metrics For New Business And In-Force Business
- Figure 249: Actual Results Relative To Profit Goals For 2014
- Figure 250: Reasons For Missed Profit Goals For 2014
- Figure 251: Actual Results Relative To Profit Goals For YTD 9/30/15
- Figure 252: Reasons For Missed Profit Goals For YTD 9/30/15

Target Surplus

- Figure 253: Target Surplus Bases
- Figure 254: NAIC RBC Percentages
- Figure 255: NAIC RBC Factors By Product Type

Reserves

- Figure 256: Expectations For PBR Implementation
- Figure 257: Credibility Of Business
- Figure 258: Modeling PBR-Type Reserves

Risk Management

- Figure 259: Costs Of Financing Assumed In Pricing ULSG Products
- Figure 260: Hedging Strategies For IUL

Underwriting

- Figure 261: Credit Program Description
- Figure 262: Underwriting Tool Usage
- Figure 263: Cognitive Impairment Testing
- Figure 264: Prescription Drug Database Search Ages And Face Amounts
- Figure 265: Markets Where Simplified Issue Underwritten UL/IUL Products Were Offered
- Figure 266: Distribution Channels Where Simplified Issue Underwritten UL/IUL Products Were Offered
- Figure 267: Underwriting Tools Used With Simplified Issue Underwritten UL/IUL Products

Product Design

- Figure 268: Other Strategies In Light Of The Low Interest Rate Environment
- Figure 269: Ranking Of Riders/Product Features Companies Find Valuable
- Figure 270: Cash Value Accumulation Test Or Guideline Premium Test
- Figure 271: Wash Loan Provision Included
- Figure 272: Cumulative Outstanding Loan Amount Relative To CSV(%) As Of 9/30/15

Compensation

- Figure 273: ULSG Commissions And Marketing Allowables
- Figure 274: Cash Accumulation UL Commissions And Marketing Allowables
- Figure 275: Current Assumption UL Commissions And Marketing Allowables
- Figure 276: IUL With Secondary Guarantees Commissions And Marketing Allowables
- Figure 277: Cash Accumulation IUL Commissions And Marketing Allowables
- Figure 278: Cash Accumulation IUL Levelized Compensation On CVE Riders
- Figure 279: Current Assumption IUL Commissions And Marketing Allowables
- Figure 280: Number Of Participants Reporting Marketing Allowable Categories
- Figure 281: Number Of Marketing Allowable Categories
- Figure 282: Marketing Allowable Categories
- Figure 283: Average Incentive Compensation For External Wholesalers
- Figure 284: Commission Chargeback Periods

Pricing

- Figure 285: Ultimate Lapse Rates
- Figure 286: Lapse Rates If Secondary Guarantee Is In-The-Money
- Figure 287: Lapse Rates If Secondary Guarantee Is Not In-The-Money
- Figure 288: Sensitivity Testing By Product
- Figure 289: Other Sensitivity Testing By Product
- Figure 290: Mortality Assumption Basis
- Figure 291: Convergence Of Preferred And Standard Rates
- Figure 292: Mortality Improvement Assumptions
- Figure 293: Fully Allocated Expenses
- Figure 294: Expense Levels
- Figure 295: Pricing And Actual Expenses For A Representative Sample Policy
- Figure 296: Dollars Of Expense Assumed In Pricing For A Representative Sample Policy

Administration

- Figure 297: System Effectiveness Rating

Illustrations

- Figure 298: Illustrated Rates For Loaned And Non-Loaned Values

BACKGROUND

Universal life (UL) and indexed universal life (IUL) continue to play a significant role in the life insurance market today. In recent years, the market share of UL products has consistently been close to 40%¹ of total life sales measured by first year premium and IUL (a subset of UL) has been the biggest driver of sales. In 2015 Milliman conducted its ninth annual comprehensive survey aimed at addressing UL and IUL issues, and to provide carriers with competitive benchmarking to evaluate where they stand relative to their peers. Survey topics and questions were determined based on input from Milliman consultants, as well as participants in the prior year's survey. The survey is updated annually to include current topics of interest.

The survey was sent via email to UL/IUL insurance companies on October 28, 2015; a new high of 35 companies submitted responses. The companies that participated in the study were:

- Allianz
- American Family
- Americo
- Ameriprise
- Ameritas
- AXA
- Bankers Life
- Columbus Life
- Equitrust
- Farm Bureau
- Foresters
- Genworth
- Global Atlantic
- John Hancock
- Kansas City Life
- Legal & General America
- Liberty Mutual
- Lincoln Financial
- Metlife
- Midland National
- Modern Woodmen of America
- Mutual of Omaha
- National Life
- Nationwide
- New York Life
- Ohio National
- Principal
- Protective Life
- Securian
- State Farm
- Symetra
- Thrivent Financial
- TIAA-CREF
- Voya Financial
- Washington National

The questions asked of survey participants can be found in the Appendix.

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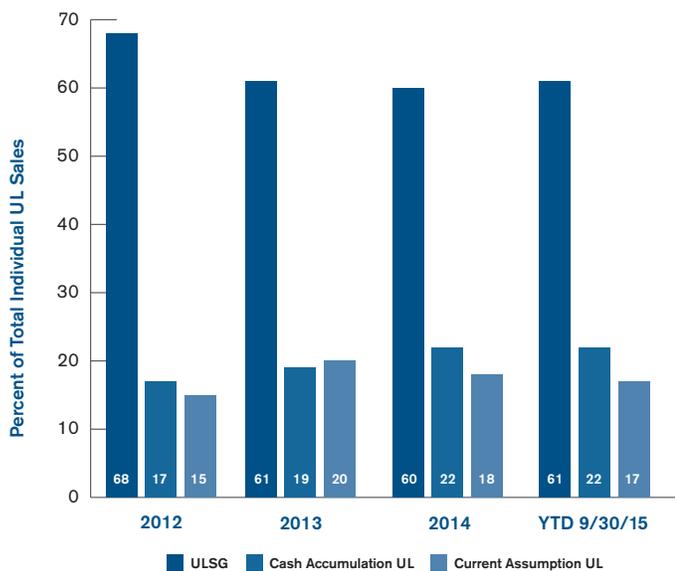
¹ According to LIMRA's U.S. Retail Individual Life Insurance Sales reports.

EXECUTIVE SUMMARY

UNIVERSAL LIFE SALES DETAILS

Survey participants reported total individual UL sales (excluding IUL sales), measured by the sum of recurring premiums plus 10% of single premiums, of \$1.43 billion, \$1.24 billion, \$1.13 billion, and \$826 million, respectively, for calendar years 2012, 2013, 2014, and for 2015 as of September 30, 2015 (YTD 9/30/15). The graph in Figure 1 illustrates the UL product mix as reported by survey participants from 2012 through YTD 9/30/15. The UL with secondary guarantee (ULSG) market share as a percentage of UL totals declined from 2012 through 2014, and then moved up slightly during YTD 9/30/15. The market share for cash accumulation UL (AccumUL) increased from 2012 to 2014, and then remained stable in YTD 9/30/15. For current assumption UL (CAUL), the market share increased from 2012 to 2013, and then declined thereafter.

FIGURE 1: UL PRODUCT MIX BY YEAR



Individual company UL sales results were varied, but 11 participants reported at least a 10% shift from or to any one UL product when looking at the YTD 9/30/15 product mix compared with that of 2012. Five of the 11 participants reported movement to CAUL products, two to AccumUL only, another two to both AccumUL and CAUL, and the remaining two to ULSG only. **Four participants discontinued sales of ULSG products, one discontinued AccumUL, and another discontinued CAUL. Two participants began selling AccumUL products.**

The percentage of ULSG sales, based on policy count, with the selection of no lapse guaranteed (NLG) premiums to age 90 or longer was reported for both 2014 and YTD 9/30/15. The average was 83.2% with a median of 99.5% in 2014. During YTD 9/30/15, the average was 76.1%, with a median of 99.0%. One participant reported a percentage of 12% in 2014 and 11% for YTD 9/30/15, and another reported a percentage of 2.1% for YTD 9/30/15. The next lowest percentages were 57%, and 50% in 2014 and YTD 9/30/15, respectively. The elimination of these two outliers results in an average of 88.7% of ULSG sales with the selection of NLG premiums to age 90 or longer. This average was the same for both 2014 and YTD 9/30/15 with the elimination of the outliers.

Premium issued, the number of policies issued, and face amount issued reported by survey participants were used to determine the overall weighted average premium per policy and weighted average face amount per policy. Per Figure 2, ULSG and CAUL average premiums per policy increased from 2012 to 2013, and declined thereafter. AccumUL average premium per policy gradually increased from 2012 to 2014, and then declined during YTD 9/30/15. Per Figure 3, ULSG average face amount per policy decreased from 2012 to 2014, and then increased during YTD 9/30/15. Average face amount per policy for AccumUL increased from 2012 to 2014, and then decreased during YTD 9/30/15. CAUL averages alternated between increases and decreases during the survey period.

The highest weighted average premium per policy among the UL product types was reported for current assumption UL for all periods, except YTD 9/30/15 when ULSG had the highest average. The highest weighted average face amount per policy for all periods was reported for ULSG.

FIGURE 2: WEIGHTED AVERAGE PREMIUMS PER POLICY BY PRODUCT TYPE



FIGURE 3: WEIGHTED AVERAGE FACE AMOUNT PER POLICY BY PRODUCT TYPE



Expectations regarding the mix of UL/IUL business in the future vary widely by company. Similar to responses in the past, overall survey statistics suggest that companies plan to focus more on cash accumulation IUL and current assumption IUL products and less on ULSG.

The brokerage and career agent channels continue to be the top two channels through which UL products were sold. Market share changes by distribution channel from 2014 to YTD 9/30/15 varied by UL product. The biggest change was seen in the career agent channel for current assumption UL when sales were measured both on a premium and face amount basis. This channel gained CAUL market share from 2014 to YTD 9/30/15 at the expense of the personal producing general agent (PPGA) and brokerage channels. For ULSG products, the brokerage channel lost market share primarily to the PPGA channel when sales were measured on a premium basis. On a face amount basis for ULSG products, the stockbroker channel gained market share primarily from the multiple-line exclusive-agent (MLEA) channel. For cash accumulation UL products, the financial institution channel gained market share at the expense of the career agent channel when sales were measured on a premium basis. When sales were measured on a face amount basis for cash accumulation UL products, the brokerage and career agent channels gained market share at the expense of the MLEA channel. Details may be found in the report.

A weighted average issue age was determined for sales of survey participants for all distribution channels combined based on the midpoint of specified issue age ranges. Average issue ages remained stable for ULSG and current assumption UL from 2014 to YTD 9/30/15 when sales were measured on a premium basis. When sales were measured on a face amount basis, ULSG and current assumption UL average issue ages decreased by one year. The average issue age for cash accumulation UL decreased by one year when sales were measured by premiums, but remained the same when measured by face amount. Please note that throughout this report average issue ages were rounded to the nearest integer prior to the calculation of any differences. The table in Figure 4 shows a summary of the average issue ages calculated based on sales reported by issue age range for all distribution channels combined for 2014 and YTD 9/30/15.

FIGURE 4: UL WEIGHTED AVERAGE ISSUE AGES FOR ALL DISTRIBUTION CHANNELS COMBINED

BASIS OF SALES	TOTAL INDIVIDUAL UL	ULSG	CASH ACCUMULATION UL	CURRENT ASSUMPTION UL
BASED ON 2014 SALES				
PREMIUM	60	61	58	60
FACE AMOUNT	48	49	44	52
BASED ON YTD 9/30/15 SALES				
PREMIUM	60	61	57	60
FACE AMOUNT	47	48	44	51

A weighted average issue age was also determined for sales of survey participants by gender based on the midpoint of specified issue age ranges. Average issue ages for males and females decreased one year from 2014 to YTD 9/30/15 for ULSG on a premium basis. The average decreased by one year for males and remained the same for females on a face amount basis. AccumUL average issue ages for females remained the same from 2014 to YTD 9/30/15 on both a premium and face amount basis. For males, the average issue age decreased by two years on a premium basis, and increased by one year on a face amount basis. For CAUL, average issue ages decreased by one year for males and females when sales were measured by premiums. When measured on a face amount basis, the average issue age for males remained the same and for females decreased by two years. The table in Figure 5 summarizes the average issue ages calculated based on sales reported by issue age range and gender for 2014 and YTD 9/30/15.

FIGURE 5: UL WEIGHTED AVERAGE ISSUE AGES BY GENDER

GENDER	TOTAL INDIVIDUAL UL	ULSG	CASH ACCUMULATION UL	CURRENT ASSUMPTION UL
BASED ON 2014 SALES, PREMIUM				
MALE	60	61	57	61
FEMALE	61	62	59	60
BASED ON 2014 SALES, FACE AMOUNT				
MALE	48	49	43	53
FEMALE	48	48	44	51
BASED ON YTD 9/30/15 SALES, PREMIUM				
MALE	59	60	55	60
FEMALE	60	61	59	59
BASED ON YTD 9/30/15 SALES, FACE AMOUNT				
MALE	48	48	44	53
FEMALE	47	48	44	49

Survey participants reported the distribution of UL sales by death benefit option for calendar year 2014 and YTD 9/30/15. For all UL products, the majority of sales were reported for death benefit option A/option 1. ULSG products had the highest allocation of death benefit option A, AccumUL products had the highest for death benefit option B, and CAUL products had the highest for option C in 2014 and during YTD 9/30/15. The distribution of UL sales by death benefit option remained fairly stable between these two periods. Figure 6 includes the distribution of total individual UL sales by death benefit for 2014 and YTD 9/30/15.

FIGURE 6: DISTRIBUTION OF TOTAL INDIVIDUAL UL SALES BY DEATH BENEFIT OPTION

DEATH BENEFIT OPTION	2014		YTD 9/30/15	
	BASED ON PREMIUM	BASED ON FACE AMOUNT	BASED ON PREMIUM	BASED ON FACE AMOUNT
OPTION A/OPTION 1	93.6%	94.0%	94.1%	94.6%
OPTION B/OPTION 2	4.8%	5.0%	4.8%	4.8%
OPTION C/OPTION 3	0.4%	0.3%	0.2%	0.2%
OTHER OPTION			<0.1%	<0.1%
CAN'T CATEGORIZE	1.2%	0.7%	0.8%	0.4%

The distribution of total individual UL sales by 7702 option and death benefit option is shown in the table in Figure 7 for 2014 and YTD 9/30/15. For both periods, about 70% of total individual UL sales used the cash value accumulation test (CVAT), and about 30% used the guideline premium test (GPT). Virtually all ULSG sales are with death benefit option A for both CVAT and GPT designs. Cash accumulation UL has the highest percentage of sales for death benefit option B, for both CVAT and GPT policies. However, this allocation was higher for GPT designs versus CVAT designs, measured both by premiums and face amount.

FIGURE 7: DISTRIBUTION OF TOTAL INDIVIDUAL UL SALES BY 7702 OPTION AND DEATH BENEFIT OPTION

DEATH BENEFIT OPTION	2014		YTD 9/30/15	
	PREMIUM	FACE AMOUNT	PREMIUM	FACE AMOUNT
CASH VALUE ACCUMULATION TEST				
OPTION A/OPTION 1	66.6%	61.7%	69.4%	63.3%
OPTION B/OPTION 2	2.0%	3.5%	1.7%	3.6%
OPTION C/OPTION 3	0.3%	0.4%	0.3%	0.4%
GUIDELINE PREMIUM TEST				
OPTION A/OPTION 1	26.9%	26.3%	24.1%	23.3%
OPTION B/OPTION 2	4.1%	7.9%	4.5%	9.3%
OPTION C/OPTION 3	0.1%	0.1%	<0.1%	<0.1%
CVAT + GPT	100%	100%	100%	100%

INDEXED UNIVERSAL LIFE SALES DETAILS

Survey participants reported total IUL sales, also measured by the sum of recurring premiums plus 10% of single premiums, of \$849.9 million, \$823.4 million, \$1,077.7 million, and \$844.8 million, respectively, for calendar years 2012, 2013, 2014, and for 2015 as of September 30, 2015 (YTD 9/30/15). **IUL sales during YTD 9/30/15 accounted for 51% of total UL/IUL sales combined (reported by survey participants) during YTD 9/30/15, increasing from 37% in 2012.** Also, the IUL sales percentage increased for cash accumulation IUL (AccumIUL) from 2012 to YTD 9/30/15 from 71% to 81% of total cash accumulation UL/IUL sales. Indexed UL with secondary guarantees (IULSG) and current assumption IUL (CAIUL) sales decreased from 2012 to YTD 9/30/15 as a percentage of total combined UL/IUL secondary guarantee sales and combined UL/IUL current assumption sales, respectively. The decrease was from 10% to 8% for IULSG and from 42% to 28% for CAIUL. AccumIUL products have dominated the IUL market during the survey period with a market share that has steadily increased from 70% in 2012 to 88% during YTD 9/30/15. The market share of IULSG and CAIUL sales steadily declined over the survey period. This summary will focus primarily on characteristics of AccumIUL products because they are such a significant part of the IUL market.

The weighted average premium per policy and weighted average face amount per policy for AccumIUL fluctuated between decreases and increases during the survey period. The average premium per policy was \$8,485 in 2012, \$8,243 in 2013, \$9,087 in 2014, and \$8,420 during YTD 9/30/15. The average face amount per policy for AccumIUL was \$360,607 in 2012, \$346,897 in 2013, \$361,141 in 2014, and \$355,578 during YTD 9/30/15.

The most popular channels through which AccumIUL products were sold were the brokerage, career agent, and PPGA channels. From 2014 to YTD 9/30/15, the PPGA channel gained AccumIUL market share at the expenses of the brokerage and career agent channels on a premium basis, and at the expense of the brokerage channel on a face amount basis.

A weighted average issue age was determined for IUL sales of survey participants for all distribution channels combined based on the midpoint of specified issue age ranges. Average issue ages from 2014 to YTD 9/30/15 remained the same for AccumIUL when sales were measured on both a premium and face amount basis. The table in Figure 8 summarizes the average issue ages calculated based on sales reported by issue age range for all distribution channels combined, for all IUL products, and for 2014 and YTD 9/30/15. Average issue ages for IUL sales during both 2014 and YTD 9/30/15 were three to seven years lower than those for UL products during the same time periods, when sales were measured on a premium basis. On a face amount basis, average issue ages for IUL ranged from six years lower to three years greater than average issue ages for UL. For both time periods, when sales were measured on a premium basis, the average issue age for AccumIUL was four to five years younger than the average for AccumUL sales. On a face amount basis, the average issue age for AccumIUL was one year older than the average for AccumUL sales.

FIGURE 8: IUL WEIGHTED AVERAGE ISSUE AGES FOR ALL DISTRIBUTION CHANNELS COMBINED

BASIS OF SALES	TOTAL INDIVIDUAL IUL	IULSG	CASH ACCUMULATION IUL	CURRENT ASSUMPTION IUL
BASED ON 2014 SALES				
PREMIUM	53	55	53	56
FACE AMOUNT	45	49	45	46
BASED ON YTD 9/30/15 SALES				
PREMIUM	53	57	53	57
FACE AMOUNT	45	51	45	45

For 2014, the distribution of AccumIUL sales by gender when sales were measured by premium was 63% males, 37% females. On a face amount basis, the distribution was 57% males, 43% females. The distribution for YTD 9/30/15 for AccumIUL sales by gender when sales were measured by premium was 61% males, 39% females. On a face amount basis, the distribution was 56% males, 44% females.

