

MILLIMAN RESEARCH REPORT

Universal Life and Indexed Universal Life issues

Executive Summary

May 2017

Carl A. Friedrich, FSA, MAAA
Susan J. Saip, FSA, MAAA

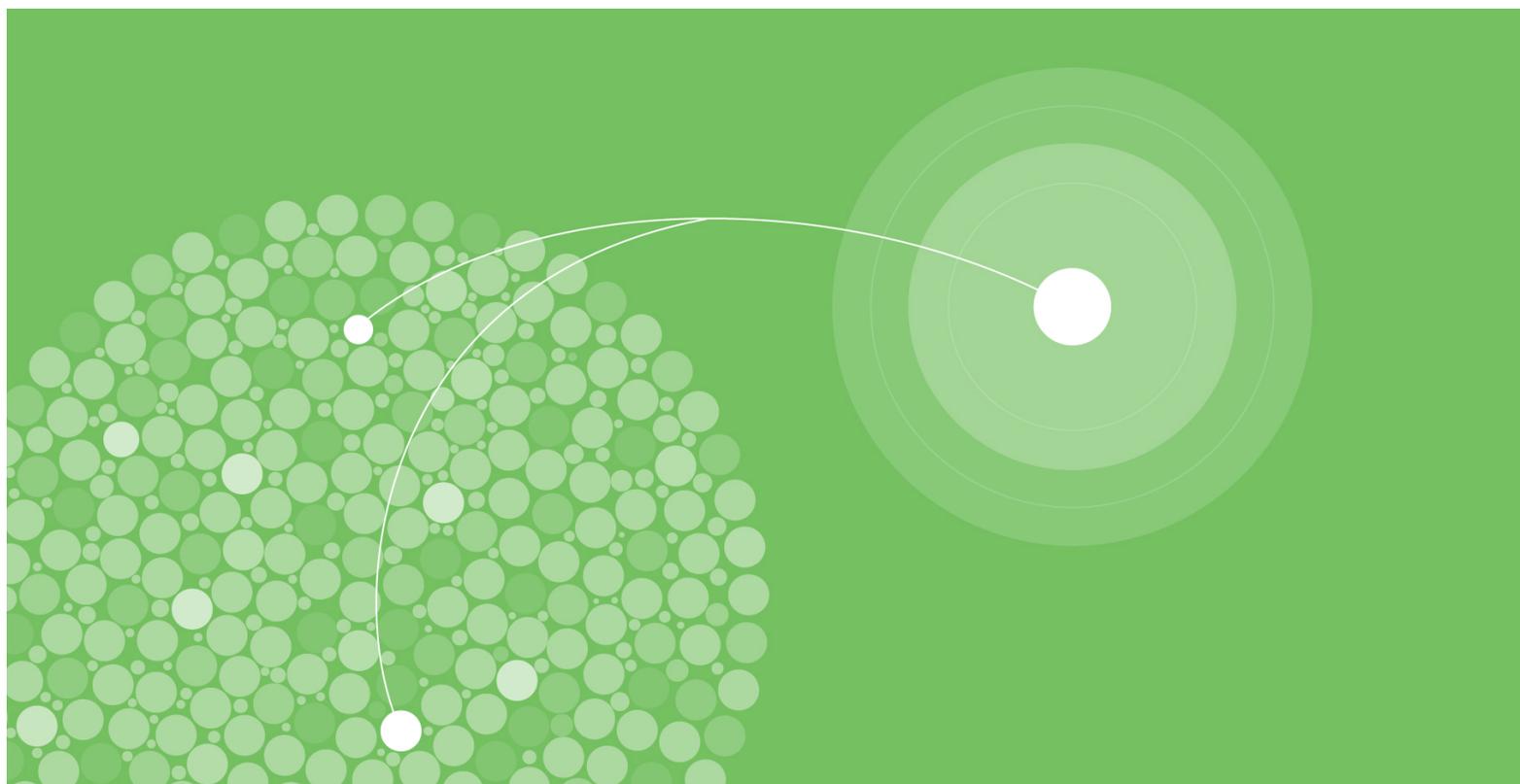




TABLE OF CONTENTS

BACKGROUND 1

EXECUTIVE SUMMARY 2

APPENDIX: THE SURVEY 19

TABLE OF FIGURES IN EXECUTIVE SUMMARY

FIGURE 1: UL PRODUCT MIX BY YEAR..... 2
 FIGURE 2: WEIGHTED AVERAGE PREMIUMS PER POLICY BY PRODUCT TYPE 3
 FIGURE 3: WEIGHTED AVERAGE FACE AMOUNT PER POLICY BY PRODUCT TYPE 4
 FIGURE 4: UL WEIGHTED AVERAGE ISSUE AGES 5
 FIGURE 5: UL WEIGHTED AVERAGE ISSUE AGES BY GENDER 5
 FIGURE 6: DISTRIBUTION OF TOTAL INDIVIDUAL UL SALES BY DEATH BENEFIT OPTION..... 6
 FIGURE 7: DISTRIBUTION OF TOTAL INDIVIDUAL UL SALES BY 7702 OPTION AND DEATH BENEFIT OPTION 6
 FIGURE 8: IUL WEIGHTED AVERAGE ISSUE AGES..... 7
 FIGURE 9: IUL WEIGHTED AVERAGE ISSUE AGES BY GENDER 8
 FIGURE 10: DISTRIBUTION OF TOTAL INDIVIDUAL IUL SALES BY DEATH BENEFIT OPTION..... 8
 FIGURE 11: DISTRIBUTION OF TOTAL INDIVIDUAL IUL SALES BY 7702 OPTION AND DEATH BENEFIT OPTION 9
 FIGURE 12: CHRONIC ILLNESS RIDER SALES AS A PERCENT OF TOTAL SALES 10
 FIGURE 13: LTC RIDER SALES AS A PERCENT OF TOTAL SALES BY PREMIUM 11
 FIGURE 14: DISTRIBUTION BY CHANNEL OF UL/IUL SALES WITH LTC RIDERS COMPARED TO TOTAL UL/IUL SALES COMBINED... 12
 FIGURE 15: EFFECTIVENESS RATINGS OF PBR MAKING RESERVE FINANCING ARRANGEMENTS OBSOLETE 13
 FIGURE 16: NEW MONEY VERSUS PORTFOLIO CREDITING STRATEGY..... 16
 FIGURE 17: PRICING AND ACTUAL EXPENSES FOR A REPRESENTATIVE SAMPLE POLICY 17

ADDITIONAL FIGURES IN FULL REPORT

UNIVERSAL LIFE SALES DETAILS

FIGURE 18: UL PRODUCT MIX BY YEAR..... 17
 FIGURE 19: TOTAL INDIVIDUAL UL SALES (EXCLUDING IUL) (\$ MILLIONS)..... 18
 FIGURE 20: TOTAL ULSG SALES (\$ MILLIONS)..... 18
 FIGURE 21: TOTAL CASH ACCUMULATION UL SALES (\$ MILLIONS)..... 18
 FIGURE 22: TOTAL CURRENT ASSUMPTION UL SALES (\$ MILLIONS)..... 18
 FIGURE 23: ELECTION PERCENTAGES OF CASH VALUE ENHANCEMENT RIDERS ON UL SALES 19
 FIGURE 24: PERCENT OF TOTAL INDIVIDUAL UL SALES THAT SELECTED NLG PREMIUMS TO 90+ 20
 FIGURE 25: PERCENT OF ULSG SALES THAT SELECTED NLG PREMIUMS TO 90+ 20
 FIGURE 26: TOTAL INDIVIDUAL UL BUSINESS (EXCLUDING IUL) 20
 FIGURE 27: WEIGHTED AVERAGE PREMIUMS PER POLICY BY PRODUCT TYPE 21
 FIGURE 28: WEIGHTED AVERAGE FACE AMOUNT PER POLICY BY PRODUCT TYPE 22
 FIGURE 29: ULSG 22
 FIGURE 30: CASH ACCUMULATION UL..... 23
 FIGURE 31: CURRENT ASSUMPTION UL 23
 FIGURE 32: MIX OF BUSINESS AS OF YTD 9/30/16 24
 FIGURE 33: ANTICIPATED MIX OF UL/IUL BUSINESS 25
 FIGURE 34: 2015 TOTAL INDIVIDUAL UL SALES (EXCLUDING IUL) BY DISTRIBUTION CHANNEL (\$ MILLIONS) 26
 FIGURE 35: 2015 TOTAL ULSG SALES BY DISTRIBUTION CHANNEL (\$ MILLIONS) 27
 FIGURE 36: 2015 TOTAL CASH ACCUMULATION UL SALES BY DISTRIBUTION CHANNEL (\$ MILLIONS)..... 27
 FIGURE 37: 2015 TOTAL CURRENT ASSUMPTION UL SALES BY DISTRIBUTION CHANNEL (\$ MILLIONS) 28
 FIGURE 38: YTD 9/30/16 TOTAL INDIVIDUAL UL SALES (EXCLUDING IUL) BY DISTRIBUTION CHANNEL (\$ MILLIONS) 29
 FIGURE 39: YTD 9/30/16 TOTAL ULSG SALES BY DISTRIBUTION CHANNEL (\$ MILLIONS) 30
 FIGURE 40: YTD 9/30/16 TOTAL CASH ACCUMULATION UL SALES BY DISTRIBUTION CHANNEL (\$ MILLIONS) 31
 FIGURE 41: YTD 9/30/16 TOTAL CURRENT ASSUMPTION UL SALES BY DISTRIBUTION CHANNEL (\$ MILLIONS)..... 32
 FIGURE 42: DISTRIBUTION OF UL SALES BY DISTRIBUTION CHANNEL WITHIN PRODUCT TYPE 32
 FIGURE 43: WEIGHTED AVERAGE ISSUE AGES, 2015 33
 FIGURE 44: ISSUE AGE DISTRIBUTION, TOTAL INDIVIDUAL UL 2015..... 34
 FIGURE 45: 2015 TOTAL INDIVIDUAL UL SALES BY ISSUE AGE GROUPS (\$ MILLIONS)..... 34
 FIGURE 46: WEIGHTED AVERAGE ISSUE AGES, YTD 9/30/16 35
 FIGURE 47: ISSUE AGE DISTRIBUTION, TOTAL INDIVIDUAL UL YTD 9/30/16 35
 FIGURE 48: YTD 9/30/16 TOTAL INDIVIDUAL UL SALES BY ISSUE AGE GROUPS (\$ MILLIONS)..... 35
 FIGURE 49: 2015 UL SALES BY PREMIUM TYPE (\$ MILLIONS) 36
 FIGURE 50: YTD 9/30/16 UL SALES BY PREMIUM TYPE (\$ MILLIONS) 37
 FIGURE 51: DISTRIBUTION OF UL SALES BY GENDER 38
 FIGURE 52: WEIGHTED AVERAGE ISSUE AGES BY GENDER 38
 FIGURE 53: CHARTS OF ISSUE AGE RANGE DISTRIBUTIONS BY GENDER FOR 2015 AND YTD 9/30/16 39
 FIGURE 54: TABLES OF ISSUE AGE RANGE DISTRIBUTIONS BY GENDER FOR 2015 AND YTD 9/30/16 40
 FIGURE 55: UNDERWRITING CLASSES 43
 FIGURE 56: DISTRIBUTION OF 2015 UL SALES BY UNDERWRITING CLASS 43
 FIGURE 57: DISTRIBUTION OF YTD 9/30/16 UL SALES BY UNDERWRITING CLASS 44
 FIGURE 58: 2015 TOTAL INDIVIDUAL UL SALES (EXCLUDING IUL) BY UNDERWRITING CLASS (\$ MILLIONS)..... 45
 FIGURE 59: 2015 TOTAL ULSG SALES BY UNDERWRITING CLASS (\$ MILLIONS)..... 46
 FIGURE 60: 2015 TOTAL CASH ACCUMULATION UL SALES BY UNDERWRITING CLASS (\$ MILLIONS) 47
 FIGURE 61: 2015 TOTAL CURRENT ASSUMPTION UL SALES BY UNDERWRITING CLASS (\$ MILLIONS) 48
 FIGURE 62: YTD 9/30/16 TOTAL INDIVIDUAL UL SALES (EXCLUDING IUL) BY UNDERWRITING CLASS (\$ MILLIONS) 49

FIGURE 63: YTD 9/30/16 TOTAL IULSG SALES BY UNDERWRITING CLASS (\$ MILLIONS) 50
 FIGURE 64: YTD 9/30/16 TOTAL CASH ACCUMULATION IUL SALES BY UNDERWRITING CLASS (\$ MILLIONS)..... 51
 FIGURE 65: YTD 9/30/16 TOTAL CURRENT ASSUMPTION IUL SALES BY UNDERWRITING CLASS (\$ MILLIONS) 51
 FIGURE 66: 2015 TOTAL INDIVIDUAL IUL SALES BY DEATH BENEFIT OPTION (\$ MILLIONS)..... 53
 FIGURE 67: YTD 9/30/16 TOTAL INDIVIDUAL IUL SALES BY DEATH BENEFIT OPTION (\$ MILLIONS) 53
 FIGURE 68: CHARTS OF DEATH BENEFIT OPTION DISTRIBUTIONS FOR 2015 AND YTD 9/30/16..... 54
 FIGURE 69: DEATH BENEFIT OPTION DISTRIBUTIONS BY PRODUCT FOR 2015..... 55
 FIGURE 70: DEATH BENEFIT OPTION DISTRIBUTIONS BY PRODUCT FOR YTD 9/30/16..... 55
 FIGURE 71: 2015 TOTAL INDIVIDUAL IUL SALES BY 7702 OPTION AND DEATH BENEFIT OPTION (\$ MILLIONS) 55
 FIGURE 72: CHARTS OF 7702 OPTION DISTRIBUTIONS FOR 2015..... 56
 FIGURE 73: CHARTS OF 7702 OPTION/DEATH BENEFIT OPTION DISTRIBUTIONS FOR 2015..... 57
 FIGURE 74: 7702 OPTION/DEATH BENEFIT OPTION DISTRIBUTIONS BY PRODUCT FOR 2015..... 58
 FIGURE 75: YTD 9/30/16 TOTAL INDIVIDUAL IUL SALES BY 7702 OPTION AND DEATH BENEFIT OPTION 58
 FIGURE 76: CHARTS OF 7702 OPTION DISTRIBUTIONS FOR YTD 9/30/16..... 59
 FIGURE 77: CHARTS OF 7702 OPTION/DEATH BENEFIT OPTION DISTRIBUTIONS FOR YTD 9/30/16..... 60
 FIGURE 78: 7702 OPTION/DEATH BENEFIT OPTION DISTRIBUTIONS BY PRODUCT FOR YTD 9/30/16..... 61

