

Milliman reports roughly no change in Hedge Cost Index for VA guarantees in December



Index stands at 143 basis points

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The expected hedge cost for a hypothetical lifetime GMWB block (see Index Methodology¹) is estimated to be 143 bps as of December 2011, staying roughly unchanged from the previous

month. The Index Methodology provides additional details about the assumptions and methodologies underlying the Milliman Hedge Cost Index.

FIGURE 1: EXPECTED HEDGE COST (IN BPS OF GUARANTEED WITHDRAWAL BASE - SEE INDEX METHODOLOGY FOR DETAILS)

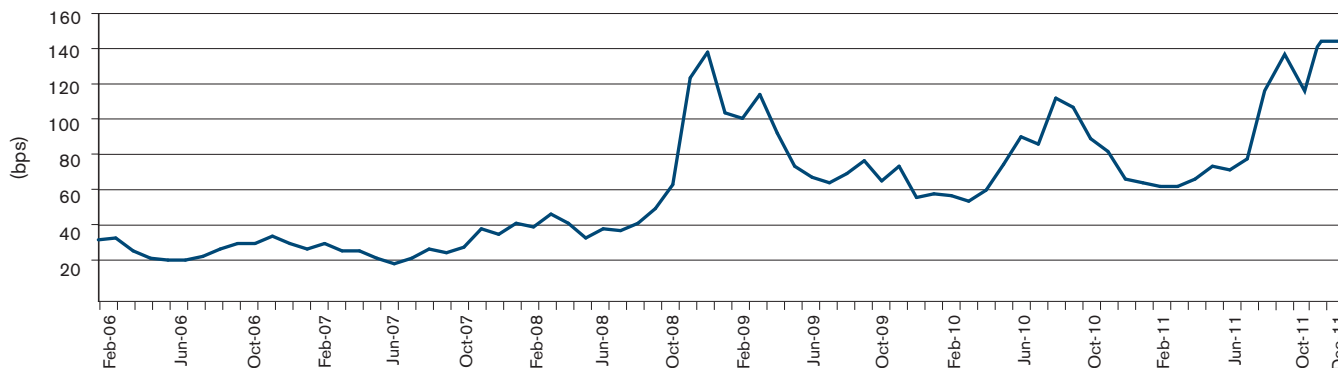
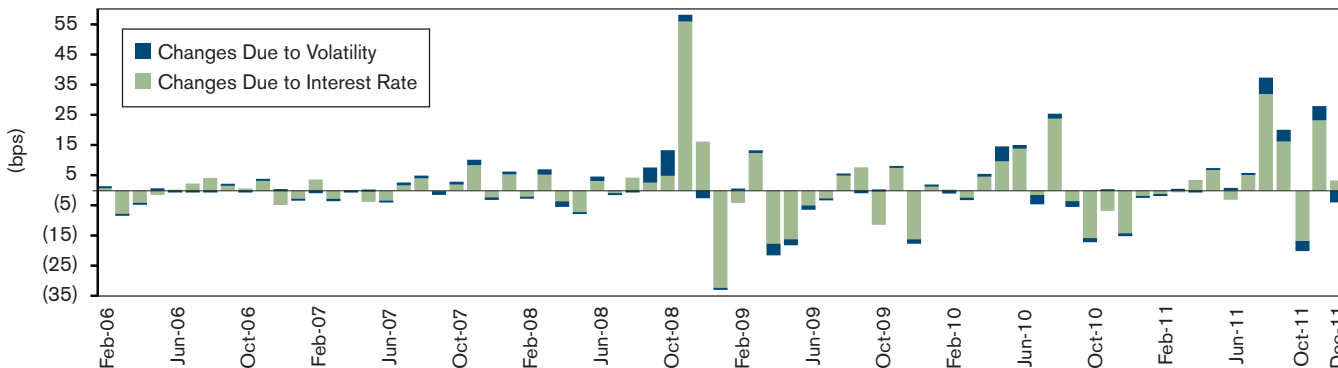


FIGURE 2: CHANGES IN EXPECTED HEDGE COST (IN BPS OF GUARANTEED WITHDRAWAL BASE - SEE INDEX METHODOLOGY FOR DETAILS)



¹ To view the Milliman Hedge Cost Index Methodology, go to: <http://www.milliman.com/expertise/life-financial/products-tools/guarantee-index/pdfs/hedge-cost-index-methodology.pdf>.

ABOUT THE MILLIMAN HEDGE COST INDEX

Milliman publishes an expected cost of hedging indicator as part of the Milliman Guarantee Index report to demonstrate the impact of changes in volatility levels and interest rate assumptions on the cost of hedging VA guarantees. Indicative hedge costs for a hypothetical lifetime GMWB block are calculated using the Milliman Guarantee Index and current swap interest rate levels. Attribution analysis for the results will help Index users better understand the monthly changes in hedge cost based on movements in volatility and risk-free interest rates.

The expected hedging costs are calculated using a generic lifetime GMWB product that is similar to product designs common in the market. The modeling of the guarantee is based on typical actuarial and behavioral assumptions widely used by many variable annuity (VA) writers. Additional details about product design and key assumptions for the hypothetical lifetime GMWB block are provided in the Index Methodology.