A weighted average issue age was also determined for IUL sales of survey participants by gender based on the midpoint of the specified issue age ranges. For AccumIUL from 2014 to YTD 9/30/15, male average issue ages decreased by one year and female average issue ages stayed the same on a premium basis. On a face amount basis, average issue ages stayed the same for both males and females from 2014 to YTD 9/30/15. The table in Figure 9 summarizes the average issue ages calculated for all IUL products based on sales reported by issue age range and gender for 2014 and YTD 9/30/15.

FIGURE 9: IUL WEIGHTED AVERAGE ISSUE AGES BY GENDER

GENDER	TOTAL INDIVIDUAL IUL	IULSG	CASH ACCUMULATION IUL	CURRENT ASSUMPTION IUL
BASED ON 2014 SALES, PREMIUM				
MALE	54	55	54	57
FEMALE	54	55	53	54
BASED ON 2014 SALES, FACE AMOUNT				
MALE	46	49	45	47
FEMALE	44	48	44	44
BASED ON YTD 9/30/15 SALES, PREMIUM				
MALE	53	57	53	57
FEMALE	54	57	53	58
BASED ON YTD 9/30/15 SALES, FACE AMOUNT				
MALE	46	51	45	47
FEMALE	44	50	44	43

Survey participants reported the distribution of IUL sales by death benefit option for calendar year 2014 and YTD 9/30/15. For all IUL products, the majority of sales were reported for death benefit option A. In 2014, IULSG products had the highest allocation of death benefit option A, AccumIUL products had the highest for death benefit option B, and CAIUL products had the highest for option C. During YTD 9/30/15, IULSG products continued to have the highest allocation for death benefit option A, AccumIUL had the highest allocation for death benefit option B on a premium basis, and CAIUL products had the highest allocation for death benefit option B on a face amount basis. AccumIUL products also had the highest allocation for death benefit option C on both a premium and face amount basis during YTD 9/30/15. Overall, on a face amount basis, the distribution of IUL sales by death benefit option remained fairly stable between 2014 and YTD 9/30/15. On a premium basis, overall there was some shifting from option B to option A. Figure 10 includes the distribution of total individual IUL sales by death benefit for 2014 and YTD 9/30/15. Sales with death benefit option B were significantly higher for indexed UL products than for UL products, in both 2014 and during YTD 9/30/15.

FIGURE 10: DISTRIBUTION OF TOTAL INDIVIDUAL IUL SALES BY DEATH BENEFIT OPTION

DEATH BENEFIT OPTION	2014		YTD 9/30/15	
	BASED ON PREMIUM	BASED ON FACE AMOUNT	BASED ON PREMIUM	BASED ON FACE AMOUNT
OPTION A/OPTION 1	60.8%	62.8%	64.4%	62.9%
OPTION B/OPTION 2	38.6%	36.9%	35.1%	36.7%
OPTION C/OPTION 3	0.6%	0.4%	0.6%	0.4%

The distribution of total individual IUL sales by 7702 option and death benefit option is shown in the table in Figure 11 for 2014 and YTD 9/30/15. For both periods, about 80% of total individual IUL sales used the GPT, and about 20% used the CVAT when sales were measured on a premium basis. On a face amount basis, the split was about 85% GPT and 15% CVAT. For both 2014 and YTD 9/30/15, the percentage of indexed UL products using the GPT was significantly higher than that for UL products. The majority of IULSG sales were with death benefit option A. However, IULSG sales using GPT designs did include an allocation of 5% to 7% with death benefit option B. AccumIUL and CAIUL sales using GPT designs had a significant allocation of sales with death benefit option A and death benefit option B.

FIGURE 11: DISTRIBUTION OF TOTAL INDIVIDUAL IUL SALES BY 7702 OPTION AND DEATH BENEFIT OPTION

DEATH BENEFIT OPTION	2014		YTD 9/30/15	
	PREMIUM	FACE AMOUNT	PREMIUM	FACE AMOUNT
CASH VALUE ACCUMULATION TEST				
OPTION A/OPTION 1	13.6%	10.6%	16.8%	13.6%
OPTION B/OPTION 2	3.4%	2.2%	3.1%	2.4%
OPTION C/OPTION 3	0.3%	0.2%	0.4%	0.2%
GUIDELINE PREMIUM TEST				
OPTION A/OPTION 1	46.3%	51.1%	47.0%	48.3%
OPTION B/OPTION 2	36.2%	35.7%	32.5%	35.3%
OPTION C/OPTION 3	0.3%	0.1%	0.2%	0.2%
CVAT + GPT	100%	100%	100%	100%

SALES WITH CHRONIC ILLNESS RIDERS

There are three common approaches to chronic illness accelerated death benefit riders. Under the discounted death benefit approach a discounted percentage of the face amount reduction is paid, with the face amount reduction occurring at the same time as the accelerated benefit payment. There is no need for charges up front or other premium requirements because the insurer covers its costs of early payment of the death benefit via a discount factor. The second approach is the lien approach. Payment of the accelerated death benefit is considered a lien or offset against the death benefit. Access to the cash value is limited to the excess of the cash value over the sum of any other outstanding loans and the lien. Future premiums or charges for the coverage are not affected, and the gross cash value continues to grow as if the lien did not exist. The third common approach is the dollar-for-dollar death benefit reduction approach. When an accelerated death benefit is paid, there is a dollar-for-dollar reduction in the specified amount or face amount and a pro rata reduction in the cash value based on the percentage of the specified amount or face amount that was accelerated. This approach requires an explicit charge for the accelerated death benefit (ADB) for chronic illness rider.

The growth in the popularity of chronic illness riders over the last few years has resulted in more sales data being readily available. Of the 32 participants reporting UL sales, 13 reported UL sales with chronic illness riders. Sales of \$245.0 million of premium were reported for 2012 by nine participants. Ten reported sales of \$189.1 million for 2013, 11 reported sales of \$228.9 million for 2014, and 12 reported sales of \$191.6 million during YTD 9/30/15. The reduction in chronic illness rider sales from 2012 to 2013 can be attributed primarily to the significant reduction in sales reported by one participant. An additional participant reported the total face amount issued for UL policies with chronic illness riders for 2012 through YTD 9/30/15, but did not report sales in terms of premium. The total face amount issued for UL policies with chronic illness riders was reported as \$13.6 billion for 2012, \$10.6 billion for 2013, \$12.1 billion for 2014, and \$9.5 billion during YTD 9/30/15.

Total indexed UL sales with chronic illness riders were reported equal to \$212.6 million by seven participants for 2012, \$319.5 million in 2013 by nine participants, \$439.8 million in 2014 by nine participants, and \$342.8 million for YTD 9/30/15 by 10 participants. The total face amount issued for IUL policies with chronic illness riders was \$10.8 billion, \$15.2 billion, \$20.9 billion, and \$18.5 billion, respectively, for 2012, 2013, 2014, and during YTD 9/30/15.

The table in Figure 12 summarizes sales of chronic illness riders and total sales reported by survey participants. Sales of chronic illness riders as a percentage of total sales are shown in Figure 13. **During YTD 9/30/15, sales of chronic illness riders as a percentage of total sales were 23% for UL products and 41% for IUL products, at or near peak levels.**

FIGURE 12: TOTAL SALES AND CHRONIC ILLNESS RIDER SALES (\$ MILLIONS)

CALENDAR YEAR	TOTAL INDIVIDUAL UL	ULSG	CASH ACCUMULATION UL	CURRENT ASSUMPTION UL
UL SALES (PREMIUM)				
2012	\$1,434.5	\$978.2	\$244.8	\$211.5
2013	\$1,239.5	\$754.8	\$232.5	\$252.2
2014	\$1,126.4	\$679.0	\$249.3	\$198.4
YTD 9/30/15	\$825.7	\$502.7	\$179.9	\$143.1
UL SALES WITH CHRONIC ILLNESS RIDERS (PREMIUM)				
2012	\$245.0	\$177.2	\$51.9	\$15.9
2013	\$189.1	\$115.7	\$53.2	\$20.2
2014	\$228.9	\$136.8	\$76.1	\$16.0
YTD 9/30/15	\$191.6	\$119.6	\$59.5	\$12.5
IUL SALES (PREMIUM)				
2012	\$849.9	\$104.1	\$594.0	\$151.7
2013	\$823.4	\$47.7	\$669.6	\$106.1
2014	\$1,077.7	\$51.1	\$940.1	\$86.5
YTD 9/30/15	\$844.8	\$45.3	\$744.5	\$55.0
IUL SALES WITH CHRONIC ILLNESS RIDERS (PREMIUM)				
2012	\$212.6	\$9.3	\$183.0	\$20.4
2013	\$319.5	\$4.9	\$286.1	\$28.6
2014	\$439.8	\$13.3	\$395.0	\$31.5
YTD 9/30/15	\$342.8	\$12.6	\$302.0	\$28.2

FIGURE 13: CHRONIC ILLNESS RIDER SALES AS A PERCENTAGE OF TOTAL SALES

CALENDAR YEAR	TOTAL INDIVIDUAL UL	ULSG	CASH ACCUMULATION UL	CURRENT ASSUMPTION UL
UL SALES WITH CHRONIC ILLNESS RIDERS AS A % OF TOTAL UL SALES				
2012	17.1%	18.1%	21.2%	7.5%
2013	15.3%	15.3%	22.9%	8.0%
2014	20.3%	20.2%	30.5%	8.0%
YTD 9/30/15	23.2%	23.8%	33.1%	8.8%
IUL SALES WITH CHRONIC ILLNESS RIDERS AS A % OF TOTAL IUL SALES				
2012	25.0%	8.9%	30.8%	13.4%
2013	38.8%	10.2%	42.7%	26.9%
2014	40.8%	26.0%	42.0%	36.4%
YTD 9/30/15	40.6%	27.9%	40.6%	51.2%

The most popular distribution channels through which UL/IUL products with chronic illness riders were sold were the brokerage, PPGA, and career agent channels. The distribution of UL/IUL sales with chronic illness riders is weighted more heavily toward the PPGA channel than the distribution of total UL and IUL sales combined.

For 2014, the distribution of UL/IUL sales with chronic illness riders by gender when sales were measured by premium was 62% males, 38% females. On a face amount basis, the distribution was 57% males, 43% females. The distribution for YTD 9/30/15 for UL/IUL sales with chronic illness riders by gender when sales were measured by premium was 58% males, 42% females. On a face amount basis, the distribution was 53% males, 47% females.

For males, the weighted average issue age for UL/IUL products with chronic illness riders equaled 56 in both 2014 and during YTD 9/30/15 on a premium basis. When measured on a face amount basis, the weighted average issue age for males equaled 48 in 2014 and 47 during YTD 9/30/15. For females, the weighted average issue age on a premium basis equaled 57, and on a face amount basis equaled 46 in both periods.

Nine of 13 survey participants that reported UL sales with chronic illness riders automatically included them with the base UL policy. Across all periods in the survey, the average election rates were high for the remaining four participants (32% to 42%). Six of 11 participants automatically include chronic illness riders with the base IUL policy. Across all periods in the survey, the average election rates reported by three of the remaining five participants were also high (64% to 76%). **Eight of the 15 participants that reported UL/IUL sales with chronic illness riders provide a discounted death benefit as an accelerated benefit. Another three participants reported their chronic illness riders use a lien against the death benefit to provide the accelerated benefit, and two use a dollar-for-dollar death benefit reduction approach. The final two participants use both the lien approach and dollar-for-dollar death benefit reduction approach.**

SALES WITH LONG-TERM CARE (LTC) RIDERS

The total face amount issued for UL policies with LTC riders was reported as \$2.5 billion, \$2.8 billion, \$2.9 billion, and \$2.4 billion, respectively, for 2012, 2013, 2014, and YTD 9/30/15. Similarly, for 2012, 2013, 2014, and YTD 9/30/15, the total face amount issued for IUL policies with LTC riders was \$1.9 billion, \$3.1 billion, \$4.0 billion, and \$3.5 billion, respectively.

Sales of LTC riders as a percentage of total sales are shown in Figure 14. **Note that in the last three to four years there has been a shift away from single premium business to limited pay business. Thus, sales results by premium are somewhat misleading. Despite this shift, during YTD 9/30/15, sales of LTC riders as a percentage of total sales by premium were 19.2% for UL products and 9.4% for IUL products, both at peak levels.**

FIGURE 14: LTC RIDER SALES AS A PERCENTAGE OF TOTAL SALES BY PREMIUM

CALENDAR YEAR	TOTAL INDIVIDUAL UL	ULSG	CASH ACCUMULATION UL	CURRENT ASSUMPTION UL
UL SALES WITH LTC RIDERS AS A % OF TOTAL UL SALES				
2012	13.7%	18.2%	5.8%	1.6%
2013	13.6%	20.5%	5.4%	0.5%
2014	17.7%	26.7%	7.2%	0.2%
YTD 9/30/15	19.2%	29.5%	5.7%	0.1%
IUL SALES WITH LTC RIDERS AS A % OF TOTAL IUL SALES				
2012	4.9%	8.4%	5.1%	1.5%
2013	8.5%	23.1%	7.6%	7.8%
2014	8.6%	20.5%	7.9%	9.6%
YTD 9/30/15	9.4%	14.4%	8.7%	14.9%

The distribution of sales by LTC rider type elected has changed significantly from 2012 to YTD 9/30/15 for riders attached to UL products. Rider type refers to the election of an LTC accelerated benefit rider (ABR) only, an ABR and an extension of benefits (EOB) rider, or an ABR, an EOB rider, and an inflation protection rider (IPR). In 2012, the distribution of UL sales with an LTC rider based on premium was 16% LTC ABR only, 59% LTC ABR/EOB, and 25% ABR/EOB/IPR. During YTD 9/30/15, this distribution was 25% LTC ABR only, 26% LTC ABR/EOB, and 49% LTC ABR/EOB/IPR. For IUL products, 100% elected an LTC accelerated benefit rider only in all survey periods.

The brokerage and career agent channels were the most popular channels through which these products were sold. A comparison of the distribution of sales based on premium by distribution channel is shown in Figure 15 for UL/IUL sales with LTC riders versus total UL and IUL sales combined. The distribution by channel is very different for sales with LTC riders. LTC riders appear to be bringing new distribution sources to the UL/IUL market (e.g., stockbrokers and financial institutions), which is a positive movement for the industry.

FIGURE 15: DISTRIBUTION BY CHANNEL OF UL/IUL SALES WITH LTC RIDERS COMPARED WITH TOTAL UL/IUL SALES COMBINED

CHANNEL	2014 SALES		YTD 9/30/15	
	UL/IUL SALES	UL/IUL SALES WITH LTC RIDERS	UL/IUL SALES	UL/IUL SALES WITH LTC RIDERS
PPGA	14.2%	5.2%	16.0%	5.6%
BROKERAGE	47.4%	45.6%	46.2%	47.6%
MLEA	4.2%	4.0%	3.9%	3.3%
CAREER AGENTS	25.1%	18.9%	24.7%	18.2%
STOCKBROKERS	2.9%	10.3%	2.9%	10.1%
FINANCIAL INSTITUTIONS	5.0%	16.0%	5.3%	15.2%
WORKSITE	0.2%		0.2%	
DIRECT RESPONSE	1.0%		0.8%	

For 2014, the distribution of UL/IUL sales with LTC riders by gender when sales were measured by premium was 44% males, 56% females. On a face amount basis, the distribution was also 44% males, 56% females. The distribution for YTD 9/30/15 for UL/IUL sales with LTC riders by gender was the same as the 2014 distribution. In both time periods the distribution of UL/IUL sales with LTC riders was weighted significantly more toward females than for total UL/IUL combined sales. This was true on both a premium and face amount basis.

Weighted average issue ages were 58 and 59 for males and females, respectively, in 2014 and during YTD 9/30/15, on a premium basis. On a face amount basis, the male weighted average issue ages were 53 and 52, and the female weighted average issue age was 53 for the two periods. Five of seven survey participants that reported UL sales with LTC riders did not automatically include them with the base UL policy. The average election rates for LTC ABR only riders on UL products for these five carriers increased steadily over the survey period, from 12.3% in 2012 to 20.4% during YTD 9/30/15. All six participants do not automatically include LTC ABR only riders with the base IUL policy. The average election rates for LTC ABR only riders on IUL products increased steadily from 19.1% in 2012 to 24.9% in 2014, with a slight decline to 24.5% during YTD 9/30/15.

PROFIT MEASURES

The predominant profit measure reported by survey participants continues to be an after-tax, after-capital statutory return on investment/internal rate of return (ROI/IRR). The median ROI/IRR reported is 10% for all UL products and IULSG, and is 12% for AccumIUL and CAIUL. Five participants reported changes to profit measures/goals in the last two years. Two of the five lowered their statutory ROI/IRR profit goals, with one of the two also lowering its profit margin goal. The remaining three changed their focus on different profit measures in the last two years.

Survey participants reported their actual results relative to profit goals for 2014. For ULSG, 68% were short of their profit goals, and for the remaining UL/IUL products 69% of the participants were at least meeting their profit goals. For YTD 9/30/15, 61% were short of their profit goals for ULSG, and 73% of participants were at least meeting their profit goals for all other UL/IUL products. **As in the past, the primary reasons reported for not meeting profit goals in 2014 and YTD 9/30/15 were low interest earnings and expenses.**

TARGET SURPLUS

The majority of survey participants continue to set target surplus pricing assumptions as a percentage of the National Association of Insurance Commissioners (NAIC) company action level. The overall NAIC risk-based capital (RBC) percentage of company action level ranged from 250% to 425%. The range is slightly higher than the range reported by participants last year. The report includes details about the overall NAIC RBC percentage, broken down by component, and is shown by UL/IUL product type. Changes to target surplus were reported by survey participants, including increases in the overall NAIC risk-based capital (RBC) level, adjustments to target surplus factors, changes to the target surplus model, and changes relative to the covariance benefit

RESERVES

Most of the participants expect principle-based reserves (PBR) to be in place in 2017, and nine participants reported they anticipate implementing PBR immediately. **Nineteen expect phasing-in the implementation date over the three-year phase-in period allowed.** Factors impacting the rationale for participants' implementation plans include resource issues, financial impact/cost/benefits, the impact on reserves and capital, the need for preparation and research, and competitive reasons.

Responses were varied by survey participants regarding what approach they would use for pricing new UL products in a PBR environment for products that require one of the VM-20 reserve components. **Fifteen of 31 participants do not know how they will reflect VM-20 reserves in pricing in a PBR environment.** For the remaining participants, various responses were received, including no changes to the reserve approach they currently use in pricing, reflecting VM-20 reserves in pricing, using a reduced subset of stochastic scenarios in pricing, and using approaches that estimate additional reserves.