INDEXED UNIVERSAL LIFE SALES DETAILS

FIGURE 79: IUL PRODUCT MIX BY YEAR..... 62
 FIGURE 80: TOTAL INDIVIDUAL IUL SALES (\$ MILLIONS)..... 63
 FIGURE 81: TOTAL IULSG SALES (\$ MILLIONS)..... 63
 FIGURE 82: TOTAL CASH ACCUMULATION IUL SALES (\$ MILLIONS)..... 63
 FIGURE 83: TOTAL CURRENT ASSUMPTION IUL SALES (\$ MILLIONS)..... 63
 FIGURE 84: ELECTION PERCENTAGES OF CVE RIDERS ON IUL POLICIES 64
 FIGURE 85: PERCENT OF TOTAL INDIVIDUAL IUL SALES THAT SELECTED NLG PREMIUMS TO 90+ 65
 FIGURE 86: PERCENT OF IULSG SALES THAT SELECTED NLG PREMIUMS TO 90+ 65
 FIGURE 87: TOTAL INDIVIDUAL IUL BUSINESS 65
 FIGURE 88: WEIGHTED AVERAGE IUL PREMIUMS PER POLICY BY PRODUCT TYPE..... 66
 FIGURE 89: WEIGHTED AVERAGE IUL FACE AMOUNT PER POLICY BY PRODUCT TYPE 66
 FIGURE 90: IULSG 67
 FIGURE 91: CASH ACCUMULATION IUL..... 67
 FIGURE 92: CURRENT ASSUMPTION IUL 68
 FIGURE 93: 2015 TOTAL INDIVIDUAL IUL SALES BY DISTRIBUTION CHANNEL (\$ MILLIONS) 69
 FIGURE 94: 2015 TOTAL IULSG SALES BY DISTRIBUTION CHANNEL (\$ MILLIONS) 69
 FIGURE 95: 2015 TOTAL CASH ACCUMULATION IUL SALES BY DISTRIBUTION CHANNEL (\$ MILLIONS)..... 70
 FIGURE 96: 2015 TOTAL CURRENT ASSUMPTION IUL SALES BY DISTRIBUTION CHANNEL (\$ MILLIONS) 71
 FIGURE 97: YTD 9/30/16 TOTAL INDIVIDUAL IUL SALES BY DISTRIBUTION CHANNEL (\$ MILLIONS) 72
 FIGURE 98: YTD 9/30/16 TOTAL IULSG SALES BY DISTRIBUTION CHANNEL (\$ MILLIONS) 72
 FIGURE 99: YTD 9/30/16 TOTAL CASH ACCUMULATION IUL SALES BY DISTRIBUTION CHANNEL (\$ MILLIONS) 73
 FIGURE 100: YTD 9/30/16 TOTAL CURRENT ASSUMPTION IUL SALES BY DISTRIBUTION CHANNEL 74
 FIGURE 101: IUL SALES BY DISTRIBUTION CHANNEL WITHIN PRODUCT TYPE 75
 FIGURE 102: IUL WEIGHTED AVERAGE ISSUE AGES, 2015..... 75
 FIGURE 103: ISSUE AGE DISTRIBUTION, TOTAL INDIVIDUAL IUL 2015..... 76
 FIGURE 104: 2015 TOTAL INDIVIDUAL IUL SALES BY ISSUE AGE GROUP (\$ MILLIONS) 76
 FIGURE 105: IUL WEIGHTED AVERAGE ISSUE AGES, YTD 9/30/16 77
 FIGURE 106: ISSUE AGE DISTRIBUTION, TOTAL INDIVIDUAL IUL YTD 9/30/16 77
 FIGURE 107: YTD 9/30/16 TOTAL INDIVIDUAL IUL SALES BY ISSUE AGE GROUP (\$ MILLIONS) 78
 FIGURE 108: 2015 IUL SALES BY PREMIUM TYPE (\$ MILLIONS) 79
 FIGURE 109: YTD 9/30/16 IUL SALES BY PREMIUM TYPE (\$ MILLIONS) 79
 FIGURE 110: DISTRIBUTION OF IUL SALES BY GENDER 80
 FIGURE 111: IUL WEIGHTED AVERAGE ISSUE AGES 81
 FIGURE 112: CHARTS OF ISSUE AGE RANGE DISTRIBUTIONS BY GENDER FOR 2015 AND YTD 9/30/16 81
 FIGURE 113: INDIVIDUAL IUL SALES BY ISSUE AGE AND GENDER FOR 2015 AND YTD 9/30/16 82
 FIGURE 114: UNDERWRITING CLASSES 85
 FIGURE 115: DISTRIBUTION OF 2015 IUL SALES BY UNDERWRITING CLASS 86
 FIGURE 116: DISTRIBUTION OF YTD 9/30/16 IUL SALES BY UNDERWRITING CLASS 87
 FIGURE 117: 2015 TOTAL INDIVIDUAL IUL SALES BY UNDERWRITING CLASS (\$ MILLIONS)..... 88
 FIGURE 118: 2015 TOTAL IULSG SALES BY UNDERWRITING CLASS (\$ MILLIONS)..... 88
 FIGURE 119: 2015 TOTAL CASH ACCUMULATION IUL SALES BY UNDERWRITING CLASS (\$ MILLIONS) 89
 FIGURE 120: 2015 TOTAL CURRENT ASSUMPTION IUL SALES BY UNDERWRITING CLASS (\$ MILLIONS) 90
 FIGURE 121: YTD 9/30/16 TOTAL INDIVIDUAL IUL SALES BY UNDERWRITING CLASS (\$ MILLIONS) 91
 FIGURE 122: YTD 9/30/16 TOTAL IULSG SALES BY UNDERWRITING CLASS (\$ MILLIONS) 92
 FIGURE 123: YTD 9/30/16 TOTAL CASH ACCUMULATION IUL SALES BY UNDERWRITING CLASS (\$ MILLIONS)..... 92
 FIGURE 124: YTD 9/30/16 TOTAL CURRENT ASSUMPTION IUL SALES BY UNDERWRITING CLASS (\$ MILLIONS) 93
 FIGURE 125: 2015 TOTAL INDIVIDUAL IUL SALES BY DEATH BENEFIT OPTION (\$ MILLIONS)..... 94
 FIGURE 126: YTD 9/30/16 TOTAL INDIVIDUAL IUL SALES BY DEATH BENEFIT OPTION (\$ MILLIONS) 95
 FIGURE 127: CHARTS OF IUL DEATH BENEFIT DISTRIBUTIONS FOR 2015 AND YTD 9/30/16 95
 FIGURE 128: DEATH BENEFIT OPTION DISTRIBUTIONS BY IUL PRODUCT FOR 2015 96
 FIGURE 129: DEATH BENEFIT OPTION DISTRIBUTIONS BY IUL PRODUCT FOR YTD 9/30/16..... 96
 FIGURE 130: 2015 TOTAL INDIVIDUAL IUL SALES BY 7702 OPTION AND DEATH BENEFIT OPTION 97

FIGURE 131: CHARTS OF IUL 7702 OPTION DISTRIBUTIONS FOR 2015 98
 FIGURE 132: CHARTS OF IUL 7702 OPTION/DEATH BENEFIT OPTION DISTRIBUTIONS FOR 2015 98
 FIGURE 133: 7702 OPTION/DEATH BENEFIT OPTION DISTRIBUTIONS BY IUL PRODUCT FOR 2015 99
 FIGURE 134: YTD 9/30/16 TOTAL INDIVIDUAL IUL SALES BY 7702 OPTION AND DEATH BENEFIT OPTION 100
 FIGURE 135: CHARTS OF IUL 7702 OPTION DISTRIBUTIONS FOR YTD 9/30/16 101
 FIGURE 136: CHARTS OF IUL 7702 OPTION/DEATH BENEFIT OPTION DISTRIBUTIONS FOR YTD 9/30/16 101
 FIGURE 137: 7702 OPTION/DEATH BENEFIT OPTION DISTRIBUTIONS BY IUL PRODUCT FOR YTD 9/30/16 102

SALES WITH CHRONIC ILLNESS RIDERS

FIGURE 138: TOTAL INDIVIDUAL UL SALES (EXCLUDING IUL) WITH CHRONIC ILLNESS RIDERS (\$ MILLIONS) 104
 FIGURE 139: TOTAL ULSG SALES WITH CHRONIC ILLNESS RIDERS (\$ MILLIONS) 105
 FIGURE 140: TOTAL CASH ACCUMULATION UL SALES WITH CHRONIC ILLNESS RIDERS (\$ MILLIONS) 105
 FIGURE 141: TOTAL CURRENT ASSUMPTION IUL SALES WITH CHRONIC ILLNESS RIDERS (\$ MILLIONS) 106
 FIGURE 142: UL SALES WITH CHRONIC ILLNESS RIDERS AS A PERCENT OF TOTAL UL SALES 106
 FIGURE 143: TOTAL INDIVIDUAL IUL SALES WITH CHRONIC ILLNESS RIDERS (\$ MILLIONS) 107
 FIGURE 144: TOTAL IUL WITH SECONDARY GUARANTEES SALES WITH CHRONIC ILLNESS RIDERS (\$ MILLIONS) 107
 FIGURE 145: TOTAL CASH ACCUMULATION IUL SALES WITH CHRONIC ILLNESS RIDERS (\$ MILLIONS) 108
 FIGURE 146: TOTAL CURRENT ASSUMPTION IUL SALES WITH CHRONIC ILLNESS RIDERS (\$ MILLIONS) 108
 FIGURE 147: IUL SALES WITH CHRONIC ILLNESS RIDERS AS A PERCENT OF TOTAL IUL SALES 109
 FIGURE 148: TOTAL INDIVIDUAL UL BUSINESS (EXCLUDING IUL) WITH CHRONIC ILLNESS RIDERS 110
 FIGURE 149: WEIGHTED AVERAGE PREMIUMS PER POLICY ON ALL UL BUSINESS WITH CHRONIC ILLNESS RIDERS
 BY PRODUCT TYPE 110
 FIGURE 150: WEIGHTED AVERAGE FACE AMOUNT PER POLICY ON ALL UL BUSINESS WITH CHRONIC ILLNESS RIDERS
 BY PRODUCT TYPE 111
 FIGURE 151: WEIGHTED AVERAGES PER POLICY FOR UL SALES WITH CHRONIC ILLNESS RIDERS AS A PERCENT OF
 WEIGHTED AVERAGES PER POLICY FOR TOTAL UL SALES 111
 FIGURE 152: TOTAL ULSG BUSINESS WITH CHRONIC ILLNESS RIDERS 112
 FIGURE 153: TOTAL CASH ACCUMULATION UL BUSINESS WITH CHRONIC ILLNESS RIDERS 112
 FIGURE 154: TOTAL CURRENT ASSUMPTION UL BUSINESS WITH CHRONIC ILLNESS RIDERS 113
 FIGURE 155: TOTAL INDIVIDUAL IUL BUSINESS WITH CHRONIC ILLNESS RIDERS 114
 FIGURE 156: WEIGHTED AVERAGE PREMIUMS PER POLICY ON ALL IUL BUSINESS WITH CHRONIC ILLNESS RIDERS
 BY PRODUCT TYPE 114
 FIGURE 157: WEIGHTED AVERAGE FACE AMOUNT PER POLICY ON ALL IUL BUSINESS WITH CHRONIC ILLNESS RIDERS
 BY PRODUCT TYPE 115
 FIGURE 158: WEIGHTED AVERAGES PER POLICY FOR IUL SALES WITH CHRONIC ILLNESS RIDERS AS A PERCENT OF
 WEIGHTED AVERAGES PER POLICY FOR TOTAL IUL SALES 115
 FIGURE 159: TOTAL CASH ACCUMULATION IUL BUSINESS WITH CHRONIC ILLNESS RIDERS 116
 FIGURE 160: TOTAL CURRENT ASSUMPTION IUL BUSINESS WITH CHRONIC ILLNESS RIDERS 116
 FIGURE 161: TOTAL INDIVIDUAL UL SALES WITH CHRONIC ILLNESS RIDERS THAT ARE SINGLE-PREMIUM BUSINESS
 (\$ MILLIONS) 117
 FIGURE 162: TOTAL ULSG SALES WITH CHRONIC ILLNESS RIDERS THAT ARE SINGLE-PREMIUM BUSINESS 118
 FIGURE 163: TOTAL CASH ACCUMULATION UL SALES WITH CHRONIC ILLNESS RIDERS THAT ARE SINGLE-PREMIUM
 BUSINESS (\$ MILLIONS) 118
 FIGURE 164: TOTAL INDIVIDUAL IUL SALES WITH CHRONIC ILLNESS RIDERS THAT ARE SINGLE-PREMIUM BUSINESS
 (\$ MILLIONS) 119
 FIGURE 165: TOTAL CASH ACCUMULATION IUL SALES WITH CHRONIC ILLNESS RIDERS THAT ARE SINGLE-PREMIUM
 BUSINESS (\$ MILLIONS) 120
 FIGURE 166: 2015 UL/IUL SALES WITH CHRONIC ILLNESS RIDERS BY DISTRIBUTION CHANNEL (\$ MILLIONS) 121
 FIGURE 167: YTD 9/30/16 UL/IUL SALES WITH CHRONIC ILLNESS RIDERS BY DISTRIBUTION CHANNEL 121
 FIGURE 168: DISTRIBUTION BY CHANNEL OF UL/IUL SALES WITH CHRONIC ILLNESS RIDERS COMPARED TO COMBINED
 UL/IUL SALES 122
 FIGURE 169: DISTRIBUTION BY GENDER OF UL/IUL SALES WITH CHRONIC ILLNESS RIDERS COMPARED TO COMBINED
 UL/IUL SALES 123
 FIGURE 170: WEIGHTED AVERAGE ISSUE AGES, UL/IUL SALES WITH CHRONIC ILLNESS RIDERS 123
 FIGURE 171: CHARTS OF ISSUE AGE RANGE DISTRIBUTIONS BY GENDER FOR 2015 AND YTD 9/30/16 123
 FIGURE 172: TABLES OF ISSUE AGE RANGE DISTRIBUTIONS BY GENDER FOR 2015 124
 FIGURE 173: TABLES OF ISSUE AGE RANGE DISTRIBUTIONS BY GENDER FOR YTD 9/30/16 126
 FIGURE 174: ELECTION RATE OF UL CHRONIC ILLNESS RIDERS 127
 FIGURE 175: ELECTION RATE OF IUL CHRONIC ILLNESS RIDERS 128

SALES WITH LONG-TERM CARE (LTC) RIDERS

FIGURE 176: TOTAL INDIVIDUAL UL SALES (EXCLUDING IUL) WITH AN LTC RIDER (\$ MILLIONS) 129
 FIGURE 177: UL SALES WITH LTC RIDERS AS A PERCENT OF TOTAL UL SALES BY PREMIUM 129
 FIGURE 178: TOTAL INDIVIDUAL UL SALES (EXCLUDING IUL) WITH AN LTC RIDER (\$ MILLIONS) 130
 FIGURE 179: TOTAL ULSG SALES WITH AN LTC RIDER (\$ MILLIONS) 130
 FIGURE 180: TOTAL CASH ACCUMULATION UL SALES WITH AN LTC RIDER (\$ MILLIONS) 131
 FIGURE 181: TOTAL CURRENT ASSUMPTION UL SALES WITH AN LTC RIDER (\$ MILLIONS) 131
 FIGURE 182: TOTAL INDIVIDUAL IUL SALES WITH LTC RIDERS (\$ MILLIONS) 132
 FIGURE 183: IUL SALES WITH LTC RIDERS AS A PERCENT OF TOTAL IUL SALES 132

FIGURE 184: TOTAL INDIVIDUAL IUL SALES WITH AN LTC ABR ONLY (\$ MILLIONS) 133

FIGURE 185: TOTAL IUL WITH SECONDARY GUARANTEES SALES WITH AN LTC ABR ONLY (\$ MILLIONS)..... 133

FIGURE 186: TOTAL CASH ACCUMULATION IUL SALES WITH AN LTC ABR ONLY (\$ MILLIONS)..... 134

FIGURE 187: TOTAL CURRENT ASSUMPTION IUL SALES WITH AN LTC ABR ONLY (\$ MILLIONS) 134

FIGURE 188: TOTAL INDIVIDUAL UL BUSINESS (EXCLUDING IUL) WITH LTC RIDERS..... 135

FIGURE 189: WEIGHTED AVERAGE PREMIUMS PER POLICY ON ALL UL BUSINESS WITH LTC RIDERS BY PRODUCT TYPE 135

FIGURE 190: WEIGHTED AVERAGE FACE AMOUNT PER POLICY ON ALL UL BUSINESS WITH LTC RIDERS BY PRODUCT TYPE..... 136

FIGURE 191: WEIGHTED AVERAGES PER POLICY FOR UL SALES WITH LTC RIDERS AS A PERCENT OF WEIGHTED AVERAGES PER POLICY FOR TOTAL UL SALES..... 136

FIGURE 192: TOTAL ULSG BUSINESS WITH LTC RIDERS..... 137

FIGURE 193: TOTAL CASH ACCUMULATION UL BUSINESS WITH LTC RIDERS 137

FIGURE 194: TOTAL CURRENT ASSUMPTION UL BUSINESS WITH LTC RIDERS..... 138

FIGURE 195: TOTAL INDIVIDUAL IUL BUSINESS WITH LTC RIDERS..... 139

FIGURE 196: WEIGHTED AVERAGE PREMIUM PER POLICY ON ALL IUL BUSINESS WITH LTC RIDERS BY PRODUCT TYPE 139

FIGURE 197: WEIGHTED AVERAGE FACE AMOUNT PER POLICY ON ALL IUL BUSINESS WITH LTC RIDERS 140

FIGURE 198: WEIGHTED AVERAGES PER POLICY FOR IUL SALES WITH LTC RIDERS AS A PERCENT OF WEIGHTED AVERAGES PER POLICY FOR TOTAL IUL SALES..... 140

