



Contact: Carl Friedrich  
Milliman, Inc.  
Tel: (312) 499-5646  
[carl.friedrich@milliman.com](mailto:carl.friedrich@milliman.com)

Sue Saip  
Milliman, Inc.  
Tel: (312) 499-5607  
[sue.saip@milliman.com](mailto:sue.saip@milliman.com)

---

FOR IMMEDIATE RELEASE

**Press Release**

## **Annual Milliman survey reveals a staged approach in implementing recent regulatory changes for UL/IUL products**

**Survey participants report implementation plans relative to Principle-based reserves and the 2017 CSO Mortality Table**

**SEATTLE** – JULY 13, 2017 Results from participants in Milliman, Inc.'s annual comprehensive study of universal life (UL) and indexed universal life (IUL) issues indicate a staggered approach in implementing recent regulatory changes. Principle-based reserves (PBR) may be implemented as early as January 1, 2017, and 27 survey participants reported they expect to implement PBR for all of their UL/IUL products spread over the three-year phase-in period allowed. Resource issues, time needed, financial impact/cost/benefits, clarification/finalization of PBR/IRS regulations, and PBR implementation of other products first were cited as factors impacting the rationale for implementation plans.

Similarly, the earliest effective date for the use of the 2017 Commissioner's Standard Ordinary (CSO) mortality table was January 1, 2017. The 2017 CSO is the new valuation mortality table to be used in the determination of CRVM, net premium reserves, tax reserves, nonforfeiture values, etc. Twenty-two survey participants reported that they would implement this table for all of their UL/IUL products spread over the three-year phase-in period allowed. Ten participants reported implementation of the 2017 CSO would be product dependent; implementation will be immediate for some products and over the three-year phase-in period for others.

"It's not surprising that these regulatory changes are not being implemented immediately, given the complexity of the regulations, the potential impact on pricing and the bottom line, and the strain on resources, especially for smaller carriers," says Sue Saip, consultant in Milliman's Chicago office.

The 10th annual Milliman study, "Universal Life and Indexed Universal Life Issues", focuses on current topics relative to universal life with secondary guarantees (ULSG), cash accumulation UL, current assumption UL, and the corresponding indexed UL (IUL) versions. Thirty-two carriers of universal life and indexed universal life products participated in this annual survey.

In addition to PBR and the 2017 CSO information, the survey also indicates that the use of new underwriting approaches is gradually gaining popularity. 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. The survey also revealed that 10 of the 32 participants utilize fluid-less underwriting programs at face amounts where they previously would require fluids.



The study includes detailed information on product and actuarial issues, such as sales, profit measures, target surplus, reserves, risk management, underwriting, product design, compensation, pricing, and illustrations.

The 447 page “Universal Life and Indexed Universal Life Issues – Detailed Report” is available for purchase by visiting the Milliman website at <http://us.milliman.com/insight/2017/Universal-life-and-indexed-universal-life-issues--2016-survey/> or by calling Gina Ritchie at (312) 499-5605. Participating companies receive a complimentary copy of the detailed report, as well as individual company responses reported on an anonymous basis.

#### **About Milliman**

Milliman is among the world's largest providers of actuarial and related products and services. The firm has consulting practices in healthcare, property & casualty insurance, life insurance and financial services, and employee benefits. Founded in 1947, Milliman is an independent firm with offices in major cities around the globe. For further information, visit [www.milliman.com](http://www.milliman.com).

###