Twelve survey participants have modeled Actuarial Guideline 38 (AG 38) 8D reserves on existing UL products. Five have modeled Actuarial Guideline 48 (AG 48) reserves on existing products. Participants were asked to report the ratio of the AG 48 Actuarial Method reserve over the AXXX reserve when the AXXX reserve is at its peak. The ratios reported ranged from 83% to 100%.

RISK MANAGEMENT

Details regarding the cost of financing assumed in pricing ULSG products currently and one year ago may be found in the report. Few participants have made changes to the cost of financing assumption in pricing as a result of AG 48. Also, few participants have changed the level of financing requested because of AG 48.

Fourteen of the 35 participants were reacting to the current market by repricing, and 15 were riding it out. Other comments include in-force management, enforcing premium limits, offering non-illustrated products, pivoting to less capital-intensive products, and pulling products like ULSG.

Retention limits ranged from \$250,000 to \$40 million for survey participants, with a median limit of \$2 million and an average of \$6.5 million.

Only four participants hedge the investment risk in ULSG products, but all IUL participants reported that they hedge the index included in their IUL products.

UNDERWRITING

Table-shaving programs are offered by eight of the 35 participants; seven participants intend to continue their programs, and one reported that it intends to discontinue its program. Eighteen of the 35 participants use a credit program or other type of program that improves ratings for favorable risk factors. One of the 18 participants reported that it will not continue its program.

The most popular of five specific supplemental underwriting tools used by survey participants for some portion of their fully underwritten business was prescription drug database searches (used by all 34 participants with fully underwritten UL/IUL business). Also reported were tele-underwriting/telephonic screening (24), cognitive impairment testing (22), activities of daily living (ADL) measures (20), and additional questions on applications (11).

Nineteen of the 35 survey participants reported offering simplified issue (SI) underwritten UL/IUL products. The individual middle-/upper-income market was the top market among survey participants where such products are offered. The most popular channel where SI UL products are offered was the brokerage channel, with 15 of the 19 offering products in this channel. The most common underwriting tools used in this market were MIB Group reports (18 participants), prescription drug database searches (18), and motor vehicle reports (15). Three participants add "actively-at-work" questions to their simplified issue UL/IUL application that are not found in their fully underwritten UL/IUL applications.

The majority of survey participants (28 of 34 responding) have created at least one preferred risk parameter that differs at the older ages relative to those used at the younger ages.

Knock-out underwriting is the methodology used by 23 of the 33 responding participants for preferred UL/IUL products. Debit/credit underwriting is used by seven additional participants. The final three participants use a combination of knock-out underwriting and debit/credit underwriting.

PRODUCT DESIGN

Four of the 22 participants reporting ULSG sales repriced their ULSG designs in the last 12 months, and two of those four also reported repricing their ULSG designs in the last 13 to 24 months. Three additional participants repriced in the last 13 to 24 months for a total of seven participants. Three reported that premium rates on the new basis versus the old basis increased, two decreased premium rates, and one indicated that premium rates varied with both decreases and increases. Seven of the 20 participants reporting CAUL sales repriced their CAUL designs in the last 24 months. Nine of the 17 participants reporting AccumIUL sales repriced their AccumIUL designs in the last 24 months. Premium rates on the new basis versus the old basis for CAUL and AccumIUL designs varied from increases, to decreases, to no change.

Strategies used in light of the recent low interest rates include intentionally reducing or limiting UL sales by increasing premium rates (14) or by discontinuing sales of certain products (11), riding it out (13), or launching new designs with reduced guarantees (7). Seven participants are dealing with the low interest rate environment by instituting premium limitations.

A total of 10 survey participants reported they currently offer a long-term care (LTC) accelerated benefit rider on either a UL or IUL product, although only eight of the 10 reported sales of UL/IUL products with LTC riders. Four of the 10 offer this rider on both a UL and IUL chassis. Four of the 10 reported they expect to develop an enhanced LTC combination product in the next 24 months. Three additional participants are expecting to develop an LTC combination product in the next 24 months and two others are considering the possibility.

Sixteen of the 35 participants reported they currently offer a chronic illness accelerated benefit rider on either a UL or IUL chassis. Fifteen of the 16 reported sales of UL/IUL products with such riders. Three of the 16 may develop an enhanced chronic illness benefit rider. Five additional companies expect to develop such a rider in the next 24 months and two others are considering the possibility. **Nearly 83% of survey respondents may market either an LTC or chronic illness rider within 24 months.**

Thirty-four survey participants responded that they currently offer living benefits other than chronic illness and LTC or expect to offer such benefits in the next 12 months. Thirty-two of the 34 currently offer or expect to offer terminal illness accelerated death benefits in the next 24 months. Fourteen offer or expect to offer critical illness accelerated death benefits in the next 24 months.

Survey participants were asked to rank eight specific benefits based on their value. Based on the median ranking, long-term care, chronic illness, and terminal illness benefits were ranked the most valuable, while unemployment benefits were ranked the least valuable of the eight.

Simplified issue single premium UL products are currently offered by nine of the 35 participants, and another four are considering offering such a policy in the next 24 months.

Cash accumulation-type UL/IUL products and current assumption UL products were the most common UL/IUL products to include wash loan provisions. Fifteen survey participants reported including a wash loan provision on AccumUL, 13 on AccumIUL products, and 11 on CAUL. The cumulative outstanding wash loan amount relative to the cash surrender value as of September 30, 2015, ranged from 0% up to 42%. For other loans, the cumulative outstanding loan amount ranged from 0% to 28.0%.

COMPENSATION

Compensation structures are quite varied among survey participants. About 45% of participants that offer multiple UL/IUL products vary commissions and/or marketing allowables by product type and 55% do not vary them. The report includes fairly granular information about first-year compensation, renewal compensation, and marketing allowables.

Few survey participants offer asset-based compensation on UL/IUL products, but its use is highest for cash accumulation UL/IUL products. Levelized compensation paid on cash value enhancement (CVE) riders is somewhat more common than asset-based compensation. Its use is highest for cash accumulation IUL products.

In general, rolling target premiums seem to be more common on IUL products than on UL products. A rolling target means that higher-percentage commissions up to the target are paid based on cumulative paid premium, even if the target premium is not met in the first year. Rolling target premiums are the most common in cash accumulation IUL compensation programs, with 79% of AccumIUL respondents using them. They are least common in AccumUL compensation plans, with only 32% of AccumUL respondents using them. Target premiums are commonly rolled for two years, i.e., the higher-percentage commissions up to target may be applied in year two. It has become more common recently on some UL/IUL plans to not place a limit on the number of years that target premiums are rolled.

Average incentive compensation for external wholesalers was reported by UL/IUL product type by survey participants. The highest average compensation payable up to target premium was reported for CAIUL products (45.1%), and the lowest for ULSG products (15.0%). The highest average compensation payable on excess premium was reported for CAUL (2.1%), and the lowest for ULSG (0.8%).

The most common commission chargeback period on lapse/surrender is 12 months for all UL/IUL products. It is also the most common chargeback period on face amount decreases.

PRICING

There was a fairly even split between respondents assuming a new money crediting strategy versus a portfolio crediting strategy in pricing secondary guarantee UL products. A portfolio crediting strategy was assumed by 78% of survey participants regarding IULSG products. The report includes details about earned rates assumed in pricing ULSG and IULSG products, in total and by crediting strategy. For ULSG products, 47% of participants reported a decrease in earned rates relative to those assumed in pricing one year ago, and 37% reported no change. The remaining responses were evenly split between increases in earned rates and changes that varied by duration. For IULSG products, 75% of participants reported a decrease in earned rates and 25% reported no change.

The report includes some very granular information about lapse rate assumptions for secondary guarantee products. A wide variety of factors are considered, including premium funding patterns, age, cash value status, risk class, secondary guarantee period, whether the secondary guarantee is “in-the-money,” and other factors.

Ten of the 35 participants reported their mortality assumptions are strictly based on company experience. Five participants base their mortality assumptions on company experience and consultants’ recommendations, and five additional participants base them on company experience and input from reinsurers. Nine participants base their mortality assumptions on company experience and industry mortality tables. All other participants use various combinations of company experience, industry tables, consultants’ recommendations, and underwriting criteria. Seventeen survey participants reported that the slopes of their mortality assumptions are more similar to the 2008 Valuation Basic Table (VBT) than other recent mortality tables (e.g., 1975-1980 Select & Ultimate Table, 2001 VBT, 2015 VBT). Another 10 reported they are more similar to the 2001 VBT, two are more similar to the 1975-1980 Select & Ultimate Table, and four are more similar to the 2015 VBT. The majority of participants vary their preferred-to-standard ratios by issue age and/or by duration. An assumption that preferred-to-standard ratios eventually converge is used by 58% of the companies. Twenty-seven of the 35 participants assume mortality improvement in pricing UL/IUL products, with details provided in the report.

Actual expense levels and those assumed in pricing UL/IUL products vary widely among survey participants, with details provided in the report. For comparison purposes, we converted acquisition and maintenance expenses to a dollar amount for a representative sample policy for each participant. The calculation was done for both pricing expenses and actual (fully allocated) expenses. We assumed an average face amount of \$500,000 issued at age 55, and premiums of \$15 and \$25 per \$1,000 of face amount. The tables in Figure 16 show statistics relative to dollars of pricing and actual expenses for the representative sample policy.

FIGURE 16: PRICING AND ACTUAL EXPENSES FOR A REPRESENTATIVE SAMPLE POLICY

PRICING EXPENSES	NUMBER OF RESPONSES	AVERAGE	MEDIAN	MINIMUM	MAXIMUM
HIGH PREMIUM					
ACQUISITION	33	\$1,928	\$1,934	\$174	\$4,628
MAINTENANCE	33	\$343	\$350	\$34	\$655
LOW PREMIUM					
ACQUISITION	33	\$1,879	\$1,810	\$174	\$4,628
MAINTENANCE	33	\$250	\$238	\$34	\$596
ACTUAL (FULLY ALLOCATED) EXPENSES					
HIGH PREMIUM					
ACQUISITION	24	\$2,317	\$2,353	\$452	\$4,628
MAINTENANCE	25	\$366	\$361	\$82	\$565
LOW PREMIUM					
ACQUISITION	24	\$2,256	\$2,205	\$452	\$4,628
MAINTENANCE	25	\$267	\$264	\$82	\$447

ADMINISTRATION

A wide range of practices are followed regarding the information that is included on the annual policy statement relevant to the policy’s funding status. In some cases, nothing beyond what is required in the NAIC UL Model regulation is included in the policyholder statement. The majority of participants include the projected lapse date, and some include projections with additional premium payments, even if not required. Projections based on current values were also provided in many cases.

Participants were asked to rate the effectiveness of their administrative systems on monitoring guideline premium limits and seven-pay premiums when there were changes to the contract coverage. Ratings were from 1 to 5, with a rating of 1 being excellent, and a rating of 5 meaning needs improvement. In general, survey participants rated their systems as very good in doing such monitoring, with an average rating of 1.9 based on 34 responses.

ILLUSTRATIONS

The percentage of participants reporting they are no longer illustrating non-guaranteed elements on UL/UL products is 43%, down slightly from 48% last year.

A number of questions were included in the survey relative to IUL illustrated rates and rates calculated under Actuarial Guideline 49 Section 4A and Section 4C. The 21 participants that reported IUL sales responded to these questions, as well as one additional participant that sells IUL, but did not report sales.

Eighteen of the 22 IUL participants reported the rate that was calculated for the Benchmark Index Account per Section 4A of AG 49. The rates range from 5.02% to 7.77%, with an average of 6.72% and a median of 6.87%. Eight participants reported the rate for the hypothetical Benchmark Index Account. These rates range from 5.74% to 7.64%, with an average of 6.99% and a median of 7.05%.

The credited rate used in IUL illustrations for participants' most popular strategies ranges from 5.02% to 7.77%. This is the same range that was reported for the current maximum illustrated rate allowed for their most popular strategies, but the average and median are different. **Twenty of the 22 participants reported the rate decreased relative to the illustrated rate of one year ago. The median illustrated rate one year ago was 7.50%, with an average of 7.10%. This compares with the current median illustrated rate of 6.70% and current average of 6.59%.**

For policies where AG 49 applies, nine of the 21 participants are illustrating persistency bonuses on the indexed account(s) that allows the illustrated credited rate to exceed the Benchmark Index Account maximum illustrated rate. The remaining 12 participants do not illustrate persistency bonuses in this manner.

The majority of IUL participants (19) reported they have made adjustments to illustrations based on AG 49, but few participants have made changes to their product designs that are due to AG 49.

Twenty of the 35 survey participants reported that they find illustration actuary requirements create constraints in UL/IUL pricing. The majority of those participants also believe the constraints are more severe for certain product types, especially UL/UL. Various solutions were reported to overcome illustration actuary challenges. Also, a variety of practices are employed regarding illustrating in-force policies if the lapse support test fails. Participants have reacted by discontinuing illustrations for some products, illustrating guarantees only, supporting the block with surplus, and creating new scales for illustrations.

Thirteen of 34 participants reported they are currently using Actuarial Standard of Practice (ASOP) 24 Section 3.7 to not test when certifying for illustration actuary testing. (ASOP 24 Section 3.7 applies to illustrations on policies in-force for one year or more.) Eleven additional participants are testing in-force business, and six are using both approaches. The final four participants reported they are using neither approach. Eleven survey participants reported the supporting of in-force products by using distributions of surplus or prior gains as indicated under ASOP 24 Section 3.7.

Twenty-seven of the 35 participants are doing sensitivity testing to see where the disciplined current scale (DCS) breakpoints are (i.e., when the DCS might fail).

Three participants reported they are illustrating utilization scenarios/examples for accelerated death benefit (ADB) riders with a discounted death benefit approach. A fourth participant has plans to do so in the future. One of the three, plus four additional participants, is illustrating utilization scenarios/examples for other ADB riders. The majority of participants that are illustrating ADB utilization reported that the illustrations are in a supplemental illustration, rather than in the basic illustration.

APPENDIX: THE SURVEY

MILLIMAN, INC. 2015 UNIVERSAL LIFE AND INDEXED UNIVERSAL LIFE SURVEY

This survey covers individual U.S. universal life insurance and indexed universal life insurance plans. **Survivorship life and variable universal life plans are NOT included.**

Throughout the survey various terms are used to describe UL product type/markets. Following are the definitions of these terms.

UNIVERSAL Life (UL)

A flexible premium permanent contract that credits cash value with current interest rates and deducts mortality and expense charges from the cash value. A UL policy can fall into any of the three product types listed below. Single premium sales and juvenile sales should be reported in the appropriate category listed below.

UL with secondary guarantees (ULSG): A UL product designed specifically for the death benefit guarantee market that features long-term (guaranteed to last until at least age 90) no-lapse guarantees either through a rider or as part of the base policy.

Cash accumulation UL (AccumUL): A UL product designed specifically for the accumulation-oriented market where efficient accumulation of cash values to be available for distribution are the primary concerns of the buyer. Within this category are products that allow for high early cash value accumulation, typically through the election of an accelerated cash value rider.

Current assumption UL (CAUL): A UL product designed to offer the lowest cost death benefit coverage without death benefit guarantees. Within this category are products sometimes referred to as *dollar-solve* or *term-alternative* products.

Total individual UL: Individual UL products that include ULSG, cash accumulation UL, and current assumption UL, but do not include any indexed UL products.

INDEXED UNIVERSAL Life (IUL)

A UL product with the cash value linked to an equity index, such as the S&P 500 or Dow Jones. An IUL product can fall into any of the three product types listed above under Universal Life. Single premium sales and juvenile sales should be reported in the appropriate category listed below.

IUL with secondary guarantees (IULSG)

Cash accumulation IUL (AccumIUL)

Current assumption IUL (CAIUL)

Total indexed UL: Indexed UL products that include IUL with secondary guarantees, cash accumulation IUL, and current assumption IUL.

LONG-TERM CARE (LTC)

Long-term care refers to plans that qualify under Long-Term Care Model Laws and Regulations.

CHRONIC ILLNESS (CI)

Chronic illness refers to plans, other than terminal illness plans, that qualify under Model Regulation 620 governing accelerated death benefit designs.

Unless noted otherwise, *sales* refers to the sum of recurring premiums plus 10% of single premiums. **Exceptions include the single premium sales under item F (UL Sales Details tab and IUL Sales Details tab) and item C (LTC Rider Sales tab and Chronic Illness Rider Sales tab).**

If sales for a particular cell are negative, please report them as zero.

To avoid reporting sales by face amount without a corresponding entry for sales by premiums, please report premiums to 2–3 decimal places.

UL SALES DETAILS

A1. Please provide historical UL sales (in \$ millions) broken down by market.

IUL sales are reported in the *IUL Sales Details* tab.

CALENDAR YEAR	(A)+(B)+(C) TOTAL INDIVIDUAL UL	(A) UL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION UL	(C) CURRENT ASSUMPTION UL
2012				
2013				
2014				
YTD 9/30/15				

A2. What percent of sales (based on policy count) elected a cash value enhancement rider?

CALENDAR YEAR	TOTAL INDIVIDUAL UL	(A) UL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION UL	(C) CURRENT ASSUMPTION UL
2014				
YTD 9/30/15				

A3. What percent of sales (based on policy count) selected no lapse guaranteed premiums to age 90 or longer?

CALENDAR YEAR	TOTAL INDIVIDUAL UL	(A) UL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION UL	(C) CURRENT ASSUMPTION UL
2014				
YTD 9/30/15				

B. Please provide historical UL policies issued and face amount issued (in \$ millions) broken down by market.

CALENDAR YEAR	(A)+(B)+(C) TOTAL INDIVIDUAL UL	(A) UL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION UL	(C) CURRENT ASSUMPTION UL
NUMBER OF POLICIES ISSUED				
2012				
2013				
2014				
YTD 9/30/15				
FACE AMOUNT ISSUED				
2012				
2013				
2014				
YTD 9/30/15				

C. What are your expectations regarding the mix of UL/IUL business in the future?

TIME FRAME	TOTAL	UL WITH SECONDARY GUARANTEES	CASH ACCUMULATION UL	CURRENT ASSUMPTION UL	IUL WITH SECONDARY GUARANTEES	CASH ACCUMULATION IUL	CURRENT ASSUMPTION IUL
TODAY	100%						
2 YEARS FROM NOW	100%						
5 YEARS FROM NOW	100%						

If your expectations have changed in the last year please explain the reason for the change.

D1. Within each market, please provide 2014 UL sales (in \$ millions) by distribution channel.

DISTRIBUTION CHANNEL	(A)+(B)+(C) TOTAL INDIVIDUAL UL	(A) UL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION UL	(C) CURRENT ASSUMPTION UL
2014 UL SALES (PREMIUM)				
PPGA				
BROKERAGE				
MLEA				
CAREER AGENT				
STOCKBROKERS				
FINANCIAL INSTITUTIONS				
WORKSITE				
HOME SERVICE				
DIRECT RESPONSE				
TOTAL (SHOULD AGREE WITH QUESTION A1)				
2014 UL SALES (FACE AMOUNT)				
PPGA				
BROKERAGE				
MLEA				
CAREER AGENT				
STOCKBROKERS				
FINANCIAL INSTITUTIONS				
WORKSITE				
HOME SERVICE				
DIRECT RESPONSE				
TOTAL				

D2. Within each market, please provide YTD 9/30/15 UL sales (in \$ millions) by distribution channel.