FIGURE 199: TOTAL IULSG BUSINESS WITH LTC RIDERS..... 141

FIGURE 200: TOTAL CASH ACCUMULATION IUL BUSINESS WITH LTC RIDERS 141

FIGURE 201: TOTAL CURRENT ASSUMPTION IUL BUSINESS WITH LTC RIDERS..... 142

FIGURE 202: TOTAL INDIVIDUAL UL SALES (EXCLUDING IUL) WITH LTC RIDERS THAT IS SINGLE-PREMIUM BUSINESS (\$ MILLIONS) 143

FIGURE 203: TOTAL ULSG SALES WITH LTC RIDERS THAT IS SINGLE-PREMIUM BUSINESS (\$ MILLIONS)..... 143

FIGURE 204: TOTAL CASH ACCUMULATION UL SALES WITH LTC RIDERS THAT IS SINGLE-PREMIUM BUSINESS 144

FIGURE 205: TOTAL INDIVIDUAL IUL SALES WITH LTC RIDERS THAT IS SINGLE-PREMIUM BUSINESS 144

FIGURE 206: TOTAL IULSG SALES WITH LTC RIDERS THAT IS SINGLE-PREMIUM BUSINESS (\$ MILLIONS)..... 145

FIGURE 207: TOTAL CASH ACCUMULATION IUL SALES WITH LTC RIDERS THAT IS SINGLE-PREMIUM BUSINESS (\$ MILLIONS) 145

FIGURE 208: 2015 UL/IUL SALES WITH LTC RIDERS BY DISTRIBUTION CHANNEL (\$ MILLIONS)..... 146

FIGURE 209: YTD 9/30/16 UL/IUL SALES WITH LTC RIDERS BY DISTRIBUTION CHANNEL (\$ MILLIONS)..... 147

FIGURE 210: DISTRIBUTION BY CHANNEL OF UL/IUL SALES WITH LTC RIDERS COMPARED TO TOTAL UL/IUL SALES COMBINED 148

FIGURE 211: DISTRIBUTION BY GENDER OF UL/IUL SALES WITH LTC RIDERS COMPARED TO COMBINED UL/IUL SALES 149

FIGURE 212: WEIGHTED AVERAGE ISSUE AGES, UL/IUL SALES WITH LTC RIDERS 149

FIGURE 213: CHARTS OF ISSUE AGE DISTRIBUTIONS BY GENDER FOR 2015 AND YTD 9/30/16 149

FIGURE 214: TABLES OF ISSUE AGE DISTRIBUTIONS BY GENDER FOR 2015 150

FIGURE 215: TABLES OF ISSUE AGE DISTRIBUTIONS BY GENDER FOR YTD 9/30/16 152

FIGURE 216: ELECTION RATES OF OPTIONAL UL LTC RIDERS 153

FIGURE 217: ELECTION RATES OF OPTIONAL IUL LTC RIDERS..... 154

PROFIT MEASURES

FIGURE 218: DISTRIBUTION OF THE NUMBER OF PROFIT MEASURES 155

FIGURE 219: ROI/IRRS BY PRODUCT TYPE 156

FIGURE 220: PROFIT MARGIN GOALS 157

FIGURE 221: DISCOUNT RATE USED TO CALCULATE PROFIT MARGINS 158

FIGURE 222: "OTHER" STATUTORY PROFIT MEASURES..... 158

FIGURE 223: GAAP ROE 161

FIGURE 224: "OTHER" GAAP PROFIT MEASURES..... 161

FIGURE 225: DIFFERENT PROFIT METRICS FOR NEW BUSINESS AND IN-FORCE BUSINESS 162

FIGURE 226: ACTUAL RESULTS RELATIVE TO PROFIT GOALS FOR 2015 163

FIGURE 227: REASONS FOR MISSED PROFIT GOALS FOR 2015..... 163

FIGURE 228: ACTUAL RESULTS RELATIVE TO PROFIT GOALS FOR YTD 9/30/16 164

FIGURE 229: REASONS FOR MISSED PROFIT GOALS FOR YTD 9/30/16 164

TARGET SURPLUS

FIGURE 230: TARGET SURPLUS BASES 165

FIGURE 231: NAIC RBC PERCENTAGES 165

FIGURE 232: NAIC RBC FACTORS BY PRODUCT TYPE..... 166

RESERVES

FIGURE 233: PBR IMPLEMENTATION..... 168

FIGURE 234: CREDIBILITY OF BUSINESS 170

FIGURE 235: MODELING PBR-TYPE RESERVES 171

FIGURE 236: EFFECTIVENESS RATINGS OF PBR MAKING RESERVE FINANCING ARRANGEMENTS OBSOLETE 172

RISK MANAGEMENT

FIGURE 237: COSTS OF FINANCING ASSUMED IN PRICING ULSG PRODUCTS 175
 FIGURE 238: HEDGING STRATEGIES FOR IUL 177

UNDERWRITING

FIGURE 239: CREDIT PROGRAM DESCRIPTION 180
 FIGURE 240: STRUCTURE OF UNDERWRITER’S DECISION MAKING FOR RECONSIDERATIONS (BUSINESS DECISIONS)..... 182
 FIGURE 241: TRIAL APPLICATION PERCENTAGES 184
 FIGURE 242: PERCENTAGE OF NORMAL APPLICATIONS ACTUALLY SOLD 184
 FIGURE 243: UNDERWRITING TOOL USAGE 185
 FIGURE 244: COGNITIVE IMPAIRMENT TESTING 186
 FIGURE 245: PRESCRIPTION DRUG DATABASE SEARCH AGES AND FACE AMOUNTS 187
 FIGURE 246: MARKETS WHERE SIMPLIFIED ISSUE UNDERWRITTEN UL/IUL PRODUCTS ARE OFFERED 188
 FIGURE 247: DISTRIBUTION CHANNELS WHERE SIMPLIFIED ISSUE UNDERWRITTEN UL/IUL PRODUCTS ARE OFFERED..... 188
 FIGURE 248: UNDERWRITING TOOLS USED WITH SIMPLIFIED ISSUE UNDERWRITTEN UL/IUL PRODUCTS 189
 FIGURE 249: UNDERWRITING TOOLS USED WITH SIMPLIFIED ISSUE UNDERWRITTEN UL/IUL PRODUCTS 189

PRODUCT DESIGN

FIGURE 250: OTHER STRATEGIES IN LIGHT OF THE LOW INTEREST RATE ENVIRONMENT 194
 FIGURE 251: RANKING OF RIDERS/PRODUCT FEATURES COMPANIES FIND VALUABLE 196
 FIGURE 252: CASH VALUE ACCUMULATION TEST OR GUIDELINE PREMIUM TEST 197
 FIGURE 253: WASH LOAN PROVISION INCLUDED 198
 FIGURE 254: CUMULATIVE OUTSTANDING LOAN AMOUNT RELATIVE TO CSV(%) AS OF 9/30/16 198

COMPENSATION

FIGURE 255: ULSG COMMISSIONS AND MARKETING ALLOWABLES 200
 FIGURE 256: CASH ACCUMULATION UL COMMISSIONS AND MARKETING ALLOWABLES 201
 FIGURE 257: CURRENT ASSUMPTION UL COMMISSIONS AND MARKETING ALLOWABLES 202
 FIGURE 258: IUL WITH SECONDARY GUARANTEES COMMISSIONS AND MARKETING ALLOWABLES 203
 FIGURE 259: CASH ACCUMULATION IUL COMMISSIONS AND MARKETING ALLOWABLES 204
 FIGURE 260: CASH ACCUMULATION IUL LEVELIZED COMPENSATION ON CVE RIDERS 205
 FIGURE 261: CURRENT ASSUMPTION IUL COMMISSIONS AND MARKETING ALLOWABLES 206
 FIGURE 262: NUMBER OF PARTICIPANTS REPORTING MARKETING ALLOWABLE CATEGORIES 207
 FIGURE 263: NUMBER OF MARKETING ALLOWABLE CATEGORIES 207
 FIGURE 264: MARKETING ALLOWABLE CATEGORIES 208
 FIGURE 265: AVERAGE INCENTIVE COMPENSATION FOR EXTERNAL WHOLESALERS 208
 FIGURE 266: COMMISSION CHARGEBACK PERIODS 209

PRICING

FIGURE 267: UL/IUL EARNED RATES BY PRODUCT TYPE 211
 FIGURE 268: ULTIMATE LAPSE RATES 215
 FIGURE 269: LAPSE RATES IF SECONDARY GUARANTEE IS IN-THE-MONEY 216
 FIGURE 270: LAPSE RATES IF SECONDARY GUARANTEE IS NOT IN-THE-MONEY 217
 FIGURE 271: MORTALITY ASSUMPTION BASIS 219
 FIGURE 272: CONVERGENCE OF PREFERRED AND STANDARD RATES 221
 FIGURE 273: MORTALITY IMPROVEMENT ASSUMPTIONS 222
 FIGURE 274: FULLY ALLOCATED EXPENSES 224
 FIGURE 275: EXPENSE LEVELS 225
 FIGURE 276: PRICING AND ACTUAL EXPENSES FOR A REPRESENTATIVE SAMPLE POLICY 227
 FIGURE 277: DOLLARS OF EXPENSE ASSUMED IN PRICING FOR A REPRESENTATIVE SAMPLE POLICY 228

ILLUSTRATIONS

FIGURE 278: ILLUSTRATED RATES FOR LOANED AND NON-LOANED VALUES 233

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 2016, Milliman conducted its 10th annual comprehensive survey aimed at addressing UL and IUL issues and providing 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 27, 2016; 32 companies submitted responses. The companies that participated in the study were:

- Allianz
- American Family
- Americo
- Ameriprise
- AXA
- Bankers Life
- Cincinnati Life
- Columbus Life
- EquiTrust
- Fidelity & Guaranty Life
- Foresters
- Global Atlantic
- John Hancock
- Kansas City Life
- Lincoln Financial
- Modern Woodmen of America
- Mutual of Omaha
- Nationwide
- New York Life
- Ohio National
- Pan American
- Penn Mutual
- Principal
- Protective Life
- Sammons Financial Group
- Securian
- State Farm
- Symetra
- Thrivent Financial
- TIAA-CREF
- Voya Financial
- Washington National

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

This information is confidential and may not be distributed, disclosed, copied, or otherwise furnished to any third party without Milliman's prior consent. Nothing included in this document may be used in any filings with any public body, such as, but not limited to, the Securities and Exchange Commission (SEC) or state insurance departments without prior consent from Milliman. Milliman relied upon the data provided by the survey participants and did not perform independent audits of the data, although we did review the data for general reasonableness and consistency. Any observations made may not necessarily be indicative or construed as representative of the entire UL/IUL market.

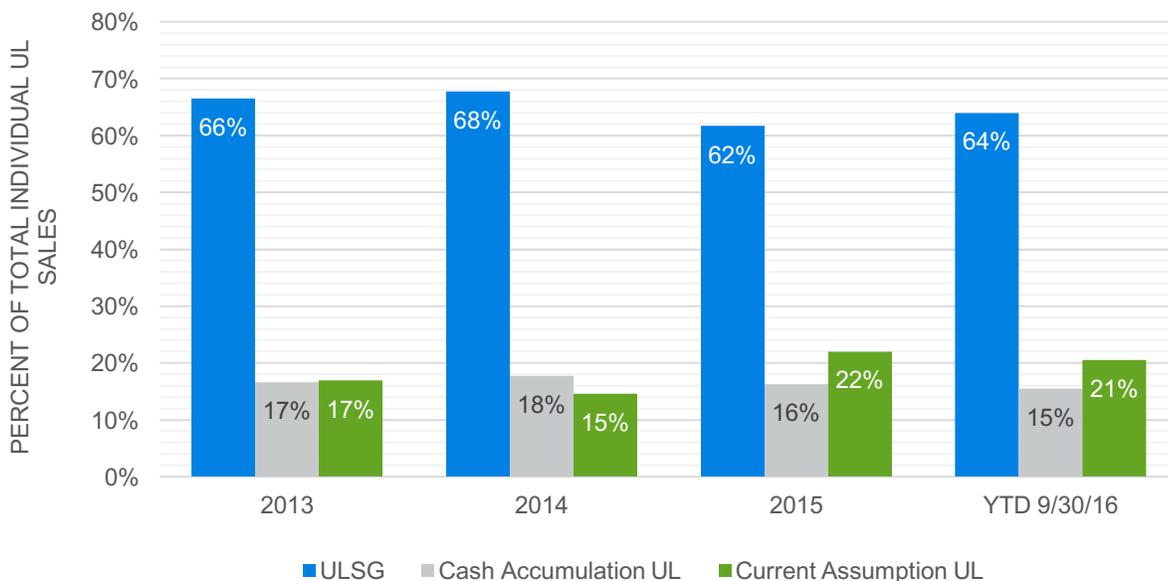
¹ According to LIMRA's U.S. Retail Individual Life Insurance Sales reports.

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 \$969.3 million, \$923.6 million, \$1,046.1 million, and \$734.7 million, respectively, for calendar years 2013, 2014, 2015, and for 2016 as of September 30, 2016 (YTD 9/30/16). The graph in Figure 1 illustrates the UL product mix as reported by survey participants from 2013 through YTD 9/30/16. The UL with secondary guarantee (ULSG) market share fluctuated between increases and decreases over the survey period, ending with a slightly lower market share compared with the beginning of the period. The market share for cash accumulation UL (AccumUL) increased from 2013 to 2014 and then declined thereafter. For current assumption UL (CAUL), the market share fluctuated between decreases and increases over the survey period, ending with a higher market share compared with the beginning of the period.

FIGURE 1: UL PRODUCT MIX BY YEAR²



Individual company UL sales results were varied, but six participants reported at least a 10% shift from or to any one UL product when looking at the YTD 9/30/16 product mix compared with that of 2013. Four of the six participants reported movement to ULSG products, one to AccumUL only, and the final participant to both AccumUL and CAUL. One participant discontinued sales of CAUL products, and another began selling CAUL products.

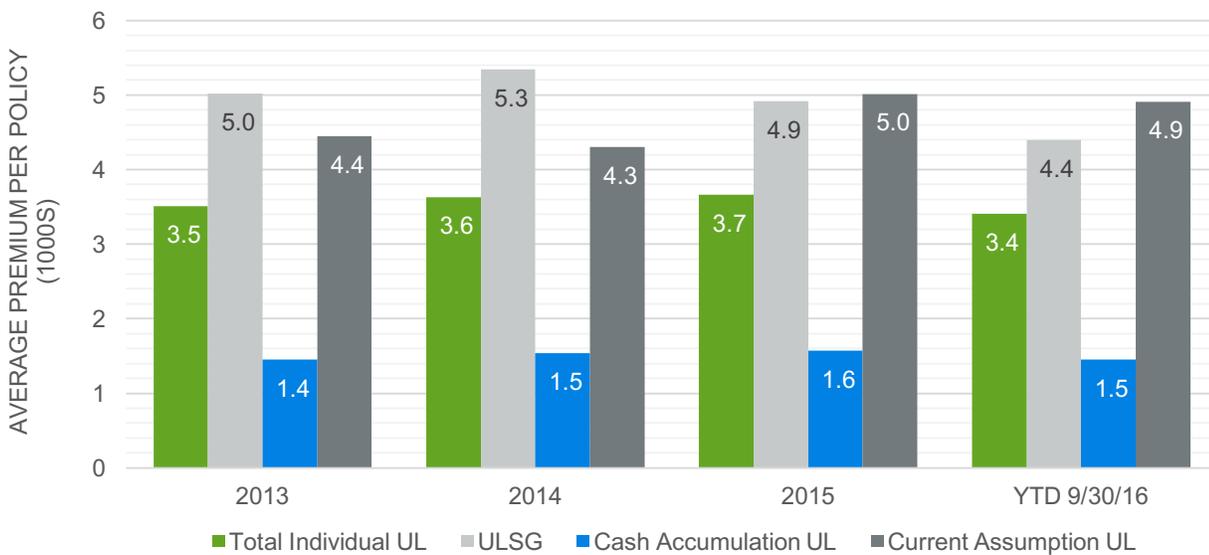
The percentage of ULSG sales, based on policy count, with the selection of no lapse guaranteed (NLG) premiums to age 90 or longer was reported for both 2015 and YTD 9/30/16. The average was 71.4% with a median of 81.6% in 2015. During YTD 9/30/16, the average was 71.8%, with a median of 83.2%. Five of the 10 participants reporting election rates for ULSG reported that 100% of ULSG sales included NLG premiums to age 90 and longer in both 2015 and during YTD 9/30/16.

² Figure 1 will be shown again as Figure 18 in the body of the report.

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, AccumUL average premium per policy increased from 2013 to 2015 and then declined during YTD 9/30/16. ULSG average premium per policy increased from 2013 to 2014 and then declined thereafter. CAUL average premium per policy alternated between decreases and increases over the survey period. Per Figure 3, the average face amount per policy for AccumUL increased from 2013 to 2015 and then remained stable during YTD 9/30/16. ULSG average face amount per policy increased from 2013 to 2015 and then decreased during YTD 9/30/16. For CAUL, the average face amount per policy alternated between increases and decreases during the survey period.

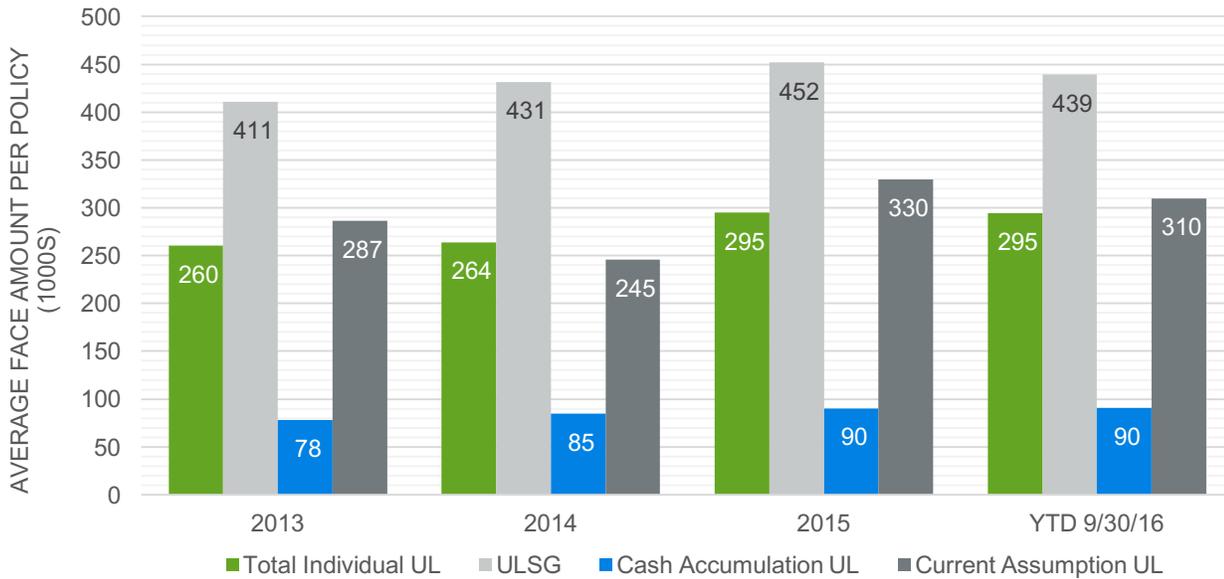
The highest weighted average premium per policy among the UL product types was reported for ULSG in 2013 and 2014 and for CAUL in 2015 and during YTD 9/30/16. The highest weighted average face amount per policy for all periods was reported for ULSG.

FIGURE 2: WEIGHTED AVERAGE PREMIUMS PER POLICY BY PRODUCT TYPE³



³ Figure 2 will be shown again as Figure 27 in the body of the report.

FIGURE 3: WEIGHTED AVERAGE FACE AMOUNT PER POLICY BY PRODUCT TYPE⁴



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 IUL products, especially AccumiUL, and on CAUL products.

The brokerage, career agent, and personal producing general agent (PPGA) channels continue to be the top channels through which UL products were sold. Market share changes by distribution channel from 2015 to YTD 9/30/16 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 lost CAUL market share from 2015 to YTD 9/30/16 primarily to the brokerage channel. For ULSG products, the financial institutions 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 brokerage channel gained market share primarily from the career agent and stockbroker channels. For cash accumulation UL products, the multiple-line exclusive-agent (MLEA) 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 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 based on the midpoint of specified issue age ranges. Average issue ages decreased by one year from 2015 to YTD 9/30/16 for CAUL when sales were measured both by premium and by face amount. For ULSG, the average issue age remained the same when sales were measured by premium but decreased by one year when measured by face amount. 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 2015 and YTD 9/30/16.