FIGURE 3: HISTORICAL HEDGE COSTS AND ATTRIBUTION ANALYSIS (IN BPS OF GUARANTEED WITHDRAWAL BASE)

EXPECTED HEDGE COSTS (BPS OF GUARANTEED WITHDRAWAL BASE)

| DATE | CHANGES FROM PRIOR MONTH | | | EXPECTED HEDGE COST | DATE | CHANGES FROM PRIOR MONTH | | | EXPECTED HEDGE COST |
|----------|--------------------------|------------|--------------|---------------------|----------|--------------------------|------------|--------------|---------------------|
| | DUE TO INT RATES | DUE TO VOL | TOTAL CHANGE | | | DUE TO INT RATES | DUE TO VOL | TOTAL CHANGE | |
| 1/31/06 | N/A | N/A | N/A | 35 | 1/31/09 | (32) | (0) | (32) | 104 |
| 2/28/06 | 1 | 0 | 1 | 36 | 2/28/09 | (4) | 1 | (3) | 101 |
| 3/31/06 | (8) | (0) | (8) | 29 | 3/31/09 | 12 | 1 | 13 | 114 |
| 4/30/06 | (4) | (0) | (4) | 25 | 4/30/09 | (18) | (3) | (21) | 93 |
| 5/31/06 | (1) | 1 | (1) | 24 | 5/31/09 | (16) | (2) | (18) | 75 |
| 6/30/06 | 0 | (0) | 0 | 24 | 6/30/09 | (5) | (1) | (6) | 69 |
| 7/31/06 | 2 | (0) | 2 | 26 | 7/31/09 | (3) | (1) | (3) | 66 |
| 8/31/06 | 4 | (0) | 4 | 30 | 8/31/09 | 6 | 0 | 6 | 71 |
| 9/30/06 | 2 | 0 | 2 | 33 | 9/30/09 | 8 | (1) | 7 | 78 |
| 10/31/06 | 1 | (0) | 1 | 33 | 10/31/09 | (11) | 0 | (11) | 67 |
| 11/30/06 | 4 | 0 | 4 | 37 | 11/30/09 | 8 | 1 | 8 | 75 |
| 12/31/06 | (5) | 0 | (4) | 33 | 12/31/09 | (16) | (1) | (18) | 58 |
| 1/31/07 | (3) | (0) | (3) | 30 | 1/28/10 | 2 | 0 | 2 | 60 |
| 2/28/07 | 4 | (1) | 3 | 33 | 2/25/10 | 0 | (1) | (1) | 59 |
| 3/31/07 | (3) | (1) | (4) | 29 | 3/30/10 | (2) | (1) | (3) | 56 |
| 4/30/07 | 0 | (0) | (0) | 29 | 4/29/10 | 5 | 1 | 5 | 62 |
| 5/31/07 | (4) | 0 | (3) | 25 | 5/27/10 | 10 | 5 | 15 | 76 |
| 6/30/07 | (3) | (0) | (3) | 22 | 6/29/10 | 14 | 1 | 15 | 91 |
| 7/31/07 | 2 | 1 | 3 | 25 | 7/29/10 | (1) | (3) | (5) | 87 |
| 8/31/07 | 4 | 1 | 5 | 30 | 8/30/10 | 24 | 2 | 25 | 112 |
| 9/30/07 | (0) | (1) | (1) | 28 | 9/29/10 | (3) | (2) | (5) | 107 |
| 10/31/07 | 2 | 1 | 3 | 31 | 10/28/10 | (16) | (1) | (17) | 90 |
| 11/30/07 | 8 | 2 | 10 | 41 | 11/29/10 | (7) | 0 | (7) | 83 |
| 12/31/07 | (2) | (1) | (3) | 38 | 12/30/10 | (14) | (1) | (15) | 68 |
| 1/31/08 | 5 | 1 | 6 | 44 | 1/28/11 | (2) | (1) | (2) | 66 |
| 2/29/08 | (2) | (0) | (2) | 42 | 2/25/11 | (1) | (0) | (1) | 64 |
| 3/31/08 | 5 | 2 | 7 | 49 | 3/30/11 | 0 | 0 | 0 | 64 |
| 4/30/08 | (4) | (2) | (5) | 44 | 4/28/11 | 4 | (0) | 4 | 68 |
| 5/31/08 | (7) | (0) | (7) | 36 | 5/30/11 | 7 | 0 | 7 | 75 |
| 6/30/08 | 3 | 1 | 5 | 41 | 6/29/11 | (3) | 1 | (2) | 73 |
| 7/31/08 | (1) | (0) | (1) | 40 | 7/28/11 | 5 | 1 | 6 | 79 |
| 8/31/08 | 4 | (0) | 4 | 44 | 8/30/11 | 31 | 6 | 37 | 116 |
| 9/30/08 | 3 | 5 | 8 | 52 | 9/29/11 | 17 | 3 | 20 | 136 |
| 10/31/08 | 5 | 8 | 13 | 65 | 10/28/11 | (16) | (5) | (20) | 116 |
| 11/30/08 | 56 | 2 | 58 | 123 | 11/29/11 | 23 | 4 | 27 | 143 |
| 12/31/08 | 16 | (3) | 14 | 137 | 12/29/11 | 3 | (3) | 0 | 143 |

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