DISTRIBUTION CHANNEL	(A)+(B)+(C) TOTAL INDIVIDUAL UL	(A) UL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION UL	(C) CURRENT ASSUMPTION UL
YTD 9/30/15 UL SALES (PREMIUM)				
PPGA				
BROKERAGE				
MLEA				
CAREER AGENT				
STOCKBROKERS				
FINANCIAL INSTITUTIONS				
WORKSITE				
HOME SERVICE				
DIRECT RESPONSE				
TOTAL (SHOULD AGREE WITH QUESTION A1)				
YTD 9/30/15 UL SALES (FACE AMOUNT)				
PPGA				
BROKERAGE				
MLEA				
CAREER AGENT				
STOCKBROKERS				
FINANCIAL INSTITUTIONS				
WORKSITE				
HOME SERVICE				
DIRECT RESPONSE				
TOTAL				

E1. Within each market, please provide 2014 UL sales (in \$ millions) by issue age group for all distribution channels combined.

ISSUE AGE GROUP	(A)+(B)+(C) TOTAL INDIVIDUAL UL	(A) UL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION UL	(C) CURRENT ASSUMPTION UL
2014 UL SALES (PREMIUM) ALL DISTRIBUTION CHANNELS COMBINED				
<25				
25-34				
35-44				
45-54				
55-64				
65-74				
75+				
TOTAL (SHOULD AGREE WITH QUESTION D1)				
2014 UL SALES (FACE AMOUNT) ALL DISTRIBUTION CHANNELS COMBINED				
<25				
25-34				
35-44				
45-54				
55-64				
65-74				
75+				
TOTAL (SHOULD AGREE WITH QUESTION D1)				

E2. Within each market, please provide YTD 9/30/15 UL sales (in \$ millions) by issue age group for all distribution channels combined.

ISSUE AGE GROUP	(A)+(B)+(C) TOTAL INDIVIDUAL UL	(A) UL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION UL	(C) CURRENT ASSUMPTION UL
YTD 9/30/15 UL SALES (PREMIUM) ALL DISTRIBUTION CHANNELS COMBINED				
<25				
25-34				
35-44				
45-54				
55-64				
65-74				
75+				
TOTAL (SHOULD AGREE WITH QUESTION D2)				
YTD 9/30/15 UL SALES (FACE AMOUNT) ALL DISTRIBUTION CHANNELS COMBINED				
<25				
25-34				
35-44				
45-54				
55-64				
65-74				
75+				
TOTAL (SHOULD AGREE WITH QUESTION D2)				

F. Within each market, please provide UL sales (in \$ millions) by premium type;
Single Premium Sales should be reported at 100% rather than 10%.

PREMIUM TYPE	(A)+(B)+(C) TOTAL INDIVIDUAL UL	(A) UL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION UL	(C) CURRENT ASSUMPTION UL
2014 UL SALES (PREMIUM)				
SINGLE PREMIUM				
OTHER PREMIUM				
TOTAL = 10% OF SP + OP (SHOULD AGREE WITH QUESTION A1)				
YTD 9/30/15 UL SALES (PREMIUM)				
SINGLE PREMIUM				
OTHER PREMIUM				
TOTAL = 10% OF SP + OP (SHOULD AGREE WITH QUESTION A1)				

G. Within each market, please provide 2014 UL sales (in \$ millions) by gender and issue age group.

ISSUE AGE GROUP	(A)+(B)+(C) TOTAL INDIVIDUAL UL	(A) UL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION UL	(C) CURRENT ASSUMPTION UL
2014 UL SALES (PREMIUM) - MALES				
<25				
25-34				
35-44				
45-54				
55-64				
65-74				
75+				
2014 UL SALES (PREMIUM) - FEMALES				
<25				
25-34				
35-44				
45-54				
55-64				
65-74				
75+				
TOTAL MALE/FEMALE (SHOULD AGREE WITH QUESTION D1)				

ISSUE AGE GROUP	(A)+(B)+(C) TOTAL INDIVIDUAL UL	(A) UL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION UL	(C) CURRENT ASSUMPTION UL
2014 UL SALES (FACE AMOUNT) - MALES				
<25				
25-34				
35-44				
45-54				
55-64				
65-74				
75+				
2014 UL SALES (FACE AMOUNT) - FEMALES				
<25				
25-34				
35-44				
45-54				
55-64				
65-74				
75+				
TOTAL MALE/FEMALE (SHOULD AGREE WITH QUESTION D1)				

Within each market, please provide YTD 9/30/15 UL sales (in \$ millions) by issue age group.

ISSUE AGE GROUP	(A)+(B)+(C) TOTAL INDIVIDUAL UL	(A) UL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION UL	(C) CURRENT ASSUMPTION UL
YTD 9/30/15 UL SALES (PREMIUM) - MALES				
<25				
25-34				
35-44				
45-54				
55-64				
65-74				
75+				
YTD 9/30/15 UL SALES (PREMIUM) - FEMALES				
<25				
25-34				
35-44				
45-54				
55-64				
65-74				
75+				
TOTAL MALE/FEMALE (SHOULD AGREE WITH QUESTION D2)				
	(A)+(B)+(C) TOTAL INDIVIDUAL UL	(A) UL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION UL	(C) CURRENT ASSUMPTION UL
YTD 9/30/15 UL SALES (FACE AMOUNT) - MALES				
<25				
25-34				
35-44				
45-54				
55-64				
65-74				
75+				
YTD 9/30/15 UL SALES (FACE AMOUNT) - FEMALES				
<25				
25-34				
35-44				
45-54				
55-64				
65-74				
75+				
TOTAL MALE/FEMALE (SHOULD AGREE WITH QUESTION D2)				

H. Within each market, please provide 2014 UL sales (in \$ millions) by underwriting class.

UNDERWRITING CLASS	(A)+(B)+(C) TOTAL INDIVIDUAL UL	(A) UL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION UL	(C) CURRENT ASSUMPTION UL
2014 UL SALES (PREMIUM)				
BEST NS/NT CLASS				
SECOND BEST NS/NT CLASS				
THIRD BEST NS/NT CLASS				
FOURTH BEST NS/NT CLASS				
FIFTH BEST NS/NT CLASS AND LOWER				
BEST S/T CLASS				
SECOND BEST S/T CLASS				
THIRD BEST S/T CLASS AND LOWER				
TOTAL (SHOULD AGREE WITH QUESTION D1)				
2014 UL SALES (FACE AMOUNT)				
BEST NS/NT CLASS				
SECOND BEST NS/NT CLASS				
THIRD BEST NS/NT CLASS				
FOURTH BEST NS/NT CLASS				
FIFTH BEST NS/NT CLASS AND LOWER				
BEST S/T CLASS				
SECOND BEST S/T CLASS				
THIRD BEST S/T CLASS AND LOWER				
TOTAL (SHOULD AGREE WITH QUESTION D1)				

Within each market, please provide YTD 9/30/15 UL sales (in \$ millions) by underwriting class.

UNDERWRITING CLASS	(A)+(B)+(C) TOTAL INDIVIDUAL UL	(A) UL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION UL	(C) CURRENT ASSUMPTION UL
YTD 9/30/15 UL SALES (PREMIUM)				
BEST NS/NT CLASS				
SECOND BEST NS/NT CLASS				
THIRD BEST NS/NT CLASS				
FOURTH BEST NS/NT CLASS				
FIFTH BEST NS/NT CLASS AND LOWER				
BEST S/T CLASS				
SECOND BEST S/T CLASS				
THIRD BEST S/T CLASS AND LOWER				
TOTAL (SHOULD AGREE WITH QUESTION D2)				
YTD 9/30/15 UL SALES (FACE AMOUNT)				
BEST NS/NT CLASS				
SECOND BEST NS/NT CLASS				
THIRD BEST NS/NT CLASS				
FOURTH BEST NS/NT CLASS				
FIFTH BEST NS/NT CLASS AND LOWER				
BEST S/T CLASS				
SECOND BEST S/T CLASS				
THIRD BEST S/T CLASS AND LOWER				
TOTAL (SHOULD AGREE WITH QUESTION D2)				

I. Within each market, please provide 2014 UL sales (in \$ millions) by death benefit option.

DEATH BENEFIT OPTION	(A)+(B)+(C) TOTAL INDIVIDUAL UL	(A) UL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION UL	(C) CURRENT ASSUMPTION UL
2014 UL SALES (PREMIUM)				
OPTION A / OPTION 1 (DEATH BENEFIT IS EQUAL TO THE STATED AMOUNT)				
OPTION B / OPTION 2 (DEATH BENEFIT IS EQUAL TO THE STATED AMOUNT PLUS THE CASH VALUE)				
OPTION C / OPTION 3 (DEATH BENEFIT IS EQUAL TO THE STATED AMOUNT PLUS THE SUM OF PREMIUMS)				
OTHER OPTION				
TOTAL (SHOULD AGREE WITH QUESTION D1)				

2014 UL SALES (FACE AMOUNT)

OPTION A / OPTION 1 (DEATH BENEFIT IS EQUAL TO THE STATED AMOUNT)

OPTION B / OPTION 2 (DEATH BENEFIT IS EQUAL TO THE STATED AMOUNT PLUS THE CASH VALUE)

OPTION C / OPTION 3 (DEATH BENEFIT IS EQUAL TO THE STATED AMOUNT PLUS THE SUM OF PREMIUMS)

OTHER OPTION

TOTAL (SHOULD AGREE WITH QUESTION D1)

DESCRIPTION OF OTHER OPTION:

DEATH BENEFIT OPTION	(A)+(B)+(C) TOTAL INDIVIDUAL UL	(A) UL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION UL	(C) CURRENT ASSUMPTION UL
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YTD 9/30/15 UL SALES (PREMIUM)

OPTION A / OPTION 1 (DEATH BENEFIT IS EQUAL TO THE STATED AMOUNT)

OPTION B / OPTION 2 (DEATH BENEFIT IS EQUAL TO THE STATED AMOUNT PLUS THE CASH VALUE)

OPTION C / OPTION 3 (DEATH BENEFIT IS EQUAL TO THE STATED AMOUNT PLUS THE SUM OF PREMIUMS)

OTHER OPTION

TOTAL (SHOULD AGREE WITH QUESTION D2)

YTD 9/30/15 UL SALES (FACE AMOUNT)

OPTION A / OPTION 1 (DEATH BENEFIT IS EQUAL TO THE STATED AMOUNT)

OPTION B / OPTION 2 (DEATH BENEFIT IS EQUAL TO THE STATED AMOUNT PLUS THE CASH VALUE)

OPTION C / OPTION 3 (DEATH BENEFIT IS EQUAL TO THE STATED AMOUNT PLUS THE SUM OF PREMIUMS)

OTHER OPTION

TOTAL (SHOULD AGREE WITH QUESTION D2)

DESCRIPTION OF OTHER OPTION:

J. Within each market, please provide 2014 UL sales (in \$ millions) by 7702 option and death benefit option.

DEATH BENEFIT OPTION	(A)+(B)+(C) TOTAL INDIVIDUAL UL	(A) UL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION UL	(C) CURRENT ASSUMPTION UL
2014 UL SALES (PREMIUM)				
7702 OPTION: CASH VALUE ACCUMULATION TEST (CVAT)				
OPTION A/OPTION 1 (DEATH BENEFIT IS EQUAL TO THE STATED AMOUNT)				
OPTION B/OPTION 2 (DEATH BENEFIT IS EQUAL TO THE STATED AMOUNT PLUS THE CASH VALUE)				
OPTION C/OPTION 3 (DEATH BENEFIT IS EQUAL TO THE STATED AMOUNT PLUS THE SUM OF PREMIUMS)				
OTHER OPTION				
TOTAL CVAT				
7702 OPTION: GUIDELINE PREMIUM TEST (GPT)				
OPTION A/OPTION 1 (DEATH BENEFIT IS EQUAL TO THE STATED AMOUNT)				
OPTION B/OPTION 2 (DEATH BENEFIT IS EQUAL TO THE STATED AMOUNT PLUS THE CASH VALUE)				
OPTION C/OPTION 3 (DEATH BENEFIT IS EQUAL TO THE STATED AMOUNT PLUS THE SUM OF PREMIUMS)				
OTHER OPTION				
TOTAL GPT				
TOTAL CVAT + GPT (SHOULD AGREE WITH QUESTION D1)				
2014 UL SALES (FACE AMOUNT)				
7702 OPTION: CASH VALUE ACCUMULATION TEST (CVAT)				
OPTION A/OPTION 1 (DEATH BENEFIT IS EQUAL TO THE STATED AMOUNT)				
OPTION B/OPTION 2 (DEATH BENEFIT IS EQUAL TO THE STATED AMOUNT PLUS THE CASH VALUE)				
OPTION C/OPTION 3 (DEATH BENEFIT IS EQUAL TO THE STATED AMOUNT PLUS THE SUM OF PREMIUMS)				
OTHER OPTION				
TOTAL CVAT				
7702 OPTION: GUIDELINE PREMIUM TEST (GPT)				
OPTION A/OPTION 1 (DEATH BENEFIT IS EQUAL TO THE STATED AMOUNT)				
OPTION B/OPTION 2 (DEATH BENEFIT IS EQUAL TO THE STATED AMOUNT PLUS THE CASH VALUE)				
OPTION C/OPTION 3 (DEATH BENEFIT IS EQUAL TO THE STATED AMOUNT PLUS THE SUM OF PREMIUMS)				
OTHER OPTION				
TOTAL GPT				
TOTAL CVAT + GPT (SHOULD AGREE WITH QUESTION D1)				

DESCRIPTION OF OTHER OPTION (CVAT):

DESCRIPTION OF OTHER OPTION (GPT):

Within each market, please provide YTD 9/30/15 UL sales (in \$ millions) by 7702 option and death benefit option.

DEATH BENEFIT OPTION	(A)+(B)+(C) TOTAL INDIVIDUAL UL	(A) UL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION UL	(C) CURRENT ASSUMPTION UL
YTD 9/30/15 UL SALES (PREMIUM)				
7702 OPTION: CASH VALUE ACCUMULATION TEST (CVAT)				
OPTION A/OPTION 1 (DEATH BENEFIT IS EQUAL TO THE STATED AMOUNT)				
OPTION B/OPTION 2 (DEATH BENEFIT IS EQUAL TO THE STATED AMOUNT PLUS THE CASH VALUE)				
OPTION C/OPTION 3 (DEATH BENEFIT IS EQUAL TO THE STATED AMOUNT PLUS THE SUM OF PREMIUMS)				
OTHER OPTION				
TOTAL CVAT				
7702 OPTION: GUIDELINE PREMIUM TEST (GPT)				
OPTION A/OPTION 1 (DEATH BENEFIT IS EQUAL TO THE STATED AMOUNT)				
OPTION B/OPTION 2 (DEATH BENEFIT IS EQUAL TO THE STATED AMOUNT PLUS THE CASH VALUE)				
OPTION C/OPTION 3 (DEATH BENEFIT IS EQUAL TO THE STATED AMOUNT PLUS THE SUM OF PREMIUMS)				
OTHER OPTION				
TOTAL GPT				
TOTAL CVAT + GPT (SHOULD AGREE WITH QUESTION D2)				
YTD 9/30/15 UL SALES (FACE AMOUNT)				
7702 OPTION: CASH VALUE ACCUMULATION TEST (CVAT)				
OPTION A/OPTION 1 (DEATH BENEFIT IS EQUAL TO THE STATED AMOUNT)				
OPTION B/OPTION 2 (DEATH BENEFIT IS EQUAL TO THE STATED AMOUNT PLUS THE CASH VALUE)				
OPTION C/OPTION 3 (DEATH BENEFIT IS EQUAL TO THE STATED AMOUNT PLUS THE SUM OF PREMIUMS)				
OTHER OPTION				
TOTAL CVAT				
7702 OPTION: GUIDELINE PREMIUM TEST (GPT)				
OPTION A/OPTION 1 (DEATH BENEFIT IS EQUAL TO THE STATED AMOUNT)				
OPTION B/OPTION 2 (DEATH BENEFIT IS EQUAL TO THE STATED AMOUNT PLUS THE CASH VALUE)				
OPTION C/OPTION 3 (DEATH BENEFIT IS EQUAL TO THE STATED AMOUNT PLUS THE SUM OF PREMIUMS)				
OTHER OPTION				
TOTAL GPT				
TOTAL CVAT + GPT (SHOULD AGREE WITH QUESTION D2)				

DESCRIPTION OF OTHER OPTION (CVAT):

DESCRIPTION OF OTHER OPTION (GPT):

IUL SALES DETAIL

A1. Please provide historical IUL sales (in \$ millions) broken down by market. UL sales are reported in the *UL Sales Details* tab.

CALENDAR YEAR	(A)+(B)+(C) TOTAL INDIVIDUAL IUL	(A) IUL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION IUL	(C) CURRENT ASSUMPTION IUL
2012				
2013				
2014				
YTD 9/30/15				

A2. What percent of sales (based on policy count) elected a cash value enhancement rider?

CALENDAR YEAR	TOTAL INDIVIDUAL IUL	(A) IUL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION IUL	(C) CURRENT ASSUMPTION IUL
2014				
YTD 9/30/15				

A3. What percent of sales (based on policy count) selected no lapse guaranteed premiums to age 90 or longer?

CALENDAR YEAR	TOTAL INDIVIDUAL IUL	(A) IUL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION IUL	(C) CURRENT ASSUMPTION IUL
2014				
YTD 9/30/15				

B. Please provide historical IUL policies issued and face amount issued (in \$ millions) broken down by market.

CALENDAR YEAR	(A)+(B)+(C) TOTAL INDIVIDUAL IUL	(A) IUL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION IUL	(C) CURRENT ASSUMPTION IUL
NUMBER OF POLICIES ISSUED				
2012				
2013				
2014				
YTD 9/30/15				

CALENDAR YEAR	(A)+(B)+(C) TOTAL INDIVIDUAL IUL	(A) IUL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION IUL	(C) CURRENT ASSUMPTION IUL
FACE AMOUNT ISSUED				
2012				
2013				
2015				
YTD 9/30/15				

C. Respond to Question C under the *UL Sales Details* tab. Proceed to Question D below.

D1. Within each market, please provide 2014 IUL sales (in \$ millions) by distribution channel.

DISTRIBUTION CHANNEL	(A)+(B)+(C) TOTAL INDIVIDUAL IUL	(A) IUL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION IUL	(C) CURRENT ASSUMPTION IUL
2014 IUL SALES (PREMIUM)				
PPGA				
BROKERAGE				
MLEA				
CAREER AGENT				
STOCKBROKERS				
FINANCIAL INSTITUTIONS				
WORKSITE				
HOME SERVICE				
DIRECT RESPONSE				
TOTAL (SHOULD AGREE WITH QUESTION A1)				
2014 IUL SALES (FACE AMOUNT)				
PPGA				
BROKERAGE				
MLEA				
CAREER AGENT				
STOCKBROKERS				
FINANCIAL INSTITUTIONS				
WORKSITE				
HOME SERVICE				
DIRECT RESPONSE				
TOTAL				

D2. Within each market, please provide YTD 9/30/15 IUL sales (in \$ millions) by distribution channel.