⁴ Figure 3 will be shown again as Figure 28 in the body of the report.

FIGURE 4: UL WEIGHTED AVERAGE ISSUE AGES⁵

BASIS OF SALES	TOTAL INDIVIDUAL UL	ULSG	CASH ACCUMULATION UL	CURRENT ASSUMPTION UL
BASED ON 2015 SALES				
PREMIUM	60	60	54	62
FACE AMOUNT	48	48	42	54
BASED ON YTD 9/30/16 SALES				
PREMIUM	59	60	53	61
FACE AMOUNT	47	47	42	53

For 2015, the distribution of total individual UL sales by gender when sales are measured by premium was 54% males, 46% females. On a face amount basis, the distribution was 61% males, 39% females. The distribution for YTD 9/30/16 of total individual UL sales by gender when sales are measured by premium was 55% males, 45% females. On a face amount basis, the distribution was 60% males, 40% females.

A weighted average issue age was also determined for sales of survey participants by gender based on the midpoint of specified issue age ranges. For ULSG and AccumUL, average issue ages for males and females either stayed the same or decreased one year from 2015 to YTD 9/30/16 on both a premium and face amount basis. For CAUL, average issue ages increased by one year for males and decreased by two years for 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 one year. The table in Figure 5 summarizes the average issue ages calculated based on sales reported by issue age range and gender for 2015 and YTD 9/30/16.

FIGURE 5: UL WEIGHTED AVERAGE ISSUE AGES BY GENDER⁶

GENDER	TOTAL INDIVIDUAL UL	ULSG	CASH ACCUMULATION UL	CURRENT ASSUMPTION UL
BASED ON 2015 SALES, PREMIUM				
MALE	59	60	54	61
FEMALE	60	61	54	63
BASED ON 2015 SALES, FACE AMOUNT				
MALE	48	48	43	54
FEMALE	48	48	42	53
BASED ON YTD 9/30/16 SALES, PREMIUM				
MALE	59	60	53	62
FEMALE	59	60	53	61
BASED ON YTD 9/30/16 SALES, FACE AMOUNT				
MALE	47	47	42	54
FEMALE	47	48	42	52

⁵ Figure 4 includes information shown in Figures 43 and 46 in the body of the report.

⁶ Figure 5 will be shown again as Figure 52 in the body of the report.

Survey participants reported the distribution of UL sales by death benefit option for calendar year 2015 and YTD 9/30/16. 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 allocation for death benefit option B when sales were measured by premium, and CAUL products had the highest when sales were measured by face amount. CAUL products have the highest allocation for death benefit option C. On a premium basis, the distribution of UL sales by death benefit option remained fairly stable between 2015 and YTD 9/30/16 for ULSG and AccumUL. For CAUL, from 2015 to YTD 9/30/16 there was a shift of nearly 9% (based on premium) from option A primarily to option B. On a face amount basis, the distribution of ULSG sales by death benefit option remained fairly stable from 2015 to YTD 9/30/16. For AccumUL and CAUL, there was movement from option A to option B nearly equal to 4% and 14%, respectively. Figure 6 includes the distribution of total individual UL sales by death benefit option for 2015 and YTD 9/30/16.

FIGURE 6: DISTRIBUTION OF TOTAL INDIVIDUAL UL SALES BY DEATH BENEFIT OPTION⁷

DEATH BENEFIT OPTION	2015		YTD 9/30/16	
	BASED ON PREMIUM	BASED ON FACE AMOUNT	BASED ON PREMIUM	BASED ON FACE AMOUNT
OPTION A/OPTION 1	93.7%	86.5%	93.8%	84.7%
OPTION B/OPTION 2	6.0%	13.0%	5.8%	14.9%
OPTION C/OPTION 3	0.3%	0.5%	0.4%	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 2015 and YTD 9/30/16. For both periods, about 72% of total individual UL sales used the cash value accumulation test (CVAT), and about 28% 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 when sales were measured on a premium basis. When sales were measured on a face amount basis, AccumUL has the highest percentage of death benefit option B sales for CVAT policies, and CAUL has the highest percentage of death benefit option B sales for GPT policies.

FIGURE 7: DISTRIBUTION OF TOTAL INDIVIDUAL UL SALES BY 7702 OPTION AND DEATH BENEFIT OPTION⁸

DEATH BENEFIT OPTION	2015		YTD 9/30/16	
	PREMIUM	FACE AMOUNT	PREMIUM	FACE AMOUNT
CASH VALUE ACCUMULATION TEST				
OPTION A/OPTION 1	70.4%	61.8%	69.3%	53.8%
OPTION B/OPTION 2	1.7%	3.4%	1.7%	3.2%
OPTION C/OPTION 3	0.3%	0.5%	0.4%	0.4%
GUIDELINE PREMIUM TEST				
OPTION A/OPTION 1	23.0%	23.7%	24.2%	29.7%
OPTION B/OPTION 2	4.5%	10.4%	4.4%	12.9%
OPTION C/OPTION 3	0.1%	0.1%	0.1%	0.1%
CVAT + GPT	100%	100%	100%	100%

⁷ Figure 6 includes information shown in Figures 69 and 70 in the body of the report.

⁸ Figure 7 includes information shown in Figures 74 and 78 in the body of the report.

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 \$738.4 million, \$940.0 million, \$1,090.4 million, and \$793.7 million, respectively, for calendar years 2013, 2014, 2015, and for 2016 as of September 30, 2016 (YTD 9/30/16). **IUL sales during YTD 9/30/16 accounted for 49% of total UL/IUL sales combined (reported by survey participants) during YTD 9/30/16, increasing from 34% in 2013.** Also, the IUL sales percent increased for cash accumulation IUL (AccumIUL) from 2013 to YTD 9/30/16 from 71% to 79% of total cash accumulation UL/IUL sales. Indexed UL with secondary guarantees (IULSG) sales also increased from 5% to 8% of total combined IULSG/IULSG sales over the survey period. The current assumption IUL (CAIUL) sales decreased from 2013 to YTD 9/30/16 as a percent of total combined UL/IUL current assumption sales. The decrease was from 32% to 30%. AccumIUL products dominated the IUL market during the survey period with a market share that increased from 2013 to 2014, and was fairly stable around 86% to 87% thereafter. The market share of IULSG and CAIUL sales declined from 2013 to 2014 and was fairly stable thereafter. 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 for AccumIUL fluctuated between increases and decreases during the survey period. The average premium per policy was \$8,716 in 2013, \$9,213 in 2014, \$7,956 in 2015, and \$8,520 during YTD 9/30/16. The weighted average face amount per policy decreased from 2013 through 2015 and then increased during YTD 9/30/16. The average face amount per policy for AccumIUL was \$363,246 in 2013, \$359,534 in 2014, \$358,785 in 2015, and \$403,375 during YTD 9/30/16.

The most popular channels through which AccumIUL products were sold are the brokerage, career agent, and PPGA channels. From 2015 to YTD 9/30/16, the PPGA and brokerage channels gained AccumIUL market share at the expense of the career agent channel on a premium basis. On a face amount basis, the PPGA channel gained market share at the expense of the career agent channel.

A weighted average issue age was determined for IUL sales of survey participants based on the midpoint of specified issue age ranges. The average issue age from 2015 to YTD 9/30/16 decreased by one year for AccumIUL when sales were measured on a premium basis. On a face amount basis, the average issue age remained the same. The table in Figure 8 summarizes the average issue ages calculated based on sales reported by issue age range for all IUL products, and for 2015 and YTD 9/30/16. For both time periods, when sales were measured on a premium basis, the average issue age for AccumIUL is one year lower than the average for AccumUL sales. On a face amount basis, the average issue age for AccumIUL is three years lower than the average for AccumUL sales.

FIGURE 8: IUL WEIGHTED AVERAGE ISSUE AGES⁹

BASIS OF SALES	TOTAL INDIVIDUAL IUL	IULSG	CASH ACCUMULATION IUL	CURRENT ASSUMPTION IUL
BASED ON 2015 SALES				
PREMIUM	54	57	53	60
FACE AMOUNT	46	51	45	52
BASED ON YTD 9/30/16 SALES				
PREMIUM	53	56	52	59
FACE AMOUNT	46	50	45	53

For 2015, the distribution of AccumIUL sales by gender when sales are measured by premium was 62% males, 38% females. On a face amount basis, the distribution was 57% males, 43% females. The distribution for YTD 9/30/16 for AccumIUL sales by gender when sales are measured by premium was 61% males, 39% females. On a face amount basis, the distribution was 56% males, 44% females.

⁹ Figure 8 includes information shown in Figures 102 and 105 in the body of the report.

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 2015 to YTD 9/30/16, male average issue ages stayed the same and female average issue ages decreased by one year on a premium basis. On a face amount basis, average issue ages decreased by one year for both males and females from 2015 to YTD 9/30/16. 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 2015 and YTD 9/30/16.

FIGURE 9: IUL WEIGHTED AVERAGE ISSUE AGES BY GENDER¹⁰

GENDER	TOTAL INDIVIDUAL IUL	IULSG	CASH ACCUMULATION IUL	CURRENT ASSUMPTION IUL
BASED ON 2015 SALES, PREMIUM				
MALE	54	57	53	59
FEMALE	53	56	53	61
BASED ON 2015 SALES, FACE AMOUNT				
MALE	47	52	46	52
FEMALE	45	50	45	52
BASED ON YTD 9/30/16 SALES, PREMIUM				
MALE	53	57	53	59
FEMALE	53	55	52	59
BASED ON YTD 9/30/16 SALES, FACE AMOUNT				
MALE	47	51	45	53
FEMALE	45	49	44	52

Survey participants reported the distribution of IUL sales by death benefit option for calendar year 2015 and YTD 9/30/16. For all IUL products, the majority of sales were reported for death benefit option A. IULSG products had the highest allocation of death benefit option A and C, and AccumIUL products had the highest for death benefit option B. Figure 10 includes the distribution of total individual IUL sales by death benefit for 2015 and YTD 9/30/16. Sales with death benefit option B were significantly higher for indexed UL products than for UL products, in both 2015 and during YTD 9/30/16.

FIGURE 10: DISTRIBUTION OF TOTAL INDIVIDUAL IUL SALES BY DEATH BENEFIT OPTION¹¹

DEATH BENEFIT OPTION	2015		YTD 9/30/16	
	BASED ON PREMIUM	BASED ON FACE AMOUNT	BASED ON PREMIUM	BASED ON FACE AMOUNT
OPTION A/OPTION 1	64.2%	63.3%	61.0%	60.8%
OPTION B/OPTION 2	35.4%	36.1%	38.0%	38.7%
OPTION C/OPTION 3	0.4%	0.6%	0.9%	0.5%

¹⁰ Figure 9 will be shown again as Figure 111 in the body of the report.

¹¹ Figure 10 includes information shown in Figures 128 and 129 in the body of the report.

The distribution of total individual IUL sales by 7702 option and death benefit option is shown in the table in Figure 11 for 2015 and YTD 9/30/16. For both periods, about 79% to 80% of total individual IUL sales used the GPT, and about 20% to 21% used the CVAT when sales are measured on a premium basis. On a face amount basis, the split is about 85% GPT and 15% CVAT. For both 2015 and YTD 9/30/16, the percentage of indexed UL products using the GPT is significantly higher than that for UL products. AccumiUL sales using GPT designs have 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 OPTION¹²

DEATH BENEFIT OPTION	2015		YTD 9/30/16	
	PREMIUM	FACE AMOUNT	PREMIUM	FACE AMOUNT
CASH VALUE ACCUMULATION TEST				
OPTION A/OPTION 1	17.7%	13.1%	16.5%	12.7%
OPTION B/OPTION 2	2.9%	2.4%	3.3%	2.9%
OPTION C/OPTION 3	0.3%	0.2%	0.5%	0.3%
GUIDELINE PREMIUM TEST				
OPTION A/OPTION 1	48.5%	50.3%	45.6%	47.9%
OPTION B/OPTION 2	30.4%	33.7%	33.5%	35.9%
OPTION C/OPTION 3	0.2%	0.2%	0.6%	0.3%
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, in which 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. Under this 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.

Of the 32 participants reporting UL sales, nine reported UL sales with chronic illness riders. Sales of \$152.8 million of premium were reported for 2013 by seven participants. Eight reported sales of \$142.9 million for 2014, eight reported sales of \$153.0 million for 2015, and nine reported sales of \$115.8 million during YTD 9/30/16. The reduction in chronic illness sales from 2013 to 2014 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 2015 and YTD 9/30/16 but did not report sales in terms of premium. The total face amount issued for UL policies with chronic illness riders was reported as \$7.4 billion for 2013, \$7.6 billion for 2014, \$8.8 billion for 2015, and \$6.7 billion during YTD 9/30/16.

Total indexed UL sales with chronic illness riders were reported equal to \$224.1 million in 2013, \$298.0 million in 2014, and \$360.4 million in 2015 by eight participants each, and \$282.0 million for YTD 9/30/16 by 10 participants. The total face amount issued for IUL policies with chronic illness riders was \$10.3 billion, \$13.5 billion, \$16.0 billion, and \$13.0 billion, respectively, for 2013, 2013, 2015, and during YTD 9/30/16.

¹² Figure 11 includes information shown in Figures 133 and 137 in the body of the report.

The table in Figure 12 summarizes sales of chronic illness riders as a percent of total sales (separately for UL and IUL products). **During YTD 9/30/16, sales of chronic illness riders as a percent of total sales were 15.8% for UL products and 35.5% for IUL products.**

FIGURE 12: CHRONIC ILLNESS RIDER SALES AS A PERCENT OF TOTAL SALES¹³

CALENDAR YEAR	TOTAL INDIVIDUAL UL	ULSG	CASH ACCUMULATION UL	CURRENT ASSUMPTION UL
UL SALES WITH CHRONIC ILLNESS RIDERS AS A PERCENT OF TOTAL UL SALES				
2013	15.8%	19.1%	9.3%	9.1%
2014	15.5%	18.3%	11.6%	7.2%
2015	14.6%	18.4%	14.9%	3.9%
YTD 9/30/16	15.8%	18.5%	18.8%	5.0%
CALENDAR YEAR	TOTAL INDIVIDUAL IUL	IULSG	CASH ACCUMULATION IUL	CURRENT ASSUMPTION IUL
IUL SALES WITH CHRONIC ILLNESS RIDERS AS A PERCENT OF TOTAL IUL SALES				
2013	30.3%	10.2%	34.4%	15.9%
2014	31.7%	26.0%	32.7%	25.1%
2015	33.1%	29.6%	34.3%	22.1%
YTD 9/30/16	35.5%	39.1%	36.7%	19.5%

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 2015, the distribution of UL/IUL sales with chronic illness riders by gender when sales are measured by premium was 60% males, 40% females. On a face amount basis, the distribution was 58% males, 42% females. The distribution for YTD 9/30/16 for UL/IUL sales with chronic illness riders by gender when sales are measured by premium was also 60% males, 40% females. On a face amount basis, the distribution was 57% males, 43% females.

For males, the weighted average issue age for UL/IUL products with chronic illness riders equaled 55 in both 2015 and during YTD 9/30/16 on a premium basis. When measured on a face amount basis, the weighted average issue age for males equaled 50 in 2015 and 49 during YTD 9/30/16. For females, the weighted average issue age on a premium basis equaled 55 in 2015 and 54 during YTD 9/30/16. On a face amount basis, the weighted average issue age for females equaled 49 in 2015 and 47 during YTD 9/30/16.

Seven of 10 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 ranged from 8% to 60% for the remaining three participants. Six of 10 participants automatically include chronic illness riders with the base IUL policy. Across all periods in the survey, the average election rates reported by the remaining four participants ranged from 6% to 92%. **Seven of the 12 participants that reported UL/IUL sales with chronic illness riders provide a discounted death benefit as an accelerated benefit. Another two participants reported their chronic illness rider uses a lien against the death benefit to provide the accelerated benefit, and one uses 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.**

¹³ Figure 12 includes information shown in Figure 142 and Figure 147 in the body of the report.

SALES WITH LONG-TERM CARE (LTC) RIDERS

Of the 28 survey participants reporting UL sales, seven reported UL sales with long-term care (LTC) riders. Sales of \$158.9 million of premium were reported for 2013 by six participants. Six reported sales of \$183.7 million for 2014, seven reported sales of \$232.9 million for 2015, and seven reported sales of \$176.6 million during YTD 9/30/16. The total face amount issued for UL policies with LTC riders was reported as \$2.7 billion for both 2013 and 2014, \$4.6 billion for 2015, and \$3.4 billion during YTD 9/30/16. Similarly, of the 21 IUL survey participants, six reported IUL sales with LTC riders. Sales of \$70.1 million of premium were reported for 2013 by five participants. Five reported sales of \$92.7 million for 2014, six reported sales of \$115.9 million for 2015, and six reported sales of \$77.8 million during YTD 9/30/16. For 2013, 2014, 2015, and YTD 9/30/16, the total face amount issued for IUL policies with LTC riders was \$3.1 billion, \$3.9 billion, \$5.4 billion, and \$3.9 billion, respectively.