DISTRIBUTION CHANNEL	(A)+(B)+(C) TOTAL INDIVIDUAL IUL	(A) IUL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION IUL	(C) CURRENT ASSUMPTION IUL
YTD 9/30/15 IUL SALES (PREMIUM)				
PPGA				
BROKERAGE				
MLEA				
CAREER AGENT				
STOCKBROKERS				
FINANCIAL INSTITUTIONS				
WORKSITE				
HOME SERVICE				
DIRECT RESPONSE				
TOTAL (SHOULD AGREE WITH QUESTION A1)				
YTD 9/30/15 IUL SALES (FACE AMOUNT)				
PPGA				
BROKERAGE				
MLEA				
CAREER AGENT				
STOCKBROKERS				
FINANCIAL INSTITUTIONS				
WORKSITE				
HOME SERVICE				
DIRECT RESPONSE				
TOTAL				

E1. Within each market, please provide 2014 IUL sales (in \$ millions) by issue age group for all distribution channels combined.

ISSUE AGE GROUP	(A)+(B)+(C) TOTAL INDIVIDUAL IUL	(A) IUL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION IUL	(C) CURRENT ASSUMPTION IUL
2014 IUL SALES (PREMIUM) ALL DISTRIBUTION CHANNELS COMBINED				
<25				
25-34				
35-44				
45-54				
55-64				
65-74				
75+				
TOTAL (SHOULD AGREE WITH QUESTION D1)				
2014 IUL SALES (FACE AMOUNT) ALL DISTRIBUTION CHANNELS COMBINED				
<25				
25-34				
35-44				
45-54				
55-64				
65-74				
75+				
TOTAL (SHOULD AGREE WITH QUESTION D1)				

E2. Within each market, please provide YTD 9/30/15 IUL sales (in \$ millions) by issue age group for all distribution channels.

ISSUE AGE GROUP	(A)+(B)+(C) TOTAL INDIVIDUAL IUL	(A) IUL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION IUL	(C) CURRENT ASSUMPTION IUL
YTD 9/30/15 IUL SALES (PREMIUM) ALL DISTRIBUTION CHANNELS COMBINED				
<25				
25-34				
35-44				
45-54				
55-64				
65-74				
75+				
TOTAL (SHOULD AGREE WITH QUESTION D2)				
YTD 9/30/15 IUL SALES (FACE AMOUNT) ALL DISTRIBUTION CHANNELS COMBINED				
<25				
25-34				
35-44				
45-54				
55-64				
65-74				
75+				
TOTAL (SHOULD AGREE WITH QUESTION D2)				

F. Within each market, please provide IUL sales (in \$ millions) by premium type;
Single Premium Sales should be reported at 100% rather than 10%.

PREMIUM TYPE	(A)+(B)+(C) TOTAL INDIVIDUAL IUL	(A) IUL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION IUL	(C) CURRENT ASSUMPTION IUL
2014 IUL SALES				
SINGLE PREMIUM				
OTHER PREMIUM				
TOTAL = 10% OF SP + OP (SHOULD AGREE WITH QUESTION A1)				
YTD 9/30/15 IUL SALES				
SINGLE PREMIUM				
OTHER PREMIUM				
TOTAL = 10% OF SP + OP (SHOULD AGREE WITH QUESTION A1)				

G. Within each market, please provide 2014 IUL sales (in \$ millions) by gender and issue age group.

ISSUE AGE GROUP	(A)+(B)+(C) TOTAL INDIVIDUAL IUL	(A) IUL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION IUL	(C) CURRENT ASSUMPTION IUL
2014 IUL SALES (PREMIUM) - MALES				
<25				
25-34				
35-44				
45-54				
55-64				
65-74				
75+				
2014 IUL SALES (PREMIUM) - FEMALES				
<25				
25-34				
35-44				
45-54				
55-64				
65-74				
75+				
TOTAL MALE/FEMALE (SHOULD AGREE WITH QUESTION D1)				
ISSUE AGE GROUP	(A)+(B)+(C) TOTAL INDIVIDUAL IUL	(A) IUL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION IUL	(C) CURRENT ASSUMPTION IUL
2014 IUL SALES (FACE AMOUNT) - MALES				
<25				
25-34				
35-44				
45-54				
55-64				
65-74				
75+				

ISSUE AGE GROUP	(A)+(B)+(C) TOTAL INDIVIDUAL IUL	(A) IUL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION IUL	(C) CURRENT ASSUMPTION IUL
2014 IUL SALES (FACE AMOUNT) – FEMALES				
<25				
25-34				
35-44				
45-54				
55-64				
65-74				
75+				
TOTAL MALE/FEMALE (SHOULD AGREE WITH QUESTION D1)				

Within each market, please provide YTD 9/30/15 IUL sales (in \$ millions) by issue age group.

ISSUE AGE GROUP	(A)+(B)+(C) TOTAL INDIVIDUAL IUL	(A) IUL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION IUL	(C) CURRENT ASSUMPTION IUL
YTD 9/30/15 IUL SALES (PREMIUM) – MALES				
<25				
25-34				
35-44				
45-54				
55-64				
65-74				
75+				
YTD 9/30/15 IUL SALES (PREMIUM) – FEMALES				
<25				
25-34				
35-44				
45-54				
55-64				
65-74				
75+				
TOTAL MALE/FEMALE (SHOULD AGREE WITH QUESTION D2)				

YTD 9/30/15 IUL SALES (FACE AMOUNT) – MALES				
<25				
25-34				
35-44				
45-54				
55-64				
65-74				
75+				
YTD 9/30/15 IUL SALES (FACE AMOUNT) – FEMALES				
<25				
25-34				
35-44				
45-54				
55-64				
65-74				
75+				
TOTAL MALE/FEMALE (SHOULD AGREE WITH QUESTION D2)				

H. Within each market, please provide 2014 IUL sales (in \$ millions) by underwriting class.

UNDERWRITING CLASS	(A)+(B)+(C) TOTAL INDIVIDUAL IUL	(A) IUL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION IUL	(C) CURRENT ASSUMPTION IUL
2014 IUL SALES (PREMIUM)				
BEST NS/NT CLASS				
SECOND BEST NS/NT CLASS				
THIRD BEST NS/NT CLASS				
FOURTH BEST NS/NT CLASS				
FIFTH BEST NS/NT CLASS AND LOWER				
BEST S/T CLASS				
SECOND BEST S/T CLASS				
THIRD BEST S/T CLASS AND LOWER				
TOTAL (SHOULD AGREE WITH QUESTION D1)				
2014 IUL SALES (FACE AMOUNT)				
BEST NS/NT CLASS				
SECOND BEST NS/NT CLASS				
THIRD BEST NS/NT CLASS				
FOURTH BEST NS/NT CLASS				
FIFTH BEST NS/NT CLASS AND LOWER				
BEST S/T CLASS				
SECOND BEST S/T CLASS				
THIRD BEST S/T CLASS AND LOWER				
TOTAL (SHOULD AGREE WITH QUESTION D1)				

Within each market, please provide YTD 9/30/15 IUL sales (in \$ millions) by underwriting class.

UNDERWRITING CLASS	(A)+(B)+(C) TOTAL INDIVIDUAL IUL	(A) IUL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION IUL	(C) CURRENT ASSUMPTION IUL
YTD 9/30/15 IUL SALES (PREMIUM)				
BEST NS/NT CLASS				
SECOND BEST NS/NT CLASS				
THIRD BEST NS/NT CLASS				
FOURTH BEST NS/NT CLASS				
FIFTH BEST NS/NT CLASS AND LOWER				
BEST S/T CLASS				
SECOND BEST S/T CLASS				
THIRD BEST S/T CLASS AND LOWER				
TOTAL (SHOULD AGREE WITH QUESTION D2)				
YTD 9/30/15 IUL SALES (FACE AMOUNT)				
BEST NS/NT CLASS				
SECOND BEST NS/NT CLASS				
THIRD BEST NS/NT CLASS				
FOURTH BEST NS/NT CLASS				
FIFTH BEST NS/NT CLASS AND LOWER				
BEST S/T CLASS				
SECOND BEST S/T CLASS				
THIRD BEST S/T CLASS AND LOWER				
TOTAL (SHOULD AGREE WITH QUESTION D2)				

I. Within each market, please provide 2014 IUL sales (in \$ millions) by death benefit option.

DEATH BENEFIT OPTION	(A)+(B)+(C) TOTAL INDIVIDUAL IUL	(A) IUL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION IUL	(C) CURRENT ASSUMPTION IUL
2014 IUL SALES (PREMIUM)				
OPTION A/OPTION 1 (DEATH BENEFIT IS EQUAL TO THE STATED AMOUNT)				
OPTION B/OPTION 2 (DEATH BENEFIT IS EQUAL TO THE STATED AMOUNT PLUS THE CASH VALUE)				
OPTION C/OPTION 3 (DEATH BENEFIT IS EQUAL TO THE STATED AMOUNT PLUS THE SUM OF PREMIUMS)				
OTHER OPTION				
TOTAL (SHOULD AGREE WITH QUESTION D1)				
2014 IUL SALES (FACE AMOUNT)				
OPTION A/OPTION 1 (DEATH BENEFIT IS EQUAL TO THE STATED AMOUNT)				
OPTION B/OPTION 2 (DEATH BENEFIT IS EQUAL TO THE STATED AMOUNT PLUS THE CASH VALUE)				
OPTION C/OPTION 3 (DEATH BENEFIT IS EQUAL TO THE STATED AMOUNT PLUS THE SUM OF PREMIUMS)				
OTHER OPTION				
TOTAL (SHOULD AGREE WITH QUESTION D1)				

DESCRIPTION OF OTHER OPTION:

Within each market, please provide YTD 9/30/15 IUL sales (in \$ millions) by death benefit option.

DEATH BENEFIT OPTION	(A)+(B)+(C) TOTAL INDIVIDUAL IUL	(A) IUL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION IUL	(C) CURRENT ASSUMPTION IUL
YTD 9/30/15 IUL SALES (PREMIUM)				
OPTION A/OPTION 1 (DEATH BENEFIT IS EQUAL TO THE STATED AMOUNT)				
OPTION B/OPTION 2 (DEATH BENEFIT IS EQUAL TO THE STATED AMOUNT PLUS THE CASH VALUE)				
OPTION C/OPTION 3 (DEATH BENEFIT IS EQUAL TO THE STATED AMOUNT PLUS THE SUM OF PREMIUMS)				
OTHER OPTION				
TOTAL (SHOULD AGREE WITH QUESTION D2)				
YTD 9/30/15 IUL SALES (FACE AMOUNT)				
OPTION A/OPTION 1 (DEATH BENEFIT IS EQUAL TO THE STATED AMOUNT)				
OPTION B/OPTION 2 (DEATH BENEFIT IS EQUAL TO THE STATED AMOUNT PLUS THE CASH VALUE)				
OPTION C/OPTION 3 (DEATH BENEFIT IS EQUAL TO THE STATED AMOUNT PLUS THE SUM OF PREMIUMS)				
OTHER OPTION				
TOTAL (SHOULD AGREE WITH QUESTION D2)				

DESCRIPTION OF OTHER OPTION:

J. Within each market, please provide 2014 IUL sales (in \$ millions) by 7702 option and death benefit option.

DEATH BENEFIT OPTION	(A)+(B)+(C) TOTAL INDIVIDUAL IUL	(A) IUL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION IUL	(C) CURRENT ASSUMPTION IUL
2014 IUL SALES (PREMIUM)				
7702 OPTION: CASH VALUE ACCUMULATION TEST (CVAT)				
OPTION A/OPTION 1 (DEATH BENEFIT IS EQUAL TO THE STATED AMOUNT)				
OPTION B/OPTION 2 (DEATH BENEFIT IS EQUAL TO THE STATED AMOUNT PLUS THE CASH VALUE)				
OPTION C/OPTION 3 (DEATH BENEFIT IS EQUAL TO THE STATED AMOUNT PLUS THE SUM OF PREMIUMS)				
OTHER OPTION				
TOTAL CVAT				
7702 OPTION: GUIDELINE PREMIUM TEST (GPT)				
OPTION A/OPTION 1 (DEATH BENEFIT IS EQUAL TO THE STATED AMOUNT)				
OPTION B/OPTION 2 (DEATH BENEFIT IS EQUAL TO THE STATED AMOUNT PLUS THE CASH VALUE)				
OPTION C/OPTION 3 (DEATH BENEFIT IS EQUAL TO THE STATED AMOUNT PLUS THE SUM OF PREMIUMS)				
OTHER OPTION				
TOTAL GPT				
TOTAL CVAT + GPT (SHOULD AGREE WITH QUESTION D1)				
2014 IUL SALES (FACE AMOUNT)				
7702 OPTION: CASH VALUE ACCUMULATION TEST (CVAT)				
OPTION A/OPTION 1 (DEATH BENEFIT IS EQUAL TO THE STATED AMOUNT)				
OPTION B/OPTION 2 (DEATH BENEFIT IS EQUAL TO THE STATED AMOUNT PLUS THE CASH VALUE)				
OPTION C/OPTION 3 (DEATH BENEFIT IS EQUAL TO THE STATED AMOUNT PLUS THE SUM OF PREMIUMS)				
OTHER OPTION				
TOTAL CVAT				
7702 OPTION: GUIDELINE PREMIUM TEST (GPT)				
OPTION A/OPTION 1 (DEATH BENEFIT IS EQUAL TO THE STATED AMOUNT)				
OPTION B/OPTION 2 (DEATH BENEFIT IS EQUAL TO THE STATED AMOUNT PLUS THE CASH VALUE)				
OPTION C/OPTION 3 (DEATH BENEFIT IS EQUAL TO THE STATED AMOUNT PLUS THE SUM OF PREMIUMS)				
OTHER OPTION				
TOTAL GPT				
TOTAL CVAT + GPT (SHOULD AGREE WITH QUESTION D1)				

DESCRIPTION OF OTHER OPTION (CVAT):

DESCRIPTION OF OTHER OPTION (GPT):

Within each market, please provide YTD 9/30/15 IUL sales (in \$ millions) by 7702 option and death benefit option.

DEATH BENEFIT OPTION	(A)+(B)+(C) TOTAL INDIVIDUAL IUL	(A) IUL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION IUL	(C) CURRENT ASSUMPTION IUL
YTD 9/30/15 IUL SALES (PREMIUM)				
7702 OPTION: CASH VALUE ACCUMULATION TEST (CVAT)				
OPTION A/OPTION 1 (DEATH BENEFIT IS EQUAL TO THE STATED AMOUNT)				
OPTION B/OPTION 2 (DEATH BENEFIT IS EQUAL TO THE STATED AMOUNT PLUS THE CASH VALUE)				
OPTION C/OPTION 3 (DEATH BENEFIT IS EQUAL TO THE STATED AMOUNT PLUS THE SUM OF PREMIUMS)				
OTHER OPTION				
TOTAL CVAT				
7702 OPTION: GUIDELINE PREMIUM TEST (GPT)				
OPTION A/OPTION 1 (DEATH BENEFIT IS EQUAL TO THE STATED AMOUNT)				
OPTION B/OPTION 2 (DEATH BENEFIT IS EQUAL TO THE STATED AMOUNT PLUS THE CASH VALUE)				
OPTION C/OPTION 3 (DEATH BENEFIT IS EQUAL TO THE STATED AMOUNT PLUS THE SUM OF PREMIUMS)				
OTHER OPTION				
TOTAL GPT				
TOTAL CVAT + GPT (SHOULD AGREE WITH QUESTION D2)				
YTD 9/30/15 IUL SALES (FACE AMOUNT)				
7702 OPTION: CASH VALUE ACCUMULATION TEST (CVAT)				
OPTION A/OPTION 1 (DEATH BENEFIT IS EQUAL TO THE STATED AMOUNT)				
OPTION B/OPTION 2 (DEATH BENEFIT IS EQUAL TO THE STATED AMOUNT PLUS THE CASH VALUE)				
OPTION C/OPTION 3 (DEATH BENEFIT IS EQUAL TO THE STATED AMOUNT PLUS THE SUM OF PREMIUMS)				
OTHER OPTION				
TOTAL CVAT				
7702 OPTION: GUIDELINE PREMIUM TEST (GPT)				
OPTION A/OPTION 1 (DEATH BENEFIT IS EQUAL TO THE STATED AMOUNT)				
OPTION B/OPTION 2 (DEATH BENEFIT IS EQUAL TO THE STATED AMOUNT PLUS THE CASH VALUE)				
OPTION C/OPTION 3 (DEATH BENEFIT IS EQUAL TO THE STATED AMOUNT PLUS THE SUM OF PREMIUMS)				
OTHER OPTION				
TOTAL GPT				
TOTAL CVAT + GPT (SHOULD AGREE WITH QUESTION D2)				

DESCRIPTION OF OTHER OPTION (CVAT):

DESCRIPTION OF OTHER OPTION (GPT):

CHRONIC ILLNESS RIDER SALES

Note: Sales reported in this section should also be included in the sales reported in the UL Sales Details tab and/or the IUL Sales Details tab.

A1. Please provide historical UL sales (in millions) on all business *with chronic illness riders*.

CALENDAR YEAR	(A)+(B)+(C) TOTAL INDIVIDUAL UL	(A) UL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION UL	(C) CURRENT ASSUMPTION UL
UL SALES WITH CHRONIC ILLNESS ACCELERATED BENEFIT RIDERS (PREMIUM)				
2012				
2013				
2014				
YTD 9/30/15				
UL SALES WITH CHRONIC ILLNESS ACCELERATED BENEFIT RIDERS (FACE AMOUNT)				
2012				
2013				
2014				
YTD 9/30/15				

A2. Please provide historical IUL sales (in \$ millions) on all business *with chronic illness riders*.

CALENDAR YEAR	(A)+(B)+(C) TOTAL INDIVIDUAL IUL	(A) IUL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION IUL	(C) CURRENT ASSUMPTION IUL
IUL SALES WITH CHRONIC ILLNESS ACCELERATED BENEFIT RIDERS (PREMIUM)				
2012				
2013				
2014				
YTD 9/30/15				
IUL SALES WITH CHRONIC ILLNESS ACCELERATED BENEFIT RIDERS (FACE AMOUNT)				
2012				
2013				
2014				
YTD 9/30/15				

B. Please provide historical policies issued and face amount issued (in \$ millions) on all business *with chronic illness riders*.

CALENDAR YEAR	(A)+(B)+(C) TOTAL INDIVIDUAL UL	(A) UL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION UL	(C) CURRENT ASSUMPTION UL
NUMBER OF POLICIES ISSUED ON UL SALES WITH CHRONIC ILLNESS RIDERS				
2012				
2013				
2014				
YTD 9/30/15				
FACE AMOUNT ISSUED ON UL SALES WITH CHRONIC ILLNESS RIDERS				
2012				
2013				
2014				
YTD 9/30/15				

CALENDAR YEAR	TOTAL INDIVIDUAL IUL	(A) IUL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION IUL	(C) CURRENT ASSUMPTION IUL
NUMBER OF POLICIES ISSUED ON IUL SALES WITH CHRONIC ILLNESS RIDERS				
2012				
2013				
2014				
YTD 9/30/15				
FACE AMOUNT ISSUED ON IUL SALES WITH CHRONIC ILLNESS RIDERS				
2012				
2013				
2014				
YTD 9/30/15				

C. Please provide UL/IUL sales (in \$ millions) of all business *with chronic illness riders* that is single premium business (at 100%, not at 10% and in dollars, not percentages).