Sales of policies with LTC riders as a percent of total sales (measured by premiums, and weighting single-premium sales at 10%) are shown in Figure 13. **During YTD 9/30/16, sales of LTC riders as a percent of total sales by premium were 24.0% for UL products and 9.8% for IUL products.**

FIGURE 13: LTC RIDER SALES AS A PERCENT OF TOTAL SALES BY PREMIUM¹⁴

CALENDAR YEAR	TOTAL INDIVIDUAL UL	ULSG	CASH ACCUMULATION UL	CURRENT ASSUMPTION UL
UL SALES WITH LTC RIDERS AS A PERCENT OF TOTAL UL SALES				
2013	16.4%	24.0%	1.6%	0.8%
2014	19.9%	28.9%	1.4%	0.3%
2015	22.3%	31.9%	2.1%	10.3%
YTD 9/30/16	24.0%	33.5%	1.0%	11.8%
IUL SALES WITH LTC RIDERS AS A PERCENT OF TOTAL IUL SALES				
CALENDAR YEAR	TOTAL INDIVIDUAL IUL	IULSG	CASH ACCUMULATION IUL	CURRENT ASSUMPTION IUL
2013	9.5%	23.1%	8.6%	8.3%
2014	9.9%	20.5%	9.2%	10.0%
2015	10.6%	13.5%	10.5%	9.7%
YTD 9/30/16	9.8%	8.5%	9.6%	12.6%

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 14 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.

¹⁴ Figure 13 includes information shown in Figure 177 and Figure 183 in the body of the report.

FIGURE 14: DISTRIBUTION BY CHANNEL OF UL/IUL SALES WITH LTC RIDERS COMPARED TO TOTAL UL/IUL SALES COMBINED¹⁵

CHANNEL	UL/IUL SALES	UL/IUL SALES WITH LTC RIDERS	UL/IUL SALES	UL/IUL SALES WITH LTC RIDERS
	2015		YTD 9/30/16	
PPGA	15.3%	5.2%	17.3%	6.1%
BROKERAGE	53.7%	50.1%	54.5%	50.8%
MLEA	3.7%	3.3%	3.5%	2.6%
CAREER AGENTS	20.7%	17.5%	18.3%	16.3%
STOCKBROKERS	2.9%	9.7%	3.1%	9.7%
FINANCIAL INSTITUTIONS	3.4%	14.2%	3.2%	14.5%
WORKSITE	0.2%		0.2%	
HOME SERVICE	<0.1%	<0.1%	<0.1%	

For 2015, the distribution of UL/IUL sales with LTC riders by gender when sales are measured by premium was 45% males, 55% females. On a face amount basis, the distribution was also 45% males, 55% females. The distribution for YTD 9/30/16 for UL/IUL sales with LTC riders by gender when sales are measured by premium was 44% males, 56% females. On a face amount basis, the distribution was 45% males, 55% females. 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 2015 and during YTD 9/30/16, 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. Four of seven survey participants that reported UL sales with LTC riders do not automatically include them with the base UL policy. Two additional participants reported that some of their UL LTC accelerated benefit riders (ABR) are automatically included and others are not. The average election rates for LTC ABR-only riders on UL products for these six carriers declined from 19.1% in 2013 to 16.7% during YTD 9/30/16. None of the six participants automatically includes LTC ABR-only riders with the base IUL policy. The average election rates for LTC ABR-only riders on IUL products increased steadily from 23.8% in 2013 to 26.3% in 2015, and remained close to that level for the remainder of the survey period.

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 10.0% for all UL products, 9.8% for IULSG, 12.0% for AccumIUL, and 12.3% for CAIUL. Two participants reported changes to profit measures/goals in the last two years. The first reported that the lower interest rate environment has decreased its profit expectations. The second participant changed its focus to risk-neutral pricing in the last two years.

Survey participants reported their actual results relative to profit goals for 2015. For ULSG, 50% were short of their profit goals, and for the remaining UL/IUL products 80% of the participants were at least meeting their profit goals. For YTD 9/30/16, 63% were short of their profit goals for ULSG, and 78% 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 2015 and YTD 9/30/16 were low interest earnings and expenses.**

¹⁵ Figure 14 includes information shown in Figure 210 in the body of the report.

TARGET SURPLUS

The majority of survey participants continue to set target surplus pricing assumptions as a percent 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 200% to 425%. The range is similar to the range reported by participants last year but with a lower minimum. 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

Survey participants were asked when they anticipate their company would implement principle-based reserves (PBR). **Twenty-seven participants expect to implement PBR for all their products spread over the three-year phase-in period allowed.** Factors impacting the rationale for participants' implementation plans include resource issues, time needed, financial impact/cost/benefits, clarification/finalization of PBR/IRS regulations, PBR implementation of other products first, 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. **Eight of 29 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.

For IUL valuations and projections (in general), 11 of 21 participants reported that they are modeling the caps and options rather than modeling just a spread on the indexed account or using some other approach. Eight additional participants responded that they are modeling a spread on the indexed account, and one is both modeling the caps and options and modeling a spread on the indexed account. The final participant does IUL modeling in the fixed account.

Nine participants reported concerns about PBR for indexed UL that included modeling issues, lack of clarity for the treatment of the equity index and option costs for the net premium reserve, nonguaranteed elements, timing of changes to caps relative to interest rate movements, hedging, and lower non-MEC cash values.

Participants were asked how Actuarial Guideline 48 (AG 48) will play a role in the company's strategic decisions relative to PBR implementation. The vast majority (17 out of 25) indicated that AG 48 will not play a role in these strategic decisions or that AG 48 is not applicable.

Twenty-one participants provided a rating of how effective they believe PBR will be in making reserve financing arrangements (captives) obsolete. Ratings are shown in the table in Figure 15. **More participants believe PBR will be effective rather than ineffective at making reserve financing arrangements obsolete.**

FIGURE 15: EFFECTIVENESS RATINGS OF PBR MAKING RESERVE FINANCING ARRANGEMENTS OBSOLETE¹⁶

RATING	# OF RESPONSES
VERY INEFFECTIVE	0
INEFFECTIVE	4
AVERAGE	9
EFFECTIVE	6
VERY EFFECTIVE	2

¹⁶ Figure 15 will be shown again as Figure 236 in the body of the report.

Twenty-two survey participants reported that they would implement the 2017 CSO Mortality Table spread over the three-year phase-in period allowed. The remaining 10 participants noted that implementation would be product-dependent; implementation will be immediate for some products and over the three-year phase-in period for others.

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 in response to AG 48.

Retention limits ranged from \$250,000 to \$40 million for survey participants, with a median limit of \$3 million and an average of \$6.4 million.

UNDERWRITING

Table-shaving programs are offered by seven of the 32 participants; six of the seven intend to continue their programs, and one reported that it intends to discontinue its program. Thirteen of the 32 participants use a credit program or other type of program that improves ratings for favorable risk factors. Twelve of the 13 participants reported that they will continue their credit programs, and the final participant did not indicate whether or not it will continue its program.

Scoring models are being used by 11 survey participants to underwrite their UL/IUL policies. Eight of the 11 use these models for fully underwritten policies, one uses them for simplified issue policies, and the final two use them for both fully underwritten and simplified issue business. Eight participants reported using scoring models with automated rules. The types of scoring models used include lab scoring models, credit scoring models, and scoring models relative to motor vehicle records (MVR).

The percentage of normal applications (based on policy count) YTD 9/30/16 that actually became sold cases was reported by distribution channel. The percentages for all distribution channels combined ranged from 53% to 83%, with an average and median of 70%.

Seventeen of the 32 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, closely followed by the low/middle income market. The most popular channel where SI UL products are offered is the brokerage channel, with 14 of the 17 participants offering products in this channel. The most common underwriting tools used in this market are MIB Group reports (15 participants), prescription drug database searches (15), and motor vehicle reports (13).

Ten survey participants utilize fluid-less underwriting programs at face amounts where they previously would require fluids.

The majority of survey participants (26 of 32 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 22 of the 31 responding participants for preferred UL/IUL products. Debit/credit underwriting is used by six additional participants. The final three participants use a combination of knock-out underwriting and debit/credit underwriting.

PRODUCT DESIGN

Eight of the 17 participants reporting ULSG sales repriced their ULSG designs in the last 12 months, and five of those eight also reported repricing their ULSG designs in the last 13 to 24 months. One additional participant repriced in the last 13 to 24 months for a total of six participants. Three reported that premium rates on the new basis versus the old basis increased, two decreased premium rates, one indicated that premium rates were the same or increased, and two did not report the change. Two of the 19 participants reporting AccumIUL sales repriced their AccumIUL designs in the last 12 months, and one of those two also reported repricing its AccumIUL designs in the last 13 to 24 months. Three additional participants repriced within the last 13 to 24 months. Premium rates on the new basis versus the old basis increased for two participants, remained the same for another two, and the final participant did not report the change.

Strategies used in light of the recent low interest rates include intentionally reducing or limiting UL sales by increasing premium rates (11) or by discontinuing sales of certain products (9), riding it out (15), or launching new designs with reduced guarantees (5). Additional strategies were reported with six related to premiums, four related to credited rates, and three related to product strategies.

A total of eight survey participants reported that they currently offer a LTC accelerated benefit rider on either a UL or IUL product. Five of the eight offer this rider on both a UL and IUL chassis. Three of the eight reported they expect to develop an enhanced LTC combination product in the next 24 months. Two additional participants are expecting to develop an LTC combination product in the next 24 months, and one other is considering the possibility.

Sixteen of the 32 participants reported they currently offer a chronic illness accelerated benefit rider on either a UL or IUL chassis. Only 12 of the 16 reported sales of UL/IUL products with such riders. A total of seven participants currently offer a chronic illness rider with a discounted death benefit design, five participants offer a lien design, and five also offer a chronic illness rider with upfront charges. Another participant offers a chronic illness rider with monthly cost of insurance charges. Four of the 16 may develop an enhanced chronic illness benefit rider in the next 24 months. Four additional companies expect to develop such a rider in the next 24 months, and two others are considering the possibility. **Within 24 months, 78% of survey respondents may market either an LTC or chronic illness rider.**

Thirty-one 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. Twenty-eight of the 31 currently offer or expect to offer terminal illness accelerated death benefits in the next 24 months. Ten 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 (all with a median ranking of 2, the second most valuable ranking). Unemployment benefits were ranked the least valuable of the eight.

Simplified issue single-premium UL products are currently offered by nine of the 32 participants, and another four are considering offering such a policy in the next 24 months.

Cash accumulation-type UL/IUL products were the most common UL/IUL products to include wash loan provisions. Thirteen survey participants reported including a wash loan provision on AccumUL and 14 on AccumIUL products. For all UL/IUL products, the cumulative outstanding wash loan amount relative to the cash surrender value as of 9/30/16 ranged from 0% up to 10%. For other loans, the cumulative outstanding loan amount ranged from 0% to 13%.

COMPENSATION

Compensation structures are quite varied among survey participants. About 60% of participants that offer multiple UL/IUL products vary commissions and/or marketing allowables by product type, and 40% 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 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 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. The percentages of respondents using them equals 71%, 74%, and 86% for IULSG, AccumIUL, and CAIUL, respectively. They are least common in CAUL compensation plans, with only 40% of CAUL respondents using them. Target premiums are commonly rolled for two years, i.e., the higher percentage commissions up to target may be applied into 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 CAUL products (55.0%), and the lowest for ULSG products (14.3%). The highest average compensation payable on excess premium was also reported for CAUL (3.4%), and the lowest for ULSG and AccumUL (1.1%).

PRICING

Figure 16 shows the split between respondents assuming a new money crediting strategy versus a portfolio crediting strategy in pricing UL/IUL products. The report includes details about earned rates assumed in pricing UL/IUL products, in total and by crediting strategy.

FIGURE 16: NEW MONEY VERSUS PORTFOLIO CREDITING STRATEGY

UL/IUL PRODUCT	CREDITING STRATEGY	
	PORTFOLIO	NEW MONEY
ULSG	37.5%	62.5%
ACCUMUL	66.7%	33.3%
CAUL	60.0%	40.0%
IULSG	50.0%	50.0%
ACCUMIUL	84.2%	15.8%
CAIUL		100%

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, whether the secondary guarantee is in-the-money, and other factors.

Nine of the 32 participants reported their mortality assumptions are strictly based on company experience. Five participants base their mortality assumptions on company experience and consultants' recommendations, and three additional participants base them on company experience and input from reinsurers. Eight 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. Fourteen 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 eight reported they are more similar to the 2001 VBT, five are more similar to the 2015 VBT, and three are more similar to the 1975-1980 Select & Ultimate Table.

None of the survey participants have repriced or redesigned any UL/IUL products under the 2017 CSO Mortality Table. Concerns were voiced about the tax qualification of these policies (i.e., they may be delaying repricing until the Internal Revenue Service [IRS] provides definitive guidance on the prevailing mortality table used for tax reserve purposes.) The majority of survey participants reported that implementation of the 2017 CSO will have little impact on UL/IUL product development relative to the number of guideline premium policies that will be sold. Due to the decrease in guideline premiums under the 2017 CSO, survey participants were asked if companies may be developing more CVAT products. The majority of responses indicated that this is not the case. Responses were split regarding the possibility that necessary premium testing on CVAT products will become more important when the 2017 CSO is effective.

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 \$10 (low premium) and \$20 (high premium) per \$1,000 of face amount. The tables in Figure 17 show statistics relative to dollars of pricing and actual expenses for the representative sample policy.

FIGURE 17: PRICING AND ACTUAL EXPENSES FOR A REPRESENTATIVE SAMPLE POLICY¹⁷

PRICING EXPENSES	NUMBER OF RESPONSES	AVERAGE	MEDIAN	MINIMUM	MAXIMUM
HIGH PREMIUM					
ACQUISITION	30	\$1,474	\$1,509	\$175	\$3,220
MAINTENANCE	30	\$300	\$276	\$34	\$650
LOW PREMIUM					
ACQUISITION	30	\$1,457	\$1,509	\$175	\$3,220
MAINTENANCE	30	\$199	\$180	\$34	\$411

ACTUAL (FULLY ALLOCATED) EXPENSES	NUMBER OF RESPONSES	AVERAGE	MEDIAN	MINIMUM	MAXIMUM
HIGH PREMIUM					
ACQUISITION	22	\$2,014	\$1,959	\$572	\$4,357
MAINTENANCE	22	\$355	\$338	\$110	\$804
LOW PREMIUM					
ACQUISITION	22	\$1,899	\$1,958	\$572	\$3,220
MAINTENANCE	22	\$248	\$245	\$110	\$504

ILLUSTRATIONS

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.

Twelve of the 21 participants have applied Actuarial Guideline 49 (AG 49) to in-force policies that were issued before the operative date of AG 49. Reasons given for doing so included:

- For consistency across illustrations
- System/software related
- For ease of administration
- To reduce complications
- AG 49 provides some guidance to insurers, whereas previously there was no guidance
- To facilitate agents' ability to illustrate the lower AG 49 rates as an option
- AG 49 elements that are informative like formatting/tables were applied

Nineteen of the 21 IUL participants reported the rate that was calculated for the Benchmark Index Account per Section 4A of AG 49. The rates range from 5.29% to 7.92%, with an average of 6.79% and median of 6.90%. Eight participants reported the rate for the hypothetical Benchmark Index Account. These rates range from 6.25% to 7.40%, with an average of 6.86% and a median of 6.93%.

The credited rate used in IUL illustrations for participants' most popular strategies ranges from 5.29% to 7.70%. 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. **Ten of the 21 participants reported the rate decreased relative to the illustrated rate of one year ago. One participant reported no change in the illustrated rate, and eight reported increases in the illustrated rate. The current median illustrated rate is 6.69% and the current average is 6.58%.**

¹⁷ Figure 17 will be shown again as Figure 276 in the body of the report.

A new question that was included in the survey this year asked participants to report the maximum illustrated rate that was allowed for the most popular strategy/investment choice within the IUL both immediately pre-AG 49 and immediately post-AG 49. The pre-AG 49 rates ranged from 5.60% to 8.50%, with an average of 7.38% and a median of 7.65%. The post-AG 49 rates ranged from 5.02% to 7.75%, with an average of 6.69% and a median of 6.86%.

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 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 due to AG 49.

Nineteen of the 32 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 ULSG. 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, creating new scales for illustrations, lowering/adjusting caps, and increasing spreads.

Eleven of 32 participants reported that 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.) Thirteen additional participants are testing in-force business, and seven are using both approaches. The final participant reported it is using neither approach. Ten 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-four of the 32 participants are doing sensitivity testing to see where the disciplined current scale (DCS) breakpoints are (i.e., when the DCS might fail).

Five participants reported that they are illustrating utilization scenarios/examples for accelerated death benefit (ADB) riders with a discounted death benefit approach. A sixth participant has plans to do so in the future. One of the five, plus four additional participants, are 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.

2016/2017 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 two to three decimal places.

UL SALES DETAILS

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

CALENDAR YEAR	(A)+(B)+(C) TOTAL INDIVIDUAL UL	(A) UL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION UL	(C) CURRENT ASSUMPTION UL
2013				
2014				
2015				
YTD 9/30/16				

A2. What percentage 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
2015				
YTD 9/30/16				

A3. What percentage 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
2015				
YTD 9/30/16				

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

NUMBER OF POLICIES ISSUED				
CALENDAR YEAR	(A)+(B)+(C) TOTAL INDIVIDUAL UL	(A) UL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION UL	(C) CURRENT ASSUMPTION UL
2013				
2014				
2015				
YTD 9/30/16				

FACE AMOUNT ISSUED				
CALENDAR YEAR	(A)+(B)+(C) TOTAL INDIVIDUAL UL	(A) UL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION UL	(C) CURRENT ASSUMPTION UL
2013				
2014				
2015				
YTD 9/30/16				

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 2015 UL sales (in \$ millions) by distribution channel.

2015 UL SALES (PREMIUM)				
DISTRIBUTION CHANNEL	(A)+(B)+(C) TOTAL INDIVIDUAL UL	(A) UL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION UL	(C) CURRENT ASSUMPTION UL
PPGA				
BROKERAGE				
MLEA				
CAREER AGENT				
STOCKBROKERS				
FINANCIAL INSTITUTIONS				
WORKSITE				
HOME SERVICE				
DIRECT RESPONSE				
TOTAL (SHOULD AGREE WITH QUESTION A1)				

2015 UL SALES (FACE AMOUNT)				
DISTRIBUTION CHANNEL	(A)+(B)+(C) TOTAL INDIVIDUAL UL	(A) UL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION UL	(C) CURRENT ASSUMPTION UL
PPGA				
BROKERAGE				
MLEA				
CAREER AGENT				
STOCKBROKERS				
FINANCIAL INSTITUTIONS				
WORKSITE				
HOME SERVICE				
DIRECT RESPONSE				
TOTAL (SHOULD AGREE WITH QUESTION B)				

D2. Within each market, please provide YTD 9/30/16 UL sales (in \$ millions) by distribution channel.

YTD 9/30/16 UL SALES (PREMIUM)				
DISTRIBUTION CHANNEL	(A)+(B)+(C) TOTAL INDIVIDUAL UL	(A) UL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION UL	(C) CURRENT ASSUMPTION UL
PPGA				
BROKERAGE				
MLEA				
CAREER AGENT				
STOCKBROKERS				
FINANCIAL INSTITUTIONS				
WORKSITE				
HOME SERVICE				
DIRECT RESPONSE				
TOTAL (SHOULD AGREE WITH QUESTION A1)				

YTD 9/30/16 UL SALES (FACE AMOUNT)				
DISTRIBUTION CHANNEL	(A)+(B)+(C) TOTAL INDIVIDUAL UL	(A) UL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION UL	(C) CURRENT ASSUMPTION UL
PPGA				
BROKERAGE				
MLEA				
CAREER AGENT				
STOCKBROKERS				
FINANCIAL INSTITUTIONS				
WORKSITE				
HOME SERVICE				
DIRECT RESPONSE				
TOTAL (SHOULD AGREE WITH QUESTION B)				

E1. Within each market, please provide 2015 UL sales (in \$ millions) by issue age group.

2015 UL SALES (PREMIUM)				
ISSUE AGE GROUP	(A)+(B)+(C) TOTAL INDIVIDUAL UL	(A) UL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION UL	(C) CURRENT ASSUMPTION UL
<25				
25-34				
35-44				
45-54				
55-64				
65-74				
75+				
TOTAL (SHOULD AGREE WITH QUESTION D1)				

2015 UL SALES (FACE AMOUNT)				
ISSUE AGE GROUP	(A)+(B)+(C) TOTAL INDIVIDUAL UL	(A) UL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION UL	(C) CURRENT ASSUMPTION UL
<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 9/30/16 UL sales (in \$ millions) by issue age group.

YTD 9/30/16 UL SALES (PREMIUM)				
ISSUE AGE GROUP	(A)+(B)+(C) TOTAL INDIVIDUAL UL	(A) UL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION UL	(C) CURRENT ASSUMPTION UL
<25				
25-34				
35-44				
45-54				
55-64				
65-74				
75+				
TOTAL (SHOULD AGREE WITH QUESTION D2)				

YTD 9/30/16 UL SALES (FACE AMOUNT)				
ISSUE AGE GROUP	(A)+(B)+(C) TOTAL INDIVIDUAL UL	(A) UL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION UL	(C) CURRENT ASSUMPTION UL
<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%.**

2015 UL SALES (PREMIUM)				
PREMIUM TYPE	(A)+(B)+(C) TOTAL INDIVIDUAL UL	(A) UL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION UL	(C) CURRENT ASSUMPTION UL
SINGLE PREMIUM				
OTHER PREMIUM				
TOTAL = 10% OF SP + OP (SHOULD AGREE WITH QUESTION A1)				

YTD 9/30/16 UL SALES (PREMIUM)				
PREMIUM TYPE	(A)+(B)+(C) TOTAL INDIVIDUAL UL	(A) UL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION UL	(C) CURRENT ASSUMPTION UL
SINGLE PREMIUM				
OTHER PREMIUM				
TOTAL = 10% OF SP + OP (SHOULD AGREE WITH QUESTION A1)				

G. Within each market, please provide 2015 UL sales (in \$ millions) by gender and issue age group.

2015 UL SALES (PREMIUM) – MALES				
ISSUE AGE GROUP	(A)+(B)+(C) TOTAL INDIVIDUAL UL	(A) UL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION UL	(C) CURRENT ASSUMPTION UL
<25				
25-34				
35-44				
45-54				
55-64				
65-74				
75+				

2015 UL SALES (PREMIUM) – FEMALES				
ISSUE AGE GROUP	(A)+(B)+(C) TOTAL INDIVIDUAL UL	(A) UL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION UL	(C) CURRENT ASSUMPTION UL
<25				
25-34				
35-44				
45-54				
55-64				
65-74				
75+				
TOTAL MALE/FEMALE (SHOULD AGREE WITH QUESTION D1)				

2015 UL SALES (FACE AMOUNT) – MALES				
ISSUE AGE GROUP	(A)+(B)+(C) TOTAL INDIVIDUAL UL	(A) UL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION UL	(C) CURRENT ASSUMPTION UL
<25				
25-34				
35-44				
45-54				
55-64				
65-74				
75+				

2015 UL SALES (FACE AMOUNT) – FEMALES				
ISSUE AGE GROUP	(A)+(B)+(C) TOTAL INDIVIDUAL UL	(A) UL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION UL	(C) CURRENT ASSUMPTION UL
<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 9/30/16 UL sales (in \$ millions) by issue age group.

YTD 9/30/16 UL SALES (PREMIUM) – MALES				
ISSUE AGE GROUP	(A)+(B)+(C) TOTAL INDIVIDUAL UL	(A) UL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION UL	(C) CURRENT ASSUMPTION UL
<25				
25-34				
35-44				
45-54				
55-64				
65-74				
75+				

YTD 9/30/16 UL SALES (PREMIUM) – FEMALES				
ISSUE AGE GROUP	(A)+(B)+(C) TOTAL INDIVIDUAL UL	(A) UL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION UL	(C) CURRENT ASSUMPTION UL
<25				
25-34				
35-44				
45-54				
55-64				
65-74				
75+				
TOTAL MALE/FEMALE (SHOULD AGREE WITH QUESTION D2)				

YTD 9/30/16 UL SALES (FACE AMOUNT) – MALES				
ISSUE AGE GROUP	(A)+(B)+(C) TOTAL INDIVIDUAL UL	(A) UL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION UL	(C) CURRENT ASSUMPTION UL
<25				
25-34				
35-44				
45-54				
55-64				
65-74				
75+				

YTD 9/30/16 UL SALES (FACE AMOUNT) – FEMALES				
ISSUE AGE GROUP	(A)+(B)+(C) TOTAL INDIVIDUAL UL	(A) UL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION UL	(C) CURRENT ASSUMPTION UL
<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 2015 UL sales (in \$ millions) by underwriting class.

2015 UL SALES (PREMIUM)				
UNDERWRITING CLASS	(A)+(B)+(C) TOTAL INDIVIDUAL UL	(A) UL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION UL	(C) CURRENT ASSUMPTION UL
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)				

2015 UL SALES (FACE AMOUNT)				
UNDERWRITING CLASS	(A)+(B)+(C) TOTAL INDIVIDUAL UL	(A) UL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION UL	(C) CURRENT ASSUMPTION UL
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 9/30/16 UL sales (in \$ millions) by underwriting class.

YTD 9/30/16 UL SALES (PREMIUM)				
UNDERWRITING CLASS	(A)+(B)+(C) TOTAL INDIVIDUAL UL	(A) UL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION UL	(C) CURRENT ASSUMPTION UL
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 9/30/16 UL SALES (FACE AMOUNT)				
UNDERWRITING CLASS	(A)+(B)+(C) TOTAL INDIVIDUAL UL	(A) UL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION UL	(C) CURRENT ASSUMPTION UL
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 2015 UL sales (in \$ millions) by death benefit option.

2015 UL SALES (PREMIUM)				
DEATH BENEFIT OPTION	(A)+(B)+(C) TOTAL INDIVIDUAL UL	(A) UL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION UL	(C) CURRENT ASSUMPTION UL
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)				

2015 UL SALES (FACE AMOUNT)				
DEATH BENEFIT OPTION	(A)+(B)+(C) TOTAL INDIVIDUAL UL	(A) UL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION UL	(C) CURRENT ASSUMPTION UL
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:

YTD 9/30/16 UL SALES (PREMIUM)				
DEATH BENEFIT OPTION	(A)+(B)+(C) TOTAL INDIVIDUAL UL	(A) UL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION UL	(C) CURRENT ASSUMPTION UL
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 9/30/16 UL SALES (FACE AMOUNT)				
DEATH BENEFIT OPTION	(A)+(B)+(C) TOTAL INDIVIDUAL UL	(A) UL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION UL	(C) CURRENT ASSUMPTION UL
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 2015 UL sales (in \$ millions) by 7702 option and death benefit option.

2015 UL SALES (PREMIUM)				
DEATH BENEFIT OPTION	(A)+(B)+(C) TOTAL INDIVIDUAL UL	(A) UL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION UL	(C) CURRENT ASSUMPTION UL
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)				

2015 UL SALES (FACE AMOUNT)				
DEATH BENEFIT OPTION	(A)+(B)+(C) TOTAL INDIVIDUAL UL	(A) UL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION UL	(C) CURRENT ASSUMPTION UL
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 9/30/16 UL sales (in \$ millions) by 7702 option and death benefit option.

YTD 9/30/16 UL SALES (PREMIUM)				
DEATH BENEFIT OPTION	(A)+(B)+(C) TOTAL INDIVIDUAL UL	(A) UL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION UL	(C) CURRENT ASSUMPTION UL
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 9/30/16 UL SALES (FACE AMOUNT)				
DEATH BENEFIT OPTION	(A)+(B)+(C) TOTAL INDIVIDUAL UL	(A) UL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION UL	(C) CURRENT ASSUMPTION UL
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 DETAILS

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

CALENDAR YEAR	(A)+(B)+(C) TOTAL INDIVIDUAL IUL	(A) IUL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION IUL	(C) CURRENT ASSUMPTION IUL
2013				
2014				
2015				
YTD 9/30/16				

A2. What percentage 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
2015				
YTD 9/30/16				

A3. What percentage 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
2015				
YTD 9/30/16				

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

NUMBER OF POLICIES ISSUED				
CALENDAR YEAR	(A)+(B)+(C) TOTAL INDIVIDUAL IUL	(A) IUL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION IUL	(C) CURRENT ASSUMPTION IUL
2013				
2014				
2015				
YTD 9/30/16				

FACE AMOUNT ISSUED				
CALENDAR YEAR	(A)+(B)+(C) TOTAL INDIVIDUAL IUL	(A) IUL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION IUL	(C) CURRENT ASSUMPTION IUL
2013				
2014				
2015				
YTD 9/30/16				

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

D1. Within each market, please provide 2015 IUL sales (in \$ millions) by distribution channel.

2015 IUL SALES (PREMIUM)				
DISTRIBUTION CHANNEL	(A)+(B)+(C) TOTAL INDIVIDUAL IUL	(A) IUL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION IUL	(C) CURRENT ASSUMPTION IUL
PPGA				
BROKERAGE				
MLEA				
CAREER AGENT				
STOCKBROKERS				
FINANCIAL INSTITUTIONS				
WORKSITE				
HOME SERVICE				
DIRECT RESPONSE				
TOTAL (SHOULD AGREE WITH QUESTION A1)				

2015 IUL SALES (FACE AMOUNT)				
DISTRIBUTION CHANNEL	(A)+(B)+(C) TOTAL INDIVIDUAL IUL	(A) IUL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION IUL	(C) CURRENT ASSUMPTION IUL
PPGA				
BROKERAGE				
MLEA				
CAREER AGENT				
STOCKBROKERS				
FINANCIAL INSTITUTIONS				
WORKSITE				
HOME SERVICE				
DIRECT RESPONSE				
TOTAL (SHOULD AGREE WITH QUESTION B)				

D2. Within each market, please provide YTD 9/30/16 IUL sales (in \$ millions) by distribution channel.

YTD 9/30/16 IUL SALES (PREMIUM)				
DISTRIBUTION CHANNEL	(A)+(B)+(C) TOTAL INDIVIDUAL IUL	(A) IUL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION IUL	(C) CURRENT ASSUMPTION IUL
PPGA				
BROKERAGE				
MLEA				
CAREER AGENT				
STOCKBROKERS				
FINANCIAL INSTITUTIONS				
WORKSITE				
HOME SERVICE				
DIRECT RESPONSE				
TOTAL (SHOULD AGREE WITH QUESTION A1)				

YTD 9/30/16 IUL SALES (FACE AMOUNT)				
DISTRIBUTION CHANNEL	(A)+(B)+(C) TOTAL INDIVIDUAL IUL	(A) IUL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION IUL	(C) CURRENT ASSUMPTION IUL
PPGA				
BROKERAGE				
MLEA				
CAREER AGENT				
STOCKBROKERS				
FINANCIAL INSTITUTIONS				
WORKSITE				
HOME SERVICE				
DIRECT RESPONSE				
TOTAL (SHOULD AGREE WITH QUESTION B)				

E1. Within each market, please provide 2015 IUL sales (in \$ millions) by issue age group.

2015 IUL SALES (PREMIUM)				
ISSUE AGE GROUP	(A)+(B)+(C) TOTAL INDIVIDUAL IUL	(A) IUL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION IUL	(C) CURRENT ASSUMPTION IUL
<25				
25-34				
35-44				
45-54				
55-64				
65-74				
75+				
TOTAL (SHOULD AGREE WITH QUESTION D1)				

2015 IUL SALES (FACE AMOUNT)				
ISSUE AGE GROUP	(A)+(B)+(C) TOTAL INDIVIDUAL IUL	(A) IUL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION IUL	(C) CURRENT ASSUMPTION IUL
<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 9/30/16 IUL sales (in \$ millions) by issue age group.

YTD 9/30/16 IUL SALES (PREMIUM)				
ISSUE AGE GROUP	(A)+(B)+(C) TOTAL INDIVIDUAL IUL	(A) IUL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION IUL	(C) CURRENT ASSUMPTION IUL
<25				
25-34				
35-44				
45-54				
55-64				
65-74				
75+				
TOTAL (SHOULD AGREE WITH QUESTION D2)				

YTD 9/30/16 IUL SALES (FACE AMOUNT)				
ISSUE AGE GROUP	(A)+(B)+(C) TOTAL INDIVIDUAL IUL	(A) IUL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION IUL	(C) CURRENT ASSUMPTION IUL
<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%.

2015 IUL SALES				
PREMIUM TYPE	(A)+(B)+(C) TOTAL INDIVIDUAL IUL	(A) IUL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION IUL	(C) CURRENT ASSUMPTION IUL
SINGLE PREMIUM				
OTHER PREMIUM				
TOTAL = 10% OF SP + OP (SHOULD AGREE WITH QUESTION A1)				

YTD 9/30/16 IUL SALES				
PREMIUM TYPE	(A)+(B)+(C) TOTAL INDIVIDUAL IUL	(A) IUL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION IUL	(C) CURRENT ASSUMPTION IUL
SINGLE PREMIUM				
OTHER PREMIUM				
TOTAL = 10% OF SP + OP (SHOULD AGREE WITH QUESTION A1)				

G. Within each market, please provide 2015 IUL sales (in \$ millions) by gender and issue age group.

2015 IUL SALES (PREMIUM) – MALES				
ISSUE AGE GROUP	(A)+(B)+(C) TOTAL INDIVIDUAL IUL	(A) IUL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION IUL	(C) CURRENT ASSUMPTION IUL
<25				
25-34				
35-44				
45-54				
55-64				
65-74				
75+				

2015 IUL SALES (PREMIUM) – FEMALES				
ISSUE AGE GROUP	(A)+(B)+(C) TOTAL INDIVIDUAL IUL	(A) IUL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION IUL	(C) CURRENT ASSUMPTION IUL
<25				
25-34				
35-44				
45-54				
55-64				
65-74				
75+				
TOTAL MALE/FEMALE (SHOULD AGREE WITH QUESTION D1)				

2015 IUL SALES (FACE AMOUNT) – MALES				
ISSUE AGE GROUP	(A)+(B)+(C) TOTAL INDIVIDUAL IUL	(A) IUL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION IUL	(C) CURRENT ASSUMPTION IUL
<25				
25-34				
35-44				
45-54				
55-64				
65-74				
75+				

2015 IUL SALES (FACE AMOUNT) – FEMALES				
ISSUE AGE GROUP	(A)+(B)+(C) TOTAL INDIVIDUAL IUL	(A) IUL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION IUL	(C) CURRENT ASSUMPTION IUL
<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 9/30/16 IUL sales (in \$ millions) by issue age group.