CALENDAR YEAR	(A)+(B)+(C) TOTAL INDIVIDUAL IUL	(A) UL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION UL	(C) CURRENT ASSUMPTION UL
UL SINGLE PREMIUM SALES WITH CHRONIC ILLNESS RIDERS (BASED ON PREMIUM)				
2012				
2013				
2014				
YTD 9/30/15				
UL SINGLE PREMIUM SALES WITH CHRONIC ILLNESS RIDERS (BASED ON FACE AMOUNT)				
2012				
2013				
2014				
YTD 9/30/15				

CALENDAR YEAR	(A)+(B)+(C) TOTAL INDIVIDUAL IUL	(A) IUL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION IUL	(C) CURRENT ASSUMPTION IUL
IUL SINGLE PREMIUM SALES WITH CHRONIC ILLNESS RIDERS (BASED ON PREMIUM)				
2012				
2013				
2014				
YTD 9/30/15				
IUL SINGLE PREMIUM SALES WITH CHRONIC ILLNESS RIDERS (BASED ON FACE AMOUNT)				
2012				
2013				
2014				
YTD 9/30/15				

D. Please provide UL/IUL combined sales of all business **with chronic illness riders** by distribution channel.

DISTRIBUTION CHANNEL	UL/IUL SALES (PREMIUM)		UL/IUL SALES (FACE AMOUNT)	
	2014	YTD AS OF 9/30/15	2014	YTD AS OF 9/30/15
PPGA				
BROKERAGE				
MLEA				
CAREER AGENT				
STOCKBROKERS				
FINANCIAL INSTITUTIONS				
WORKSITE				
HOME SERVICE				
DIRECT RESPONSE				
TOTAL				

E. Please provide UL/IUL combined sales of all business **with chronic illness riders** by issue age group and gender.

ISSUE AGE GROUP	MALES			
	SALES (PREMIUM)		SALES (FACE AMOUNT)	
	2014	YTD AS OF 9/30/15	2014	YTD AS OF 9/30/15
<25				
25-34				
35-44				
45-54				
55-64				
65-74				
75+				

ISSUE AGE GROUP	FEMALES			
	SALES (PREMIUM)		SALES (FACE AMOUNT)	
	2014	YTD AS OF 9/30/15	2014	YTD AS OF 9/30/15
<25				
25-34				
35-44				
45-54				
55-64				
65-74				
75+				
TOTAL MALE/FEMALE				

F1. Is your chronic illness rider automatically included with the base UL policy? (Yes/No/Some are Optional and Others are Not)

For riders that are not automatically included, what was the election rate of UL chronic illness riders at the time of sale for the following time periods? (e.g., X% of UL policies issued in calendar year YYYY elected a chronic illness ABR)

YEAR	2012	2013	2014	YTD AS OF 9/30/15
CHRONIC ILLNESS ABR ELECTION RATE				

F2. Is your chronic illness rider automatically included in the base IUL policy? (Yes/No/Some are Optional and Others are Not)

For riders that are not automatically included, what was the election rate of IUL chronic illness riders at the time of sale for the following time periods? (e.g., X% of IUL policies issued in calendar year YYYY elected a chronic illness ABR)

YEAR	2012	2013	2014	YTD AS OF 9/30/15
CHRONIC ILLNESS ABR ELECTION RATE				

G. What is the structure of your chronic illness rider? (Please indicate with an X)

STRUCTURE OF CHRONIC ILLNESS RIDERS

LIEN APPROACH

DISCOUNTED DEATH BENEFIT APPROACH

DOLLAR-FOR-DOLLAR BENEFIT REDUCTION APPROACH

OTHER (PLEASE DESCRIBE)

LTC RIDER SALES

Note: Sales reported in this section should also be included in the sales reported in the UL Sales Details tab and/or the IUL Sales Details tab.

A1. Please provide 2012 UL sales (in \$ millions) on all business **with LTC riders**.

LTC RIDER TYPE	(A)+(B)+(C) TOTAL INDIVIDUAL UL	(A) UL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION UL	(C) CURRENT ASSUMPTION UL
2012 UL SALES (PREMIUM) WITH LTC RIDERS				
WITH LTC ACCELERATED BENEFIT RIDER ONLY				
WITH LTC ACCELERATED BENEFIT RIDER AND EXTENSION OF BENEFITS RIDER				
WITH LTC ACCELERATED BENEFIT RIDER, EXTENSION OF BENEFITS RIDER, AND INFLATION PROTECTION RIDER				
2012 UL SALES (FACE AMOUNT) WITH LTC RIDERS				
WITH LTC ACCELERATED BENEFIT RIDER ONLY				
WITH LTC ACCELERATED BENEFIT RIDER AND EXTENSION OF BENEFITS RIDER				
WITH LTC ACCELERATED BENEFIT RIDER, EXTENSION OF BENEFITS RIDER, AND INFLATION PROTECTION RIDER				

Please provide 2013 UL sales (in \$ millions) on all business *with LTC riders*.

LTC RIDER TYPE	(A)+(B)+(C) TOTAL INDIVIDUAL UL	(A) UL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION UL	(C) CURRENT ASSUMPTION UL
2013 UL SALES (PREMIUM) WITH LTC RIDERS				
WITH LTC ACCELERATED BENEFIT RIDER ONLY				
WITH LTC ACCELERATED BENEFIT RIDER AND EXTENSION OF BENEFITS RIDER				
WITH LTC ACCELERATED BENEFIT RIDER, EXTENSION OF BENEFITS RIDER, AND INFLATION PROTECTION RIDER				
2013 UL SALES (FACE AMOUNT) WITH LTC RIDERS				
WITH LTC ACCELERATED BENEFIT RIDER ONLY				
WITH LTC ACCELERATED BENEFIT RIDER AND EXTENSION OF BENEFITS RIDER				
WITH LTC ACCELERATED BENEFIT RIDER, EXTENSION OF BENEFITS RIDER, AND INFLATION PROTECTION RIDER				

Please provide 2014 UL sales (in \$ millions) on all business *with LTC riders*.

LTC RIDER TYPE	(A)+(B)+(C) TOTAL INDIVIDUAL UL	(A) UL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION UL	(C) CURRENT ASSUMPTION UL
2014 UL SALES (PREMIUM) WITH LTC RIDERS				
WITH LTC ACCELERATED BENEFIT RIDER ONLY				
WITH LTC ACCELERATED BENEFIT RIDER AND EXTENSION OF BENEFITS RIDER				
WITH LTC ACCELERATED BENEFIT RIDER, EXTENSION OF BENEFITS RIDER, AND INFLATION PROTECTION RIDER				
2014 UL SALES (FACE AMOUNT) WITH LTC RIDERS				
WITH LTC ACCELERATED BENEFIT RIDER ONLY				
WITH LTC ACCELERATED BENEFIT RIDER AND EXTENSION OF BENEFITS RIDER				
WITH LTC ACCELERATED BENEFIT RIDER, EXTENSION OF BENEFITS RIDER, AND INFLATION PROTECTION RIDER				

Please provide YTD 9/30/15 UL sales (in \$ millions) on all business *with LTC riders*.

LTC RIDER TYPE	(A)+(B)+(C) TOTAL INDIVIDUAL UL	(A) UL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION UL	(C) CURRENT ASSUMPTION UL
YTD 9/30/15 UL SALES (PREMIUM) WITH LTC RIDERS				
WITH LTC ACCELERATED BENEFIT RIDER ONLY				
WITH LTC ACCELERATED BENEFIT RIDER AND EXTENSION OF BENEFITS RIDER				
WITH LTC ACCELERATED BENEFIT RIDER, EXTENSION OF BENEFITS RIDER, AND INFLATION PROTECTION RIDER				
YTD 9/30/15 UL SALES (FACE AMOUNT) WITH LTC RIDERS				
WITH LTC ACCELERATED BENEFIT RIDER ONLY				
WITH LTC ACCELERATED BENEFIT RIDER AND EXTENSION OF BENEFITS RIDER				
WITH LTC ACCELERATED BENEFIT RIDER, EXTENSION OF BENEFITS RIDER, AND INFLATION PROTECTION RIDER				

A2. Please provide 2012 IUL sales (in \$ millions) on all business *with LTC riders*.

LTC RIDER TYPE	(A)+(B)+(C) TOTAL INDIVIDUAL IUL	(A) IUL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION IUL	(C) CURRENT ASSUMPTION IUL
2012 IUL SALES (PREMIUM) WITH LTC RIDERS				
WITH LTC ACCELERATED BENEFIT RIDER ONLY				
WITH LTC ACCELERATED BENEFIT RIDER AND EXTENSION OF BENEFITS RIDER				
WITH LTC ACCELERATED BENEFIT RIDER, EXTENSION OF BENEFITS RIDER, AND INFLATION PROTECTION RIDER				
2012 IUL SALES (FACE AMOUNT) WITH LTC RIDERS				
WITH LTC ACCELERATED BENEFIT RIDER ONLY				
WITH LTC ACCELERATED BENEFIT RIDER AND EXTENSION OF BENEFITS RIDER				
WITH LTC ACCELERATED BENEFIT RIDER, EXTENSION OF BENEFITS RIDER, AND INFLATION PROTECTION RIDER				

Please provide 2013 IUL sales (in \$ millions) on all business *with LTC riders*.

LTC RIDER TYPE	(A)+(B)+(C) TOTAL INDIVIDUAL IUL	(A) IUL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION IUL	(C) CURRENT ASSUMPTION IUL
2013 IUL SALES (PREMIUM) WITH LTC RIDERS				
WITH LTC ACCELERATED BENEFIT RIDER ONLY				
WITH LTC ACCELERATED BENEFIT RIDER AND EXTENSION OF BENEFITS RIDER				
WITH LTC ACCELERATED BENEFIT RIDER, EXTENSION OF BENEFITS RIDER, AND INFLATION PROTECTION RIDER				
2013 IUL SALES (FACE AMOUNT) WITH LTC RIDERS				
WITH LTC ACCELERATED BENEFIT RIDER ONLY				
WITH LTC ACCELERATED BENEFIT RIDER AND EXTENSION OF BENEFITS RIDER				
WITH LTC ACCELERATED BENEFIT RIDER, EXTENSION OF BENEFITS RIDER, AND INFLATION PROTECTION RIDER				

Please provide 2014 IUL sales (in \$ millions) on all business *with LTC riders*.

LTC RIDER TYPE	(A)+(B)+(C) TOTAL INDIVIDUAL IUL	(A) IUL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION IUL	(C) CURRENT ASSUMPTION IUL
2014 IUL SALES (PREMIUM) WITH LTC RIDERS				
WITH LTC ACCELERATED BENEFIT RIDER ONLY				
WITH LTC ACCELERATED BENEFIT RIDER AND EXTENSION OF BENEFITS RIDER				
WITH LTC ACCELERATED BENEFIT RIDER, EXTENSION OF BENEFITS RIDER, AND INFLATION PROTECTION RIDER				
2014 IUL SALES (FACE AMOUNT) WITH LTC RIDERS				
WITH LTC ACCELERATED BENEFIT RIDER ONLY				
WITH LTC ACCELERATED BENEFIT RIDER AND EXTENSION OF BENEFITS RIDER				
WITH LTC ACCELERATED BENEFIT RIDER, EXTENSION OF BENEFITS RIDER, AND INFLATION PROTECTION RIDER				

Please provide YTD 9/30/15 IUL sales (in \$ millions) on all business **with LTC riders**.

LTC RIDER TYPE	(A)+(B)+(C) TOTAL INDIVIDUAL IUL	(A) IUL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION IUL	(C) CURRENT ASSUMPTION IUL
YTD 9/30/15 IUL SALES (PREMIUM) WITH LTC RIDERS				
WITH LTC ACCELERATED BENEFIT RIDER ONLY				
WITH LTC ACCELERATED BENEFIT RIDER AND EXTENSION OF BENEFITS RIDER				
WITH LTC ACCELERATED BENEFIT RIDER, EXTENSION OF BENEFITS RIDER, AND INFLATION PROTECTION RIDER				
YTD 9/30/15 IUL SALES (FACE AMOUNT) WITH LTC RIDERS				
WITH LTC ACCELERATED BENEFIT RIDER ONLY				
WITH LTC ACCELERATED BENEFIT RIDER AND EXTENSION OF BENEFITS RIDER				
WITH LTC ACCELERATED BENEFIT RIDER, EXTENSION OF BENEFITS RIDER, AND INFLATION PROTECTION RIDER				

B. Please provide historical policies issued and face amount issued (in \$ millions) on all business **with LTC riders**.

CALENDAR YEAR	(A)+(B)+(C) TOTAL INDIVIDUAL IUL	(A) IUL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION IUL	(C) CURRENT ASSUMPTION IUL
NUMBER OF POLICIES ISSUED ON UL BUSINESS WITH LTC RIDERS				
2012				
2013				
2014				
YTD AS OF 9/30/15				
FACE AMOUNT ISSUED ON UL BUSINESS WITH LTC RIDERS				
2012				
2013				
2014				
YTD AS OF 9/30/15				
NUMBER OF POLICIES ISSUED ON IUL BUSINESS WITH LTC RIDERS				
2012				
2013				
2014				
YTD AS OF 9/30/15				
FACE AMOUNT ISSUED ON IUL BUSINESS WITH LTC RIDERS				
2012				
2013				
2014				
YTD AS OF 9/30/15				

C. Please provide UL/IUL sales of all business **with LTC riders** that is single premium business (at 100%, not at 10% and in dollars, not percentages).

CALENDAR YEAR	(A)+(B)+(C) TOTAL INDIVIDUAL UL	(A) UL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION UL	(C) CURRENT ASSUMPTION UL
UL SINGLE PREMIUM SALES WITH LTC RIDERS (BASED ON PREMIUM)				
2012				
2013				
2014				
YTD AS OF 9/30/15				

UL SINGLE PREMIUM SALES WITH LTC RIDERS (BASED ON FACE AMOUNT)				
2012				
2013				
2014				
YTD AS OF 9/30/15				

CALENDAR YEAR	(A)+(B)+(C) TOTAL INDIVIDUAL IUL	(A) IUL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION IUL	(C) CURRENT ASSUMPTION IUL
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IUL SINGLE PREMIUM SALES WITH LTC RIDERS (BASED ON PREMIUM)				
2012				
2013				
2014				
YTD AS OF 9/30/15				

IUL SINGLE PREMIUM SALES WITH LTC RIDERS (BASED ON FACE AMOUNT)				
2012				
2013				
2014				
YTD AS OF 9/30/15				

D. Please provide UL/IUL combined sales (in \$ millions) of all business **with LTC riders** by distribution channel.

DISTRIBUTION CHANNEL	UL/IUL SALES (PREMIUM)		UL/IUL SALES (FACE AMOUNT)	
	2014	YTD AS OF 9/30/15	2014	YTD AS OF 9/30/15
PPGA				
BROKERAGE				
MLEA				
CAREER AGENT				
STOCKBROKERS				
FINANCIAL INSTITUTIONS				
WORKSITE				
HOME SERVICE				
DIRECT RESPONSE				
TOTAL				

E. Please provide UL/IUL combined sales (in \$ millions) of all business **with LTC riders** by issue age group and gender.

ISSUE AGE GROUP	MALES			
	SALES (PREMIUM)		SALES (FACE AMOUNT)	
	2014	YTD AS OF 9/30/15	2014	YTD AS OF 9/30/15
<25				
25-34				
35-44				
45-54				
55-64				
65-74				
75+				

ISSUE AGE GROUP	FEMALES			
	SALES (PREMIUM)		SALES (FACE AMOUNT)	
	2014	YTD AS OF 9/30/15	2014	YTD AS OF 9/30/15
<25				
25-34				
35-44				
45-54				
55-64				
65-74				
75+				
TOTAL MALE/FEMALE				

F1. Is your LTC rider automatically included with the base UL policy? (Yes/No/Some are Optional and Others are Not)

LTC RIDER TYPE	LTC ACCELERATED BENEFIT RIDER	EXTENSION OF BENEFITS RIDER	INFLATION PROTECTION RIDER
YES/NO/SOME ARE OPTIONAL AND OTHERS ARE NOT			

For UL LTC riders that are not automatically included, what was the election rate at the time of sale for the following time periods? (e.g., X% of UL policies issued in calendar year YYYY elected an LTC ABR Only)

LTC RIDER TYPE	2012	2013	2014	DURING YTD 9/30/15
LTC ACCELERATED BENEFIT RIDER				
EXTENSION OF BENEFITS RIDER				
INFLATION PROTECTION RIDER				

F2. Is your LTC rider automatically included with the base IUL policy? (Yes/No/Some are Optional and Others are Not)

LTC RIDER TYPE	LTC ACCELERATED BENEFIT RIDER	EXTENSION OF BENEFITS RIDER	INFLATION PROTECTION RIDER
YES/NO/SOME ARE OPTIONAL AND OTHERS ARE NOT			

For IUL LTC riders that are not automatically included, what was the election rate at the time of sale for the following time periods? (e.g., X% of IUL policies issued in calendar year YYYY elected an LTC ABR Only)

LTC RIDER TYPE	2012	2013	2014	DURING YTD 9/30/15
LTC ACCELERATED BENEFIT RIDER				
EXTENSION OF BENEFITS RIDER				
INFLATION PROTECTION RIDER				

PROFIT MEASURES

A. Please provide responses relevant to the pricing of new sales issued today.

PROFIT MEASURES AND GOALS	UL WITH SECONDARY GUARANTEES	CASH ACCUMULATION UL	CURRENT ASSUMPTION UL	IUL WITH SECONDARY GUARANTEES	CASH ACCUMULATION IUL	CURRENT ASSUMPTION IUL
STATUTORY						
STATUTORY ROI/IRR (%)						
AFTER-TAX? (Y/N)						
AFTER-CAPITAL? (Y/N)						
PRIMARY OR SECONDARY MEASURE?						
STATUTORY ROA (BPS)						
AFTER-TAX? (Y/N)						
AFTER-CAPITAL? (Y/N)						
PRIMARY OR SECONDARY MEASURE?						
PROFIT MARGIN (% OF PREMIUM)						
AFTER-TAX? (Y/N)						
AFTER-CAPITAL? (Y/N)						
PRIMARY OR SECONDARY MEASURE?						
IN THE PRICING OF NEW SALES ISSUED TODAY, WHAT DISCOUNT RATE IS USED TO CALCULATE THE PROFIT MARGIN? (E.G., 0%, 10%)						
WHAT IS THE BASIS OF THE DISCOUNT RATE THAT IS USED TO CALCULATE THE PROFIT MARGIN? (E.G., THE NET INVESTMENT EARNINGS RATE)						
IS THE DISCOUNT RATE USED TO CALCULATE THE PROFIT MARGIN ON A PRE-TAX OR AFTER-TAX BASIS?						
OTHER STATUTORY MEASURE (DESCRIBE)						
OTHER STATUTORY GOAL						
AFTER-TAX? (Y/N)						
AFTER-CAPITAL? (Y/N)						
PRIMARY OR SECONDARY MEASURE?						
IF APPLICABLE, IN THE PRICING OF NEW SALES ISSUED TODAY, WHAT DISCOUNT RATE IS USED TO CALCULATE THE OTHER MEASURE? (E.G., 0%, 10%)						
IF APPLICABLE, WHAT IS THE BASIS OF THE DISCOUNT RATE THAT IS USED TO CALCULATE THE OTHER STATUTORY MEASURE? (E.G., THE NET INVESTMENT EARNINGS RATE)						
IF APPLICABLE, IS THE DISCOUNT RATE USED TO CALCULATE THE OTHER STATUTORY PROFIT MEASURE ON A PRE-TAX OR AFTER-TAX BASIS?						