YTD 9/30/16 IUL SALES (PREMIUM) – MALES				
ISSUE AGE GROUP	(A)+(B)+(C) TOTAL INDIVIDUAL IUL	(A) IUL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION IUL	(C) CURRENT ASSUMPTION IUL
<25				
25-34				
35-44				
45-54				
55-64				
65-74				
75+				

YTD 9/30/16 IUL SALES (PREMIUM) – FEMALES				
ISSUE AGE GROUP	(A)+(B)+(C) TOTAL INDIVIDUAL IUL	(A) IUL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION IUL	(C) CURRENT ASSUMPTION IUL
<25				
25-34				
35-44				
45-54				
55-64				
65-74				
75+				
TOTAL MALE/FEMALE (SHOULD AGREE WITH QUESTION D2)				

YTD 9/30/16 IUL SALES (FACE AMOUNT) – MALES				
ISSUE AGE GROUP	(A)+(B)+(C) TOTAL INDIVIDUAL IUL	(A) IUL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION IUL	(C) CURRENT ASSUMPTION IUL
<25				
25-34				
35-44				
45-54				
55-64				
65-74				
75+				

YTD 9/30/16 IUL SALES (FACE AMOUNT) – FEMALES				
ISSUE AGE GROUP	(A)+(B)+(C) TOTAL INDIVIDUAL IUL	(A) IUL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION IUL	(C) CURRENT ASSUMPTION IUL
<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 2015 IUL sales (in \$ millions) by underwriting class.

2015 IUL SALES (PREMIUM)				
UNDERWRITING CLASS	(A)+(B)+(C) TOTAL INDIVIDUAL IUL	(A) IUL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION IUL	(C) CURRENT ASSUMPTION IUL
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)				

2015 IUL SALES (FACE AMOUNT)				
UNDERWRITING CLASS	(A)+(B)+(C) TOTAL INDIVIDUAL IUL	(A) IUL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION IUL	(C) CURRENT ASSUMPTION IUL
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 9/30/16 IUL sales (in \$ millions) by underwriting class.

YTD 9/30/16 IUL SALES (PREMIUM)				
UNDERWRITING CLASS	(A)+(B)+(C) TOTAL INDIVIDUAL IUL	(A) IUL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION IUL	(C) CURRENT ASSUMPTION IUL
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 9/30/16 IUL SALES (FACE AMOUNT)				
UNDERWRITING CLASS	(A)+(B)+(C) TOTAL INDIVIDUAL IUL	(A) IUL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION IUL	(C) CURRENT ASSUMPTION IUL
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 2015 IUL sales (in \$ millions) by death benefit option.

2015 IUL SALES (PREMIUM)				
DEATH BENEFIT OPTION	(A)+(B)+(C) TOTAL INDIVIDUAL IUL	(A) IUL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION IUL	(C) CURRENT ASSUMPTION IUL
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)				

2015 IUL SALES (FACE AMOUNT)				
DEATH BENEFIT OPTION	(A)+(B)+(C) TOTAL INDIVIDUAL IUL	(A) IUL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION IUL	(C) CURRENT ASSUMPTION IUL
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:

YTD 9/30/16 IUL SALES (PREMIUM)				
DEATH BENEFIT OPTION	(A)+(B)+(C) TOTAL INDIVIDUAL IUL	(A) IUL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION IUL	(C) CURRENT ASSUMPTION IUL
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 9/30/16 IUL SALES (FACE AMOUNT)				
DEATH BENEFIT OPTION	(A)+(B)+(C) TOTAL INDIVIDUAL IUL	(A) IUL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION IUL	(C) CURRENT ASSUMPTION IUL
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 2015 IUL sales (in \$ millions) by 7702 option and death benefit option.

2015 IUL SALES (PREMIUM)				
DEATH BENEFIT OPTION	(A)+(B)+(C) TOTAL INDIVIDUAL IUL	(A) IUL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION IUL	(C) CURRENT ASSUMPTION IUL
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)				

2015 IUL SALES (FACE AMOUNT)				
DEATH BENEFIT OPTION	(A)+(B)+(C) TOTAL INDIVIDUAL IUL	(A) IUL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION IUL	(C) CURRENT ASSUMPTION IUL
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 9/30/16 IUL sales (in \$ millions) by 7702 option and death benefit option.

YTD 9/30/16 IUL SALES (PREMIUM)				
DEATH BENEFIT OPTION	(A)+(B)+(C) TOTAL INDIVIDUAL IUL	(A) IUL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION IUL	(C) CURRENT ASSUMPTION IUL
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 9/30/16 IUL SALES (FACE AMOUNT)				
DEATH BENEFIT OPTION	(A)+(B)+(C) TOTAL INDIVIDUAL IUL	(A) IUL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION IUL	(C) CURRENT ASSUMPTION IUL
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**.

UL SALES WITH CHRONIC ILLNESS ACCELERATED BENEFIT RIDERS (PREMIUM)				
CALENDAR YEAR	(A)+(B)+(C) TOTAL INDIVIDUAL UL	(A) UL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION UL	(C) CURRENT ASSUMPTION UL
2013				
2014				
2015				
YTD 9/30/16				

UL SALES WITH CHRONIC ILLNESS ACCELERATED BENEFIT RIDERS (FACE AMOUNT)				
CALENDAR YEAR	(A)+(B)+(C) TOTAL INDIVIDUAL UL	(A) UL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION UL	(C) CURRENT ASSUMPTION UL
2013				
2014				
2015				
YTD 9/30/16				

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

IUL SALES WITH CHRONIC ILLNESS ACCELERATED BENEFIT RIDERS (PREMIUM)				
CALENDAR YEAR	(A)+(B)+(C) TOTAL INDIVIDUAL IUL	(A) IUL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION IUL	(C) CURRENT ASSUMPTION IUL
2013				
2014				
2015				
YTD 9/30/16				

IUL SALES WITH CHRONIC ILLNESS ACCELERATED BENEFIT RIDERS (FACE AMOUNT)				
CALENDAR YEAR	(A)+(B)+(C) TOTAL INDIVIDUAL IUL	(A) IUL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION IUL	(C) CURRENT ASSUMPTION IUL
2013				
2014				
2015				
YTD 9/30/16				

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

NUMBER OF POLICIES ISSUED ON UL SALES 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
2013				
2014				
2015				
YTD 9/30/16				

FACE AMOUNT ISSUED ON UL SALES 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
2013				
2014				
2015				
YTD 9/30/16				

NUMBER OF POLICIES ISSUED ON IUL SALES 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
2013				
2014				
2015				
YTD 9/30/16				

FACE AMOUNT ISSUED ON IUL SALES 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
2013				
2014				
2015				
YTD 9/30/16				

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).

UL SINGLE-PREMIUM SALES WITH CHRONIC ILLNESS RIDERS (BASED ON PREMIUM)				
CALENDAR YEAR	(A)+(B)+(C) TOTAL INDIVIDUAL UL	(A) UL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION UL	(C) CURRENT ASSUMPTION UL
2013				
2014				
2015				
YTD 9/30/16				

UL SINGLE-PREMIUM SALES WITH CHRONIC ILLNESS RIDERS (BASED ON FACE AMOUNT)				
CALENDAR YEAR	(A)+(B)+(C) TOTAL INDIVIDUAL UL	(A) UL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION UL	(C) CURRENT ASSUMPTION UL
2013				
2014				
2015				
YTD 9/30/16				

IUL SINGLE-PREMIUM SALES WITH CHRONIC ILLNESS RIDERS (BASED ON PREMIUM)				
CALENDAR YEAR	(A)+(B)+(C) TOTAL INDIVIDUAL IUL	(A) IUL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION IUL	(C) CURRENT ASSUMPTION IUL
2013				
2014				
2015				
YTD 9/30/16				

IUL SINGLE-PREMIUM SALES WITH CHRONIC ILLNESS RIDERS (BASED ON FACE AMOUNT)				
CALENDAR YEAR	(A)+(B)+(C) TOTAL INDIVIDUAL IUL	(A) IUL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION IUL	(C) CURRENT ASSUMPTION IUL
2013				
2014				
2015				
YTD 9/30/16				

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

DISTRIBUTION CHANNEL	UL/IUL SALES (PREMIUM)		UL/IUL SALES (FACE AMOUNT)	
	2015	YTD AS OF 9/30/16	2015	YTD AS OF 9/30/16
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 chronic illness riders** by issue age group and gender.

ISSUE AGE GROUP	MALES			
	SALES (PREMIUM)		SALES (FACE AMOUNT)	
	2015	YTD AS OF 9/30/16	2015	YTD AS OF 9/30/16
<25				
25-34				
35-44				
45-54				
55-64				
65-74				
75+				

ISSUE AGE GROUP	FEMALES			
	SALES (PREMIUM)		SALES (FACE AMOUNT)	
	2015	YTD AS OF 9/30/16	2015	YTD AS OF 9/30/16
<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	2013	2014	2015	DURING YTD AS OF 9/30/16
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	2013	2014	2015	YTD AS OF 9/30/16
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 2013 UL sales (in \$millions) on all business *with LTC riders*.

2013 UL SALES (PREMIUM) 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
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				
LTC RIDER TYPE	(A)+(B)+(C) TOTAL INDIVIDUAL UL	(A) UL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION UL	(C) CURRENT ASSUMPTION UL
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*.

2014 UL SALES (PREMIUM) 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
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				
LTC RIDER TYPE	(A)+(B)+(C) TOTAL INDIVIDUAL UL	(A) UL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION UL	(C) CURRENT ASSUMPTION UL
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 2015 UL sales (in \$ millions) on all business *with LTC riders*.

2015 UL SALES (PREMIUM) 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
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				

2015 UL SALES (FACE AMOUNT) 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
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 9/30/16 UL sales (in \$ millions) on all business **with LTC riders**.

YTD 9/30/16 UL SALES (PREMIUM) 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
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 9/30/16 UL SALES (FACE AMOUNT) 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
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 2013 IUL sales (in \$ millions) on all business **with LTC riders**.

2013 IUL SALES (PREMIUM) 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
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				
LTC RIDER TYPE	(A)+(B)+(C) TOTAL INDIVIDUAL IUL	(A) IUL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION IUL	(C) CURRENT ASSUMPTION IUL
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*.

2014 IUL SALES (PREMIUM) 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
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				
LTC RIDER TYPE	(A)+(B)+(C) TOTAL INDIVIDUAL IUL	(A) IUL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION IUL	(C) CURRENT ASSUMPTION IUL
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 2015 IUL sales (in \$ millions) on all business *with LTC riders*.

2015 IUL SALES (PREMIUM) 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
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				

2015 IUL SALES (FACE AMOUNT) 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
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 9/30/16 IUL sales (in \$ millions) on all business *with LTC riders*.

YTD 9/30/16 IUL SALES (PREMIUM) 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
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 9/30/16 IUL SALES (FACE AMOUNT) 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
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*.

NUMBER OF POLICIES ISSUED ON UL BUSINESS WITH LTC RIDERS				
CALENDAR YEAR	(A)+(B)+(C) TOTAL INDIVIDUAL UL	(A) UL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION UL	(C) CURRENT ASSUMPTION UL
2013				
2014				
2015				
YTD AS OF 9/30/16				

FACE AMOUNT ISSUED ON UL BUSINESS WITH LTC RIDERS				
CALENDAR YEAR	(A)+(B)+(C) TOTAL INDIVIDUAL UL	(A) UL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION UL	(C) CURRENT ASSUMPTION UL
2013				
2014				
2015				
YTD AS OF 9/30/16				

NUMBER OF POLICIES ISSUED ON IUL 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
2013				
2014				
2015				
YTD AS OF 9/30/16				

FACE AMOUNT ISSUED ON IUL 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
2013				
2014				
2015				
YTD AS OF 9/30/16				

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).

UL SINGLE-PREMIUM SALES WITH LTC RIDERS (BASED ON PREMIUM)				
CALENDAR YEAR	(A)+(B)+(C) TOTAL INDIVIDUAL UL	(A) UL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION UL	(C) CURRENT ASSUMPTION UL
2013				
2014				
2015				
YTD AS OF 9/30/16				

UL SINGLE-PREMIUM SALES WITH LTC RIDERS (BASED ON FACE AMOUNT)				
CALENDAR YEAR	(A)+(B)+(C) TOTAL INDIVIDUAL UL	(A) UL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION UL	(C) CURRENT ASSUMPTION UL
2013				
2014				
2015				
YTD AS OF 9/30/16				

IUL SINGLE-PREMIUM SALES WITH LTC RIDERS (BASED ON PREMIUM)				
CALENDAR YEAR	(A)+(B)+(C) TOTAL INDIVIDUAL IUL	(A) IUL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION IUL	(C) CURRENT ASSUMPTION IUL
2013				
2014				
2015				
YTD AS OF 9/30/16				

IUL SINGLE-PREMIUM SALES WITH LTC RIDERS (BASED ON FACE AMOUNT)				
CALENDAR YEAR	(A)+(B)+(C) TOTAL INDIVIDUAL IUL	(A) IUL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION IUL	(C) CURRENT ASSUMPTION IUL
2013				
2014				
2015				
YTD AS OF 9/30/16				

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)	
	2015	YTD AS OF 9/30/16	2015	YTD AS OF 9/30/16
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)	
	2015	YTD AS OF 9/30/16	2015	YTD AS OF 9/30/16
<25				
25-34				
35-44				
45-54				
55-64				
65-74				
75+				

ISSUE AGE GROUP	FEMALES			
	SALES (PREMIUM)		SALES (FACE AMOUNT)	
	2015	YTD AS OF 9/30/16	2015	YTD AS OF 9/30/16
<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 ACCELERATED BENEFIT RIDER	EXTENSION OF BENEFITS RIDER	INFLATION PROTECTION RIDER

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	2013	2014	2015	DURING YTD 9/30/16
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 ACCELERATED BENEFIT RIDER	EXTENSION OF BENEFITS RIDER	INFLATION PROTECTION RIDER

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	2013	2014	2015	DURING YTD 9/30/16
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? (YES/NO)						
AFTER-CAPITAL? (YES/NO)						
PRIMARY OR SECONDARY MEASURE?						
STATUTORY ROA (BPS)						
AFTER-TAX? (YES/NO)						
AFTER-CAPITAL? (YES/NO)						
PRIMARY OR SECONDARY MEASURE?						
PROFIT MARGIN (% OF PREMIUM)						
AFTER-TAX? (YES/NO)						
AFTER-CAPITAL? (YES/NO)						
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 (PLEASE DESCRIBE)						
OTHER STATUTORY GOAL						
AFTER-TAX? (YES/NO)						
AFTER-CAPITAL? (YES/NO)						
PRIMARY OR SECONDARY MEASURE?						

PROFIT MEASURES AND GOALS	UL WITH SECONDARY GUARANTEES	CASH ACCUMULATION UL	CURRENT ASSUMPTION UL	IUL WITH SECONDARY GUARANTEES	CASH ACCUMULATION IUL	CURRENT ASSUMPTION IUL
IF APPLICABLE, IN THE PRICING OF NEW SALES ISSUED TODAY, WHAT DISCOUNT RATE IS USED TO CALCULATE THE OTHER STATUTORY 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? (YES/NO)						
AFTER-CAPITAL? (YES/NO)						
PRIMARY OR SECONDARY MEASURE?						
HOW IS ROE MEASURED OVER THE LIFE OF THE BUSINESS? (SEE CHOICES A, B, AND C BELOW)						
A. AVERAGE PROFITS/AVERAGE CAPITAL? (YES/NO)						
B. DISCOUNTED PROFITS / DISCOUNTED CAPITAL? (YES/NO)						
IF DISCOUNTED, WHAT DISCOUNT RATE IS USED?						
C. OTHER METHOD OF MEASURING ROE (PLEASE DESCRIBE)						
GAAP ROA (BPS)						
AFTER-TAX? (YES/NO)						
AFTER-CAPITAL? (YES/NO)						
PRIMARY OR SECONDARY MEASURE?						

PROFIT MEASURES AND GOALS	UL WITH SECONDARY GUARANTEES	CASH ACCUMULATION UL	CURRENT ASSUMPTION UL	IUL WITH SECONDARY GUARANTEES	CASH ACCUMULATION IUL	CURRENT ASSUMPTION IUL
OTHER GAAP MEASURE (PLEASE DESCRIBE)						
OTHER GAAP GOAL						
AFTER-TAX? (YES/NO)						
AFTER-CAPITAL (YES/NO)						
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 GAAP 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? (Yes/No)
 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 2015 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”)

ACTUAL RESULTS	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 9/30/16 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. The operative date of the Valuation Manual is January 1, 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)? Please indicate with an “X.”

IMPLEMENTATION DATE	UL WITH SECONDARY GUARANTEES	CASH ACCUMULATION UL	CURRENT ASSUMPTION UL	IUL WITH SECONDARY GUARANTEES	CASH ACCUMULATION IUL	CURRENT ASSUMPTION IUL
IMMEDIATELY						
OVER THREE-YEAR PHASE-IN PERIOD						
PRODUCT DEPENDENT						
OTHER (PLEASE DESCRIBE)						

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, providing a distinction between UL and IUL. If appropriate, in particular, if you think the NPR needs to be clarified for separate account or indexed products, please include these comments.

E. For IUL valuations and projections (in general),

ARE YOU MODELING:	(PLEASE INDICATE WITH AN “X”)
THE CAPS AND OPTIONS, OR	
JUST A SPREAD ON THE INDEXED ACCOUNT?	
OTHER, PLEASE DESCRIBE	

F. What are your specific concerns about PBR for IUL?

G. Have you/your company examined the **most recent** Relative Risk tool (RRtool.soa.org) with assumption tables updated August 18, 2016, or any other actuarially sound method for establishing a valuation mortality basis? (Yes/No)

H. Understanding that not all cells (policy year/age/risk class combination) will have credibility, generally how credible (e.g., 30%, 50%, etc.) is the mortality segment to which the UL product belongs?

I. In planning for new UL/IUL products, does your company anticipate using new underwriting approaches like accelerated underwriting? (Yes/No)

J. 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)

Relative to your company’s strategy for PBR implementation, how will AG 48 play a role in these strategic decisions? Please indicate any considerations, such as delaying PBR until 2020 due to tax advantages of continuing to issue AG 48 Covered Policies.