PROFIT MEASURES AND GOALS	UL WITH SECONDARY GUARANTEES	CASH ACCUMULATION UL	CURRENT ASSUMPTION UL	IUL WITH SECONDARY GUARANTEES	CASH ACCUMULATION IUL	CURRENT ASSUMPTION IUL
GAAP						
GAAP ROE (%)						
AFTER-TAX? (Y/N)						
AFTER-CAPITAL? (Y/N)						
PRIMARY OR SECONDARY MEASURE?						
HOW IS ROE MEASURED OVER THE LIFE OF THE BUSINESS?						
AVERAGE PROFITS/AVERAGE CAPITAL? (Y/N)						
DISCOUNTED PROFITS / DISCOUNTED CAPITAL? (Y/N)						
IF DISCOUNTED, WHAT DISCOUNT RATE IS USED?						
OTHER METHOD OF MEASURING ROE (PLEASE DESCRIBE)						
GAAP ROA (BPS)						
AFTER-TAX? (Y/N)						
AFTER-CAPITAL? (Y/N)						
PRIMARY OR SECONDARY MEASURE?						
OTHER GAAP MEASURE (PLEASE DESCRIBE)						
OTHER GAAP GOAL						
AFTER-TAX? (Y/N)						
AFTER-CAPITAL (Y/N)						
PRIMARY OR SECONDARY MEASURE?						
IF APPLICABLE, IN THE PRICING OF NEW SALES ISSUED TODAY, WHAT DISCOUNT RATE IS USED TO CALCULATE THE OTHER GAAP MEASURE? (E.G., 0%, 10%)						
IF APPLICABLE, WHAT IS THE BASIS OF THE DISCOUNT RATE THAT IS USED TO CALCULATE THE OTHER MEASURE? (E.G., THE NET INVESTMENT EARNINGS RATE)						
IF APPLICABLE, IS THE DISCOUNT RATE USED TO CALCULATE THE OTHER GAAP PROFIT MEASURE ON A PRE-TAX OR AFTER-TAX BASIS?						

B. If your profit goals changed in the last two years, please describe the change in basis (e.g., statutory IRR to statutory profit margin) and/or the change in target (e.g., increased from 10% to 12%) and the rationale for the change.

C. Do you measure profits on your in-force business based on the measure(s) reported above for new business?

If not, describe the measure(s) used for in-force business.

If not, why are different measures used for new business and in-force business?

D1. Indicate with an *X* your actual results for 2014 relative to profit goals:

ACTUAL RESULTS	UL WITH SECONDARY GUARANTEES	CASH ACCUMULATION UL	CURRENT ASSUMPTION UL	IUL WITH SECONDARY GUARANTEES	CASH ACCUMULATION IUL	CURRENT ASSUMPTION IUL
EXCEED PROFIT GOALS						
MEETING OR CLOSE TO PROFIT GOALS						
SHORT OF PROFIT GOALS						

D2. If short of profit goals, which of the following factors were primary contributors to the shortfall? (Indicate with an *X*)

FACTOR	UL WITH SECONDARY GUARANTEES	CASH ACCUMULATION UL	CURRENT ASSUMPTION UL	IUL WITH SECONDARY GUARANTEES	CASH ACCUMULATION IUL	CURRENT ASSUMPTION IUL
INTEREST EARNINGS?						
MORTALITY?						
EXPENSES?						
OTHER (PLEASE DESCRIBE)						

E1. Indicate with an *X* your actual results for YTD 9/30/15 relative to profit goals:

ACTUAL RESULTS	UL WITH SECONDARY GUARANTEES	CASH ACCUMULATION UL	CURRENT ASSUMPTION UL	IUL WITH SECONDARY GUARANTEES	CASH ACCUMULATION IUL	CURRENT ASSUMPTION IUL
EXCEED PROFIT GOALS						
MEETING OR CLOSE TO PROFIT GOALS						
SHORT OF PROFIT GOALS						

E2. If short of profit goals, which of the following factors were primary contributors to the shortfall? (Indicate with an *X*)

FACTOR	UL WITH SECONDARY GUARANTEES	CASH ACCUMULATION UL	CURRENT ASSUMPTION UL	IUL WITH SECONDARY GUARANTEES	CASH ACCUMULATION IUL	CURRENT ASSUMPTION IUL
INTEREST EARNINGS?						
MORTALITY?						
EXPENSES?						
OTHER (PLEASE DESCRIBE)						

TARGET SURPLUS

A. Please provide responses relevant to the pricing of new sales issued today.

TARGET SURPLUS BASIS	UL WITH SECONDARY GUARANTEES	CASH ACCUMULATION UL	CURRENT ASSUMPTION UL	IUL WITH SECONDARY GUARANTEES	CASH ACCUMULATION IUL	CURRENT ASSUMPTION IUL
OVERALL NAIC RBC (% OF COMPANY ACTION LEVEL)						
% OF NET AMOUNT AT RISK						
% OF RESERVES						
% OF PREMIUM						
S&P (RATING CAPITAL LEVEL – AAA, AA, A, BBB)						
A.M. BEST (% BCAR)						
% MCCR						
INTERNAL FORMULA (EXPRESS AS A % OF NAIC CAL)						
OTHER (PLEASE DESCRIBE AND EXPRESS AS A % OF NAIC CAL)						

B. If there has been a change in target surplus in recent years, please describe the change and the rationale for the change.

RESERVES

A. Realistically, when do you think that PBR will be in place?

The current PBR Implementation Plan assumes a 2017 VM operative date. If PBR becomes effective in 2017, do you anticipate your company will implement PBR immediately (2017 for new business) or over the three-year phase-in period allowed (2020 for new business)?

What is the primary rationale for the company's decision regarding the timing of implementing PBR?

B. Has your company analyzed the Stochastic Exclusion Test for the product(s) expected to be sold once the Valuation Manual becomes operative? (Yes/No)

If so, was the outcome what you expected?

Was product design or any other relevant components changed as a result of this test? (Yes/No) If so, please describe.

C. How do you expect the company will approach the pricing of new UL products in a PBR environment for products that require one of the VM-20 modeled reserve components?

Please comment on any difficulties presented by forecasting the deterministic reserve and/or stochastic reserve.

D. Do you have any concerns (including tax concerns) about the Net Premium Reserve floor? (Yes/No) If so, please explain.

E. Have you/your company examined the **most recent** Underwriting Criteria Scoring tool (2014 UCS V3.0) or any other actuarially sound method for establishing a valuation mortality basis? (Yes/No)

F. Understanding that not all cells (policy year/age/risk class combination) will have credibility, generally how credible (e.g., 30%, 50%, etc.) would you say the business is that has similar underwriting processes as the company's Total Individual UL business?

G. PBR modeling and new designs

PBR MODELING AND NEW DESIGNS	UL WITH SECONDARY GUARANTEES	CASH ACCUMULATION UL	CURRENT ASSUMPTION UL	IUL WITH SECONDARY GUARANTEES	CASH ACCUMULATION IUL	CURRENT ASSUMPTION IUL
HAVE YOU MODELED PBR-TYPE RESERVES ON EXISTING PRODUCTS? (YES/NO)						
HAVE YOU DEVELOPED NEW DESIGNS FOR CONSIDERATION UNDER PBR? (YES/NO)						

Have you modeled AG 38 8D reserves on existing products? (Yes/No)

Have you modeled AG 48 reserves on existing products? (Yes/No)

H. If you have developed any AG 48 projected reserves for your UL products: What is the ratio of the AG 48 Actuarial Method reserve over the AXXX reserve when the AXXX reserve is at its peak?

MAIN DRIVER	NET PREMIUM RESERVE	DETERMINISTIC RESERVE	STOCHASTIC RESERVE
-------------	------------------------	--------------------------	-----------------------

WHICH COMPONENT SEEMS TO BE THE MAIN DRIVER OF THE AG 48 RESERVE? (PLEASE INDICATE WITH AN X).

I. If the company has performed VM-20 forecasts for AG 38 or AG 48, please describe the findings made during that process that are relevant to new business pricing in a PBR-world.

J. In the statutory annual statement, do you report the active life and disabled life reserves on LTC riders attached to UL/IUL policies in a (please indicate with an "X"):

- a. Life insurance reserves column?
- b. Health insurance reserves column?

Do you assume LTC riders are subject to statutory NAIC health reserve and reporting requirements as required for standalone LTC policies? (Yes/No)

RISK MANAGEMENT

A. Please indicate your use of the following risk management tools regarding your UL/IUL business:

RISK MANAGEMENT MEASURE	CURRENTLY	ONE YEAR AGO
EXTERNAL REINSURANCE (YES/NO)		
IF YES, WHAT FORM OF REINSURANCE IS USED (YRT, COINSURANCE)?		
IF YES, IS ONSHORE OR OFFSHORE REINSURANCE USED?		
INTERNAL REINSURANCE (YES/NO)		
IF YES, IS ONSHORE OR OFFSHORE REINSURANCE USED?		
IF ONSHORE INTERNAL REINSURANCE IS USED, IS ONSHORE WITH LOC OR OTHER 3RD PARTY FUNDING USED?		
IF ONSHORE INTERNAL REINSURANCE IS USED, IS ONSHORE WITH PARENTAL GUARANTEE ("IOWA SOLUTION") USED?		
ARE THE CAPITAL MARKETS ACCESSED FOR SUPPORT? (YES/NO)		
IF YES, ARE PUBLIC OR PRIVATE SECURITIZATIONS ACCESSED?		

B. Capital solutions

CAPITAL SOLUTIONS	CURRENTLY	ONE YEAR AGO
HAVE YOU STRUCTURED CAPITAL SOLUTIONS SO YOU ARE ALLOWED TO HOLD AXXX-TYPE RESERVES AS TAX RESERVES? (YES/NO)		

C. Cost of financing assumed in pricing

COST OF FINANCING	CURRENTLY	ONE YEAR AGO
WHAT COST OF FINANCING DO YOU ASSUME IN PRICING YOUR ULSG PRODUCTS?		
IF CHANGES WERE MADE TO YOUR ASSUMPTION IN THE LAST YEAR, WHEN WERE THEY MADE?		
WERE CHANGES MADE AS A RESULT OF ACTUARIAL GUIDELINE 48? (YES/NO)		
HAS THE LEVEL OF FINANCING REQUESTED CHANGED DUE TO ACTUARIAL GUIDELINE 48? (YES/NO)		

D. With respect to risk management issues, how are you reacting to the current marketplace? (please indicate with an X)

HOW ARE YOU REACTING TO THE CURRENT MARKETPLACE?
REPRICING
RIDING IT OUT
OTHER (PLEASE DESCRIBE)

E. What implications has the recent economic environment had on your capital solutions?

F. What are your retention limits?

Do you start to reinsure at an *attachment point* below the ultimate retention level?

What is your attachment point as a percent of the full retention level? (For example, if your retention limit is \$5 million with an attachment point of \$2 million, your attachment point as a percent of the full retention level would be 40%.)

G. Do you hedge the investment rate risk in your UL with secondary guarantee business? (Yes/No)

IF YES, HOW MUCH OF THE LIABILITY IS HEDGED?
FULL ACCOUNT VALUE
FULL CASH SURRENDER VALUE
OTHER (PLEASE DESCRIBE)

H. Do you hedge the index included in your IUL with derivative instruments or accept the risk?

If you hedge, please describe the hedging strategy you use to fund the index credits for IUL.

If you hedge, what is the threshold of volume (account value) before hedging is economically efficient?

If you hedge, do you hedge your IUL with your indexed annuity business? (Yes/No)

UNDERWRITING

- A. Do you have a table-shaving program? (Yes/No)
 If yes:
 What is the age range offering?
 What is the maximum number of tables that may be shaved?
 Please describe other pertinent components of your table shaving program.
 Have you modified your program in the last two years?
 If yes, please describe.
 Do you expect to continue your table-shaving program?
- B. Do you have a *credit program* or other type of program that improves the rating for favorable risk factors? (Yes/No)
 If yes:
 What is the age range offering?
 What is the maximum number of tables that may be reduced?
 What risk classes are allowed in this program? Are substandard risks allowed in this program?
 Please describe other pertinent components of your credit program.
 Have you modified your program in the last two years?
 If yes, please describe.
 Do you expect to continue your program?
- C. Underwriting exceptions
 a. Do you allow underwriting exceptions in order to beat competitive offers? (Yes/No)
 b. What percent of policy count of total UL/IUL new business (YTD 9/30/15) is underwriting exceptions?
 c. What percent of face amount of total UL/IUL new business (YTD 9/30/15) is underwriting exceptions?
- D. Do you allow trial applications for UL/IUL business? (Normal application process without medical testing.) (Yes/No)
 What percent of business (based on policy count) YTD 9/30/15 came through trial applications?
- E. Are you using any of the following tools **for fully underwritten** business? If so, at what ages? At what face amounts?
 Please describe the tool and indicate if any changes have been made in the last year.

UNDERWRITING TOOLS	TOOL USED? (Y/N)	AGES WHERE USED	FACE AMOUNTS WHERE USED	IF TOOL IS USED, PLEASE DESCRIBE	HAS THIS CHANGED IN THE LAST YEAR IF YES, HOW?
DO YOU USE TELE-UNDERWRITING OR TELEPHONIC SCREENING?					
DO YOU USE COGNITIVE IMPAIRMENT TESTING?					
DO YOU USE ADL EVALUATIONS?					
DO YOU USE PRESCRIPTION DRUG DATABASE SEARCHES?					
HAVE YOU DEVELOPED ADDITIONAL QUESTIONS ON YOUR APPLICATION?					

F. Do you use any simplified issue (SI) underwriting for any of your UL/IUL products? (Yes/No)

If yes:

Please indicate in which markets the SI UL/IUL products are offered.

MARKETS (INDICATE ALL THAT APPLY WITH AN X)

SI UL/IUL PRODUCTS OFFERED

INDIVIDUAL MIDDLE/UPPER INCOME

BANK

COLI/BOLI

JUVENILE

LOW/MIDDLE INCOME

MORTGAGE

OTHER (PLEASE DESCRIBE)

Please indicate through which distribution channels the SI UL/IUL products are offered.

DISTRIBUTION CHANNELS (INDICATE ALL THAT APPLY WITH AN X)

SI UL/IUL PRODUCTS OFFERED

PPGA

BROKERAGE

MLEA

CAREER AGENT

STOCKBROKER

FINANCIAL INSTITUTIONS

WORKSITE

DIRECT RESPONSE

OTHER (PLEASE DESCRIBE)

Please indicate which of the following underwriting tools or data elements are used with your SI UL/IUL products.

UNDERWRITING TOOLS (INDICATE ALL THAT APPLY WITH AN X)

TOOL USED? (Y/N)

AGES WHERE USED

FACE AMOUNTS WHERE USED

ATTENDING PHYSICIAN'S STATEMENT (APS)

CONSUMER DATABASE SEARCH

CREDIT SCORE

COGNITIVE TESTING

FACE-TO-FACE SALE

FELONY

FINANCIAL

FRAUD CHECK

PHYSICAL FUNCTIONAL STATUS/TESTING

(E.G., GET UP AND GO TEST)

ACTIVITIES OF DAILY LIVING (ADL)

LIFESTYLE

MEDICAL INFORMATION BUREAU (MIB)

MOTOR VEHICLE REPORT (MVR)

ORAL FLUID

PERSONAL HISTORY INTERVIEW

PRESCRIPTION DRUG DATABASE SEARCH

TELE-UNDERWRITING WITH DRILL-DOWN QUESTIONS

TELE-UNDERWRITING WITHOUT DRILL-DOWN QUESTIONS

OTHER, PLEASE DESCRIBE

Do you add any underwriting questions to your SI UL/IUL application not found in your fully underwritten application? (Yes/No)
If yes, please describe.

G. Do your preferred risk parameters at the older ages for the following items differ from those at the younger ages? (Indicate Yes/No.)

- 1) Family history _____
- 2) Cholesterol _____
- 3) BMI _____
- 4) Blood pressure _____
- 5) Other. Please describe. _____

H. For your preferred products, which underwriting methodology is used? (Indicate with an X.)

- Knock-out Underwriting _____
- Debit/credit Underwriting _____
- Other (please describe) _____

PRODUCT DESIGN

A. On Secondary Guarantee Products, please indicate with an X which design(s) you offer:

DESIGN	ULSG	IULSG
MINIMUM SCHEDULED PREMIUM DESIGN		
SHADOW ACCOUNT DESIGN WITH A SINGLE FUND		
SHADOW ACCOUNT DESIGN WITH MULTIPLE FUNDS		
HYBRID (PLEASE DESCRIBE)		

If you have a minimum scheduled premium design, how late can the premium be paid to still meet the minimum premium requirement (e.g., 30 days, 60 days)?

ULSG	IULSG

B. Did you reprice your UL product in the last 12 months? (Yes/No)

Did you reprice your UL product in the last 13–24 months? (Yes/No)

If yes, please describe the general level of rates on the new vs. the old basis.

REPRICING	UL WITH SECONDARY GUARANTEES	CASH ACCUMULATION UL	CURRENT ASSUMPTION UL	IUL WITH SECONDARY GUARANTEES	CASH ACCUMULATION IUL	CURRENT ASSUMPTION IUL
REPRICE IN LAST 12 MONTHS?						
REPRICE IN LAST 13-24 MONTHS?						
GENERAL LEVEL OF RATES ON NEW VS. OLD BASIS						

C. Secondary guarantee modifications

SECONDARY GUARANTEE MODIFICATIONS	ULSG	IULSG
DO YOU EXPECT TO MODIFY YOUR SECONDARY GUARANTEES IN THE NEXT 12 MONTHS? (YES/NO)		
DO YOU EXPECT TO MODIFY YOUR SECONDARY GUARANTEE IN THE NEXT 13-24 MONTHS? (YES/NO)		
IF NO, ARE YOU WAITING FOR PRINCIPLES-BASED RESERVES TO BE EFFECTIVE PRIOR TO MAKING ANY CHANGES?		

D. Are you moving toward guarantees (or limited guarantees) on Current Assumption UL business?

E. Which strategies have you used in light of the recent low interest rate environment? (Indicate with an X all that apply.)

STRATEGY	STRATEGY USED
INTENTIONALLY REDUCE/LIMIT SALES BY:	
INCREASING PREMIUM RATES	
DISCONTINUED SALES OF CERTAIN PRODUCTS	
RIDING IT OUT/DOING NOTHING	
LAUNCHING A NEW DESIGN WITH:	
REDUCED GUARANTEES	
REMOVING THE NO LAPSE GUARANTEE	
OTHER (PLEASE DESCRIBE)	

F. Do you currently offer a Long-term Care accelerated benefit rider (ABR) today? (This includes ABRs either with or without an Extension of Benefits rider and/or Inflation Protection rider.) (Yes/No)

Do you expect to develop LTC combination products in the next 24 months? (Yes/No)

G. Do you currently offer a Chronic Illness accelerated benefit rider today? (Yes/No)

Do you expect to develop a Chronic Illness rider in the next 24 months? (Yes/No)

H. Which of the following Living Benefits do you offer or expect to offer in the next 24 months? (Indicate with an X.)

LIVING BENEFITS	OFFER OR EXPECT TO OFFER
TERMINAL ILLNESS ACCELERATED DEATH BENEFIT	
CRITICAL ILLNESS ACCELERATED DEATH BENEFIT	
OTHER (PLEASE DESCRIBE)	

I. In your opinion, which of the following riders/product features do you believe companies find valuable? Please assign a ranking of 1 to 5 to each of the following items (1 = most valuable and 5 = least valuable)

Long-Term Care (plans that qualify under Long-Term Care Model Laws and Regulations)

Chronic illness benefits (plans that qualify under Model Regulation 620 governing accelerated death benefit designs)

Terminal illness (typically, diagnosis of no more than 12 months to live; large % of face amount is available for qualified insureds)

Critical illness benefits (often defined ailments under the rider)

Longevity benefits (if you live to a certain age, you start receiving a payout of the death benefit. May get payout for 8-10 years; a small residual death benefit remains for the beneficiary.)

Disability income benefits (more than just waiver of premium; if disabled, receive a portion of the face amount for as long as disabled, differentiated from chronic illness or LTC since may meet the definition of disability, but not two of six ADLs)
Return of Premium benefits (can either be at death (face + premiums paid) or after a specified number of years get return of premiums)
Unemployment benefits (waiver of premium if you lose your job; usually must qualify for unemployment benefits and company waives premium for up to one year)

- J. Do you currently offer a simplified issue, single premium UL policy? (Yes/No)
If not, are you considering offering a simplified issue, single premium UL policy in the next 24 months? (Yes/No)
If you do offer a simplified issue, single premium UL policy, does it include a LTC rider? (Yes/No)
- K. Does your IUL product automatically allocate money to the fixed account so charges are deducted from the fixed account and the indexed accounts are not invaded? (Yes/No)
- L. Do you have a Death Benefit Option C (also known as Death Benefit Option 3) which is equal to the stated amount plus the sum of premiums? (Yes/No)
- M. Are your UL/IUL products designed to meet the cash value accumulation test (CVAT) or guideline premium test? (Yes/No)

CVAT OR GUIDELINE PREMIUM TEST	UL WITH SECONDARY GUARANTEES	CASH ACCUMULATION UL	CURRENT ASSUMPTION UL	IUL WITH SECONDARY GUARANTEES	CASH ACCUMULATION IUL	CURRENT ASSUMPTION IUL
ALL CVAT						
ALL GUIDELINE PREMIUM						
MIX OF CVAT AND GUIDELINE PREMIUM, DEPENDING ON PRODUCT						
POLICYHOLDER CHOICE						

- N. Do you include a wash loan provision in your UL/IUL product(s)? (Yes/No)

WASH LOAN PROVISION	UL WITH SECONDARY GUARANTEES	CASH ACCUMULATION UL	CURRENT ASSUMPTION UL	IUL WITH SECONDARY GUARANTEES	CASH ACCUMULATION IUL	CURRENT ASSUMPTION IUL
DO YOU INCLUDE WASH LOAN PROVISION?						

What is the cumulative outstanding loan amount relative to the cash surrender value (%) as of 9/30/2015?

LOAN TYPE	UL WITH SECONDARY GUARANTEES	CASH ACCUMULATION UL	CURRENT ASSUMPTION UL	IUL WITH SECONDARY GUARANTEES	CASH ACCUMULATION IUL	CURRENT ASSUMPTION IUL
WASH LOANS (CREDITED RATE ON LOANS = LOAN INTEREST)						
OTHER LOANS						

- O. Does your pricing reflect expected utilization of wash loans? (Yes/No)

COMPENSATION

Please respond to questions A and B relative to your **non-New York** compensation.

A1. Please provide the following components of your compensation programs by market type: (Report total compensation across all levels of producers, excluding BGA bonuses).

COMPENSATION COMPONENT	UL WITH SECONDARY GUARANTEES	CASH ACCUMULATION UL	CURRENT ASSUMPTION UL	IUL WITH SECONDARY GUARANTEES	CASH ACCUMULATION IUL	CURRENT ASSUMPTION IUL
TYPICAL FIRST YEAR COMMISSION – UP TO TARGET						
TYPICAL FIRST YEAR COMMISSION – EXCESS						
TYPICAL RENEWAL COMMISSIONS						
MARKETING ALLOWABLE (INCLUDES EXPENSES FOR HOME OFFICE SUPPORT AND/OR ALLOWABLES FOR BGA SUPPORT); ADDITIVE TO COMMISSION						
DO YOU OFFER ASSET-BASED COMPENSATION?						
IF YES, WHAT ARE YOUR ASSET-BASED COMPENSATION RATES?						
IF YOU OFFER A CASH VALUE ENHANCEMENT RIDER, DO YOU OFFER LEVELIZED COMPENSATION ON THE RIDER?						
IF YES, WHAT ARE THE RATES?						
IF NO, DESCRIBE THE COMPENSATION PAID.						
DO YOU PAY A PRODUCTION BONUS ON YOUR UL/IUL BUSINESS?						
IF YES, PLEASE DESCRIBE.						
DO YOU HAVE ROLLING TARGET PREMIUMS? (Y/N)						
IF YES, FOR HOW MANY YEARS?						

A2. Which of the following categories are included in the Marketing Allowable figures shown above? (Indicate with an X all that apply.)

CATEGORIES	UL WITH SECONDARY GUARANTEES	CASH ACCUMULATION UL	CURRENT ASSUMPTION UL	IUL WITH SECONDARY GUARANTEES	CASH ACCUMULATION IUL	CURRENT ASSUMPTION IUL
ALLOWABLE FOR BGA SUPPORT						
REGIONAL STAFF EXPENSES						
ALL EXPENSES FOR THE MARKETING DEPARTMENT						
DIRECT PAYMENTS MADE TO DISTRIBUTORS TO SPONSOR MEETINGS OR EVENTS						
WHOLESALE AND DISTRIBUTION SUPPORT STAFF COMPENSATION						
WHOLESALE AND DISTRIBUTION SUPPORT STAFF TRAVEL AND EXPENSE BUDGETS						
RECOGNITION						
OTHER (PLEASE DESCRIBE)						

A3. Incentive compensation

CATEGORIES	UL WITH SECONDARY GUARANTEES	CASH ACCUMULATION UL	CURRENT ASSUMPTION UL	IUL WITH SECONDARY GUARANTEES	CASH ACCUMULATION IUL	CURRENT ASSUMPTION IUL
WHAT IS THE AVERAGE INCENTIVE COMPENSATION FOR EXTERNAL WHOLESALE PAYABLE ON TARGET PREMIUM, AS A PERCENT OF TARGET PREMIUM?						
WHAT IS THE AVERAGE INCENTIVE COMPENSATION FOR EXTERNAL WHOLESALE PAYABLE ON PREMIUM IN EXCESS OF TARGET PREMIUM?						

A4. Commission chargebacks

CATEGORIES	UL WITH SECONDARY GUARANTEES	CASH ACCUMULATION UL	CURRENT ASSUMPTION UL	IUL WITH SECONDARY GUARANTEES	CASH ACCUMULATION IUL	CURRENT ASSUMPTION IUL
WHAT IS THE LENGTH OF THE COMMISSION CHARGEBACK PERIOD?						
WHAT IS THE LENGTH OF THE COMMISSION CHARGEBACK PERIOD ON FACE AMOUNT DECREASES?						

PRICING

Questions A through C apply to Secondary Guarantee products only.

A. Interest crediting strategy assumed in pricing UL/IUL with secondary guarantee products

INTEREST RATES/ CREDITING STRATEGY	UL WITH SECONDARY GUARANTEES	IUL WITH SECONDARY GUARANTEES
DO YOU ASSUME A NEW MONEY OR PORTFOLIO CREDITING STRATEGY IN PRICING UL/IUL PRODUCTS WITH SECONDARY GUARANTEES?		
WHAT NET EARNED RATE IS ASSUMED (NET OF INVESTMENT EXPENSES AND DEFAULT RISK CHARGES)?		
HOW HAS THIS RATE CHANGED RELATIVE TO THE RATE ASSUMED ONE YEAR AGO? (FOR EXAMPLE, IF RATES DROPPED FROM 5% TO 4%, YOU WOULD REPORT -20%)		

B. Stochastic modeling of UL with secondary guarantee products

USE OF STOCHASTIC MODELING	UL WITH SECONDARY GUARANTEES	IUL WITH SECONDARY GUARANTEES
USE STOCHASTIC MODELING TO EVALUATE THE INVESTMENT RISK IN YOUR UL/IUL WITH SECONDARY GUARANTEE PRODUCTS? (YES/NO)		

C. Lapse rates in pricing secondary guarantee products

QUESTION	UL WITH SECONDARY GUARANTEES	IUL WITH SECONDARY GUARANTEES
IN PRICING YOUR SECONDARY GUARANTEE PRODUCTS, AT WHAT DURATION DO LAPSE RATES DECREASE TO THE ULTIMATE LAPSE RATE?		
WHAT ULTIMATE LAPSE RATE DO YOU ASSUME IN PRICING?		
WHAT ARE THE LAPSE RATES IF THE SECONDARY GUARANTEE IS FULLY PAID UP FOR LIFE, BUT THE CASH SURRENDER VALUE IS POSITIVE?		
WHAT ARE THE LAPSE RATES IF THE GUARANTEE IS <i>IN-THE-MONEY</i> (I.E., THE SECONDARY GUARANTEE IS STILL IN EFFECT BUT THE CURRENT CASH VALUES ARE NOT POSITIVE)?		
WHAT ARE THE LAPSE RATES IF THE GUARANTEE IS NOT <i>IN-THE-MONEY</i> ?		
HOW HAVE YOUR LAPSE RATES CHANGED RELATIVE TO THE RATES ASSUMED ONE YEAR AGO? (% INCREASE OR % DECREASE)		

D. Which of the following sensitivities are performed in the pricing process for each product type? (Yes/No)

SENSITIVITY	UL WITH SECONDARY GUARANTEES	CASH ACCUMULATION UL	CURRENT ASSUMPTION UL	IUL WITH SECONDARY GUARANTEES	CASH ACCUMULATION IUL	CURRENT ASSUMPTION IUL
INCREASE/DECREASE IN NET INVESTMENT EARNED RATE						
INCREASE/DECREASE IN LAPSE RATES						
LAPSE RATES IN THE TAIL						
INCREASE/DECREASE IN MORTALITY RATES						
INCREASE/DECREASE IN EXPENSES						
OTHER (PLEASE DESCRIBE)						

E. What are your mortality assumptions based on? (Indicate with an X.)

Company experience _____
 Industry tables (specify which tables) _____
 Consultant's recommendation _____
 Other (please specify) _____

F. Is the slope of your pricing mortality assumption more similar to the 1975-1980 Select & Ultimate Table, the 2001 Valuation Basic Table, the 2008 Valuation Basic Table, or the 2015 Valuation Basic Table?

G. Do you vary the preferred-to-standard ratio by issue age? (Yes/No)

Do you vary the preferred-to-standard ratio by duration? (Yes/No)

Do these rates eventually converge? (Yes/No)

If yes, at what age?

If no, what permanent differential in rates exists?

H. Do you use mortality improvement assumptions in your pricing? (Yes/No)

Is mortality improvement implicit or explicit?

If mortality improvement is applied for a certain number of years, how many years?

If mortality improvement is applied to a certain age, to what age?

Please provide detail on your mortality improvement assumptions (e.g., by age, gender, risk class, etc.)

I. Have you changed your mortality assumption in pricing in light of 2008 VBT studies, 2015 VBT studies or other industry studies (e.g., MIMSA)? (Yes/No)

If based on other industry studies, please specify which studies.

J. Do you adjust your mortality assumptions based on different lapse assumptions by product? (Yes/No)

K. Is economic capital reflected in pricing? (Yes/No) (Economic capital is defined as the realistic amount of capital required to support a business to meet future risks [required from an economic point of view, not a regulatory point of view]. It reflects the insurer's specific financial condition and risk appetite.)

Is market consistent economic capital reflected in pricing? (Yes/No) (For market consistent economic capital, the market value of assets and liabilities is determined based on methods similar to those used for valuing other financial assets sold in the marketplace, and risk-neutral investment assumptions and discount rates.)

L. Are any special provisions reflected in pricing for redundant reserves? (Yes/No)

If so, please indicate which provisions are reflected.

Existing funding solutions _____
 Anticipated long-term funding solutions _____
 No funding solutions in place, but reduced cost assumed due to reduced risks _____
 Other (please describe) _____

M. Home Office Expense Levels

(Exclude field expenses) Expenses should be reported assuming a \$500,000 policy issued at age 55.

HOME OFFICE EXPENSE LEVELS	PRICING LEVELS	ACTUAL LEVELS (FULLY ALLOCATED)
ACQUISITION (EXCLUDING COMMISSIONS)		
\$ PER POLICY		
% OF PREMIUM – UP TO TARGET		
% OF PREMIUM – EXCESS		
PER UNIT		
OTHER (PLEASE SPECIFY)		
MAINTENANCE		
\$ PER POLICY		
ANNUAL INFLATION %		
% OF PREMIUM		
% OF PREMIUM – PREMIUM TAXES		
PER UNIT		
% OF ACCOUNT VALUE		
OTHER (PLEASE SPECIFY)		

ADMINISTRATION

- A. What administration platform are you currently using to administer your UL products?
- B. How diligent are you regarding prompting premiums and warning policyholders if the policy is “off-track?” (i.e., what action do you take in these circumstances?)
- C. What information regarding funding status is included on the annual policy statement?
- D. To what extent do you think your administrative system is effective on monitoring guideline limits and 7-pay premiums when there are changes to the contract coverage? (Please indicate with an X)

1 = EXCELLENT

2

3

4

5 = NEEDS IMPROVEMENT

Have you recently reviewed your administrative system and found any compliance issues regarding guideline limits or 7-pay premiums? (Yes/No)

If so, what is the company’s approach to fixing the issue? (Please indicate with an X)

FIX RETROSPECTIVELY AND PROSPECTIVELY

FIX PROSPECTIVELY ONLY, DUE TO SYSTEM LIMITATION

FIX PROSPECTIVELY AND REPORT TO THE IRS ASKING FOR EXEMPTION ON CERTAIN HISTORICAL CASES

OTHER (PLEASE DESCRIBE)

ILLUSTRATIONS

- A. If applicable, do you treat the cost of letters of credit as an expense in illustration testing? (Yes/No)
If not, do you handle LOC costs in illustration testing in another fashion, or are they ignored?
- B. Which of the following product types are no longer illustrating non-guaranteed elements (i.e., either removed as an illustrated form or showing only guarantees for current values)? (Mark all that apply with an X)

UL WITH SECONDARY GUARANTEES	CASH ACCUMULATION UL	CURRENT ASSUMPTION UL	IUL WITH SECONDARY GUARANTEES	CASH ACCUMULATION IUL	CURRENT ASSUMPTION IUL
------------------------------------	----------------------------	-----------------------------	-------------------------------------	-----------------------------	------------------------------

NO LONGER ILLUSTRATING NON-GUARANTEED ELEMENTS

- C. What is the rate you have calculated for your Benchmark Index Account per Section 4A of Actuarial Guideline 49?
What is the rate, if any, you have calculated for your **hypothetical** Benchmark Index Account per Section 4C of Actuarial Guideline 49?
What rate is the illustrated rate for your most popular strategy/investment choice within your IUL product? (typically illustrated by your reps)?
What is the current maximum illustrated rate allowed for your most popular strategy/investment choice within your IUL product?
What is that strategy/investment choice?
How has this rate changed relative to the rate used one year ago? (For example, if rates dropped from 5% to 4%, you would report **-20%**)
How often are you changing this rate?
Does this illustrated rate apply to both non-loaned and loaned values? (Yes/No)
If not, what rate applies to loaned values?
If not, what rate applies to non-loaned values?
For policies where AG 49 applies, do you have a persistency bonus being illustrated on your indexed account(s) that allows the illustrated credited rate to exceed the Benchmark Index Account maximum illustrate rate? (Yes/No)
Do your IUL illustrations allow for a negative spread on loan interest charged vs. interest credited on the account value? (Yes/No)
Have you made any adjustments to your illustrations based on Actuarial Guideline 49? (Yes/No)
Have you made any changes to your product design based on Actuarial Guideline 49? (Yes/No)
Is your product now using indexes other than the S&P 500 as a result of Actuarial Guideline 49? (Yes/No)
If yes, which indexes are now being used?
Have you encountered any administrative challenges with respect to Actuarial Guideline 49? (Yes/No)
If yes, please describe.
Are you currently illustrating all aspects of Actuarial Guideline 49, including Sections 6 and 7 that are not effective until March, 2016? (Yes/No)
- D. Do you find that Illustration Actuary requirements create a pricing constraint? (Yes/No)
If so, is the constraint more severe for certain product types? (Yes/No)
Please list the types of products that give rise to Illustration Actuary challenges.
What solutions have been employed during product development and pricing to overcome Illustration Actuary challenges?
What is your practice regarding illustrating in-force policies for which the lapse support test has failed? (e.g., do you create a new scale for illustrations that is not equal to the current scale?)

- E. What has been the impact of the low interest rate environment on your ability to support illustration testing for:
- In-force business?
 - New business?
- Are the higher rate floors on older in-force blocks of business causing issues for illustration testing? (Yes/No)
- F. Are you currently testing in-force business or using ASOP 24 Section 3.7 to not test when certifying for Illustration Actuary testing on inforce business?
- Do you support any of your in-force products by using distributions of surplus or prior gains as indicated under ASOP 24 Section 3.7?
- If supporting with surplus or prior gains, do you set up a reserve or make any accounting adjustments to indicate this?
- G. Do you sensitivity test to see where the disciplined current scale (DCS) breakpoints are (i.e., when the DSC might fail)? (Yes/No)
- H. Are you illustrating utilization scenarios/examples for accelerated death benefit riders with a discounted death benefit approach? (Yes/No)
- Are you illustrating utilization scenarios/examples for accelerated death benefit riders with other death benefit approaches? (Yes/No)
- If you are illustrating utilization scenarios/examples, are these demonstrations in the basic illustration or in a supplemental illustration?
- I. Are there any issues that you would like to see addressed through an actuarial guideline or update of the Life Illustration Model Regulation for ANY illustrated product? (Yes/No)
- If so, please describe.



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