From an industry standpoint, how effective do you think PBR will be in making reserve financing arrangements (captives) obsolete? (Please indicate with an “X.”)

VERY INEFFECTIVE	
INEFFECTIVE	
AVERAGE	
EFFECTIVE	
VERY EFFECTIVE	

Explain why you chose this effectiveness level.

K. 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?

Which component seems to be the main drive of the AG 48 reserve? (Please indicate with an “X.”)

NET PREMIUM RESERVE	
DETERMINISTIC RESERVE	
STOCHASTIC RESERVE	

L. 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.

M. What are your views about the application of VM-20 for UL/IUL with a LTC rider?

Do you intend to calculate the reserves: (Please indicate with an “X.”)

- a. For the riders separately from the base plan, or
- b. Calculate them on an integrated basis (base plan + riders)

- N. 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 reserve 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)

- O. The operative date of the 2017 CSO is January 1, 2017. Do you anticipate your company will implement the 2017 CSO immediately or over the three year phase in period allowed (no later than January 1, 2020)? (Please indicate with an "X.")

IMPLEMENTATION DATE	
IMMEDIATELY	
OVER THREE-YEAR PHASE-IN PERIOD	
PRODUCT DEPENDENT	
OTHER (PLEASE DESCRIBE)	

Do you plan to move to the 2017 CSO mortality table before implementing PBR? (Please indicate with an "X.")

IMPLEMENTATION	
WE WILL IMPLEMENT THE 2017 CSO AND PBR AT THE SAME TIME	
WE WILL IMPLEMENT THE 2017 CSO AND THEN PBR AT A LATER DATE	
PRODUCT DEPENDENT	
OTHER (PLEASE DESCRIBE)	

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
DO YOU USE EXTERNAL REINSURANCE? (YES/NO)		
IF YES, WHAT FORM OF REINSURANCE IS USED (YRT, COINSURANCE)?		
IF YES, IS ONSHORE REINSURANCE USED?		
IF YES, IS OFFSHORE REINSURANCE USED?		
DO YOU USE INTERNAL REINSURANCE? (YES/NO)		
IF YES, IS ONSHORE REINSURANCE USED?		
IF YES, IS OFFSHORE REINSURANCE USED?		
IF ONSHORE INTERNAL REINSURANCE IS USED: IS ONSHORE WITH LOC OR OTHER 3 RD PARTY FUNDING 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 UL/SG 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. What implications has the recent economic environment had on your capital solutions?

E. 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%.)

F. 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)	

G. For the index included in your IUL product, do you: (Please indicate with an "X.")

Hedge the index with derivative instruments?	<input type="checkbox"/>
Accept the risk?	<input type="checkbox"/>

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?

What restrictions does your credit program impose?

Please describe other pertinent components of your credit program.

How is your credit program managed? (e.g., is there a budget or management of the impact of the program?)

What is the mortality impact of the credit program?

How is the mortality impact determined?

Have you modified your program in the last two years?

If yes, please describe.

Do you expect to continue your program?

C. Do you use scoring models to underwrite UL/IUL policies? (Yes/No)

IF YES, HOW ARE SCORING MODELS BEING USED? (PLEASE INDICATE WITH AN "X.")	
FOR SIMPLIFIED ISSUE BUSINESS	
FOR FULLY UNDERWRITTEN BUSINESS	
OTHER (PLEASE DESCRIBE)	

If yes, are scoring models used with automated rules? (Yes/No)

IF YES, WHAT TYPES OF SCORING MODELS ARE USED? (PLEASE INDICATE WITH AN "X.")	
LAB	
CREDIT	
MOTOR VEHICLE RECORDS	
OTHER (PLEASE DESCRIBE)	

D. Underwriting exceptions

For reconsideration decisions (business decisions) or exceptions, what is the structure for the underwriter’s decision making?

Are underwriting exceptions reflected in pricing assumptions? (Yes/No)

If yes, how are underwriting exceptions reflected in pricing?

Do you allow underwriting exceptions in order to beat competitive offers? (Yes/No)

What percentage (based on policy count) of total UL/IUL new business (YTD 9/30/16) is underwriting exceptions?

What percentage (based on face amount) of total UL/IUL new business (YTD 9/30/16) is underwriting exceptions?

Do you allow trial applications for UL/IUL business? (Normal application process without medical testing.) (Yes/No)

Describe the parameters for submission of trial applications.

What restrictions are there, if any, for trial applications?

Are outsourced underwriting resources being used for trial applications? (Yes/No)

QUESTION	ALL DISTRIBUTION CHANNELS COMBINED	PPGA	BROKERAGE	CAREER AGENT	OTHER	DESCRIPTION OF OTHER
WHAT PERCENTAGE OF BUSINESS (BASED ON POLICY COUNT) SOLD YTD 9/30/16 CAME THROUGH TRIAL APPLICATIONS?						
WHAT PERCENTAGE OF TRIAL APPLICATIONS (BASED ON POLICY COUNT) YTD 9/30/16 ACTUALLY BECAME SOLD CASES?						
WHAT PERCENTAGE OF TRIAL APPLICATIONS (BASED ON POLICY COUNT) YTD 9/30/16 WERE EXPECTED TO BECOME SOLD CASES?						
WHAT PERCENTAGE OF NORMAL APPLICATIONS (BASED ON POLICY COUNT) YTD 9/30/16 ACTUALLY BECAME SOLD CASES?						

E. Are you using any of the following underwriting 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? (YES/NO)	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 (PLEASE INDICATE 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 (PLEASE INDICATE 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/DATA ELEMENTS	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			

UNDERWRITING TOOLS/DATA ELEMENTS	TOOL USED? (Y/N)	AGES WHERE USED	FACE AMOUNTS WHERE USED
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 you utilize any fluid-less underwriting programs at face amounts where you would normally require fluids? (Yes/No)

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

1) FAMILY HISTORY	
2) CHOLESTEROL	
3) BMI	
4) BLOOD PRESSURE	
5) OTHER. PLEASE DESCRIBE.	

I. For your preferred products, which underwriting methodology is used? (Please 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)		

PRODUCT:	ULSG	IULSG
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)?		

B. Did you reprice your UL product in the last 12 months? (Yes/No)
 Did you reprice your UL product in the last 13 to 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 PREMIUMS 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. Does your company allow for purchases of UL/IUL products via the internet? (Yes/No)
If so, are your internet products non-medical or medical?

IF SO, WHICH OF THE FOLLOWING ITEMS ARE HANDLED VIA THE INTERNET?	PLEASE INDICATE WITH AN “X.”
EDUCATION ABOUT THE PRODUCT	
PROVIDE A QUOTE	
FILL OUT AN APPLICATION	
PAYMENT OF PREMIUM	
OTHER, PLEASE DESCRIBE	

If so, is an agent still involved in these sales? (Yes/No)
If so, what have been the biggest challenges of internet sales?

G. 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)

H. Which chronic illness accelerated benefit rider design(s) do you currently offer? (Please indicate with an “X.”)

WHICH CHRONIC ILLNESS ACCELERATED BENEFIT RIDER DESIGN(S) DO YOU CURRENTLY OFFER?	PLEASE INDICATE WITH AN “X.”
CHRONIC ILLNESS WITH DISCOUNTED DEATH BENEFIT, NO CHARGES	
CHRONIC ILLNESS WITH LIENS, NO UPFRONT CHARGES	
CHRONIC ILLNESS WITH UPFRONT CHARGES	
OTHER (PLEASE DESCRIBE)	
DO NOT CURRENTLY OFFER A CHRONIC ILLNESS ABR DESIGN	

WHICH CHRONIC ILLNESS ACCELERATED BENEFIT RIDER DESIGN(S) DO YOU EXPECT TO OFFER IN THE NEXT 24 MONTHS?	PLEASE INDICATE WITH AN "X."
CHRONIC ILLNESS WITH DISCOUNTED DEATH BENEFIT, NO CHARGES	
CHRONIC ILLNESS WITH LIENS, NO UPFRONT CHARGES	
CHRONIC ILLNESS WITH UPFRONT CHARGES	
OTHER (PLEASE DESCRIBE)	
DO NOT EXPECT TO OFFER A CHRONIC ILLNESS ABR DESIGN IN THE NEXT 12 MONTHS	

I. Which of the following Living Benefits do you offer or expect to offer in the next 24 months? (Please indicate with an "X.")

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

J. 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)

K. 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)

L. 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)

M. As a result of AG 49, companies have added an interest rate persistency bonus on IUL policies.

WHICH OF THE FOLLOWING ARE IMPACTED BY THE ADDITIONAL PERSISTENCY BONUS?	PLEASE INDICATE WITH AN "X."
ILLUSTRATION VALUES	
INCREASED PERSISTENCY IN PRICING	
COI CHANGES	
OPTION BUDGET CHANGES	
FUTURE OPTION BUDGET CHANGE DURING INTEREST RATE BONUS PERIOD	
OTHER (PLEASE DESCRIBE)	

N. 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)

O. Are your UL/IUL products designed to meet the cash value accumulation test (CVAT) or guideline premium test? (Indicate 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						

P. Do you include a wash loan provision in your UL/IUL product(s)? (Indicate 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 9/30/16?	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 LOANED AV = LOAN INTEREST)						
OTHER LOANS						

Q. 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.

- A. 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? (YES/NO) IF YES, WHAT ARE YOUR ASSET-BASED COMPENSATION RATES?						
DO YOU OFFER A CASH VALUE ENHANCEMENT RIDER WITH LEVELIZED COMPENSATION ON THE RIDER? (YES/NO) IF YES, WHAT ARE THE RATES? IF NO, DESCRIBE THE NON-LEVELIZED COMPENSATION PAID ON YOUR CASH VALUE ENHANCEMENT RIDER.						
DO YOU PAY A PRODUCTION BONUS ON YOUR UL/IUL BUSINESS? (YES/NO) IF YES, PLEASE DESCRIBE.						
DO YOU HAVE ROLLING TARGET PREMIUMS? (YES/NO) IF YES, FOR HOW MANY YEARS?						

B. Which of the following categories are included in the Marketing Allowable figures shown above?
 (Please indicate with an "X.")

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)						

C. 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 WHOLESALERS PAYABLE ON TARGET PREMIUM, AS A PERCENTAGE OF TARGET PREMIUM?						
WHAT IS THE AVERAGE INCENTIVE COMPENSATION FOR EXTERNAL WHOLESALERS PAYABLE ON PREMIUM IN EXCESS OF TARGET PREMIUM?						

D. 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

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

INTEREST RATES/CREDITING STRATEGY	UL WITH SECONDARY GUARANTEES	CASH ACCUMULATION UL	CURRENT ASSUMPTION UL	IUL WITH SECONDARY GUARANTEES	CASH ACCUMULATION IUL	CURRENT ASSUMPTION IUL
DO YOU ASSUME A NEW MONEY OR PORTFOLIO CREDITING STRATEGY IN PRICING UL/IUL PRODUCTS? (PLEASE INDICATE WITH AN "X.")						
NEW MONEY						
PORTFOLIO CREDITING STRATEGY						
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 IN TERMS OF BPS? (FOR EXAMPLE, IF RATES DROPPED FROM 5% TO 4%, YOU WOULD REPORT -100 BPS)						

B. Stochastic modeling of UL with secondary guarantee products

USE OF STOCHASTIC MODELING	UL WITH SECONDARY GUARANTEES	IUL WITH SECONDARY GUARANTEES
DO YOU 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 "IN-THE-MONEY" (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 "IN-THE-MONEY"?		
HOW HAVE YOUR LAPSE RATES CHANGED RELATIVE TO THE RATES ASSUMED ONE YEAR AGO? (% INCREASE OR % DECREASE)		

D. Effect of PBR on Guaranteed UL pricing

EFFECT OF PBR ON GUARANTEED UL PRICING	UL WITH SECONDARY GUARANTEES
HAVE YOU ANALYZED THE EFFECT OF PBR ON GUARANTEED UL PRICING? (YES/NO)	
IF YES, DID PBR PROVIDE A BENEFIT TO PRICING?	

E. Mortality assumptions

WHAT ARE YOUR MORTALITY ASSUMPTIONS BASED ON?	INDICATE WITH AN "X"
COMPANY EXPERIENCE	
INDUSTRY TABLES (SPECIFY WHICH TABLES)	
CONSULTANT'S RECOMMENDATIONS	
OTHER (PLEASE DESCRIBE)	

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. 2017 CSO repricing

2017 CSO REPRICING	UL WITH SECONDARY GUARANTEES	CASH ACCUMULATION UL	CURRENT ASSUMPTION UL	IUL WITH SECONDARY GUARANTEES	CASH ACCUMULATION IUL	CURRENT ASSUMPTION IUL
HAS THE COMPANY REPRICED OR REDESIGNED ITS UL/IUL PRODUCTS UNDER THE 2017 CSO? (YES/NO)						
IF NO, DO YOU HAVE CONCERNS ABOUT THE TAX QUALIFICATION OF THESE POLICIES (I.E., ARE YOU DELAYING REPRICING UNTIL THE IRS PROVIDES DEFINITIVE GUIDANCE ON THE PREVAILING MORTALITY TABLE)? (YES/NO)						

H. 2017 CSO implementation

2017 CSO IMPLEMENTATION	
WITH THE IMPLEMENTATION OF THE 2017 CSO MORTALITY TABLE BY 1/1/2020, WHAT EFFECT WILL THAT HAVE ON UL/IUL PRODUCT DEVELOPMENT?	(PLEASE INDICATE WITH AN "X.")
THERE WILL BE MORE GUIDELINE PREMIUM POLICIES SOLD.	
THERE WILL BE FEWER GUIDELINE PREMIUM POLICIES SOLD.	
THERE WILL BE ABOUT THE SAME GUIDELINE PREMIUM POLICIES SOLD.	
ARE COMPANIES DEVELOPING CVAT PRODUCTS DUE TO THE DECREASE IN GUIDELINE PREMIUMS? (YES/NO)	
WILL NECESSARY PREMIUM TESTING ON CVAT PRODUCTS BECOME MORE IMPORTANT? (YES/NO)	

I. 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?

J. 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.)

K. 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.

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

M. Claims for Long Term Care accelerated benefit riders (ABR)

IF YOU OFFER A LONG TERM CARE ACCELERATED BENEFIT RIDER (ABR), PLEASE INDICATE BELOW (WITH AN "X") THE OVERALL LEVEL OF CLAIMS FROM 2010 THROUGH YTD 9/30/16 RELATIVE TO THAT ASSUMED IN PRICING. (THIS INCLUDES ABR'S EITHER WITH OR WITHOUT AN EXTENSION OF BENEFITS RIDER AND/OR INFLATION PROTECTION RIDER.)	INCIDENCE OF CLAIMS	TERMINATION OF CLAIMS (E.G., RECOVERY, DEATHS, NONRENEWAL)
CLAIMS WERE CLOSE TO EXPECTED		
CLAIMS WERE BETTER THAN EXPECTED		
CLAIMS WERE WORSE THAN EXPECTED		
IF CLAIMS WERE NOT AS EXPECTED, IN WHAT AREAS DID THEY DIFFER? (E.G., FREQUENCY OF CLAIMS, AVERAGE SIZE OF CLAIM)		

N. 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).

O. Special provisions reflected in pricing for redundant reserves

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 SOLUTION IN PLACE, BUT REDUCED COST ASSUMED DUE TO REDUCED RISKS	
OTHER (PLEASE DESCRIBE)	

P. 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)		

ILLUSTRATIONS

A. Letters of credit

DO YOU TREAT LETTERS OF CREDIT AS AN EXPENSE IN ILLUSTRATION TESTING?	(PLEASE INDICATE WITH AN "X.")
YES	
NO	
NOT APPLICABLE	
IF NOT, ARE LETTER OF CREDIT COSTS IN ILLUSTRATION TESTING:	(PLEASE INDICATE WITH AN "X.")
IGNORED?	
HANDLED IN ANOTHER FASHION? (PLEASE EXPLAIN.)	
NOT APPLICABLE	

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")

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.")
ULSG	
CASH ACCUMULATION UL	
CURRENT ASSUMPTION UL	
IULSG	
CASH ACCUMULATION IUL	
CURRENT ASSUMPTION IUL	

C. Have you applied AG 49 to enforce policies that were issued before the operative date of AG 49? (Yes/No)

If so, why?

What is the rate you have calculated for your Benchmark Index Account per Section 4A of Actuarial Guideline 49?

Have you had to create a hypothetical index account under Section 4B because you do not have an indexed account that meets the definition of the benchmark index account on its own under Section 4A? (Yes/No)

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 **-100 bps**)

What was the maximum illustrated rate allowed for your most popular strategy/investment choice within your IUL product:

Immediately Pre-AG 49?

Immediately Post-AG 49?

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.

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. When certifying for Illustration Actuary testing on inforce business, are you: (Please indicate with an "X.")

Currently testing inforce business?

Using ASOP 24 Section 3.7 to not test?

Other (please describe)

Do you support any of your inforce 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.



Milliman is among the world's largest providers of actuarial and related products and services. The firm has consulting practices in life insurance and financial services, property & casualty insurance, healthcare, and employee benefits. Founded in 1947, Milliman is an independent firm with offices in major cities around the globe.

milliman.com

CONTACT

Carl Friedrich
carl.friedrich@milliman.com

Sue Saip
sue.saip@milliman.com

© 2017 Milliman, Inc. All Rights Reserved. The materials in this document represent the opinion of the authors and are not representative of the views of Milliman, Inc. Milliman does not certify the information, nor does it guarantee the accuracy and completeness of such information. Use of such information is voluntary and should not be relied upon unless an independent review of its accuracy and completeness has been performed. Materials may not be reproduced without the express consent of Milliman.