

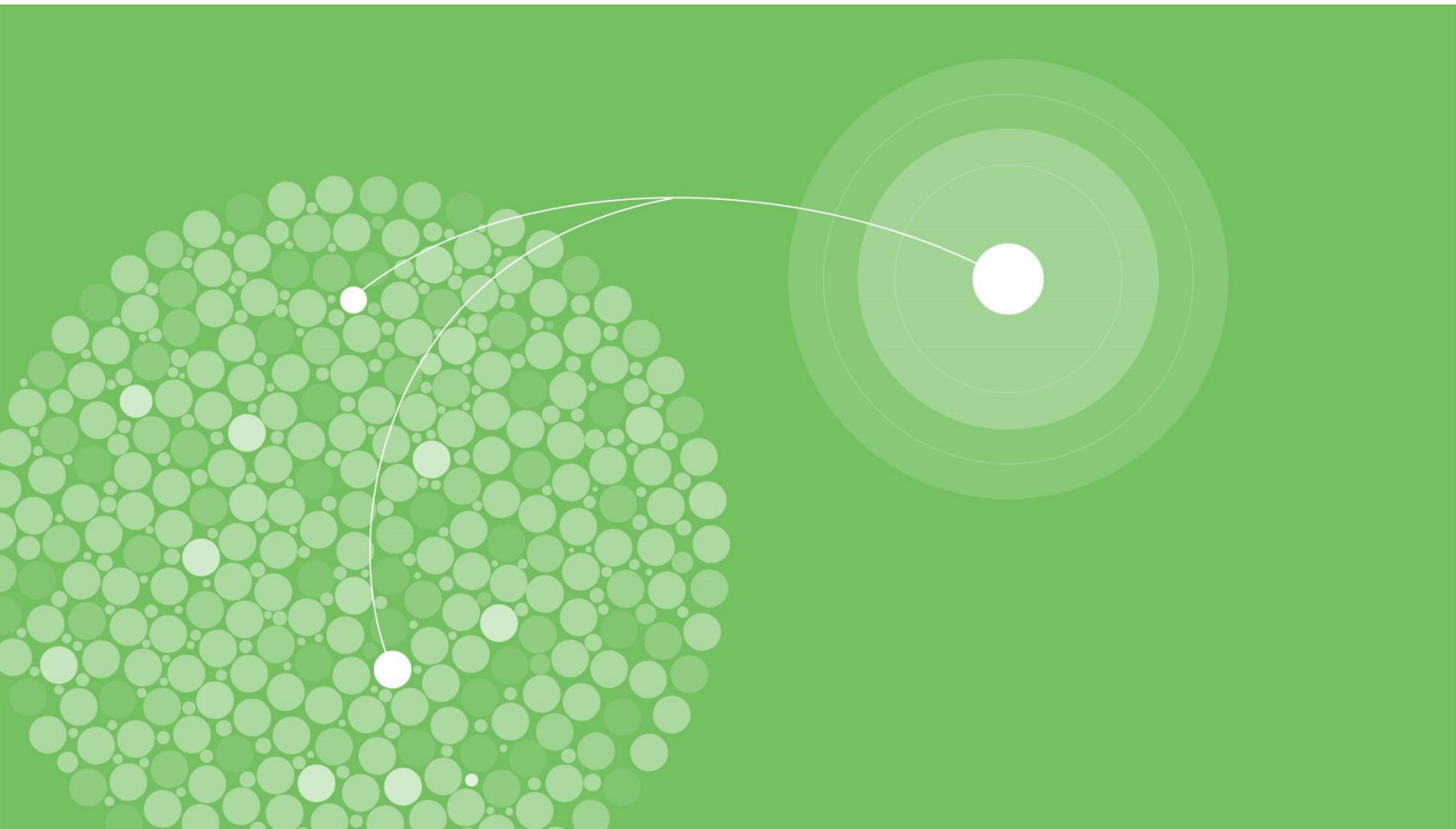
MILLIMAN RESEARCH REPORT

# UNIVERSAL LIFE AND INDEXED UNIVERSAL LIFE ISSUES

2017/2018 Executive Summary

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## 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 in the range of 35% to 40%<sup>1</sup> of total life sales measured by first-year premium and IUL (a subset of UL) has been the biggest driver of sales growth. In 2017 Milliman conducted its 11th annual comprehensive survey aimed at addressing UL and IUL issues, and to provide carriers with competitive benchmarking to evaluate where they stand relative to their peers. Survey topics and questions were determined based on input from Milliman consultants, as well as participants in the prior year's survey. The survey is updated annually to include current topics of interest.

The survey was sent via email to UL/IUL insurance companies on October 30, 2017; 29 companies submitted responses. The companies that participated in the study were:

- Allianz
- Americo
- Ameriprise
- AXA
- Bankers Life
- Brighthouse Financial
- Cincinnati Life
- Columbus Life
- EquiTrust
- Fidelity & Guaranty Life
- Foresters
- Global Atlantic
- John Hancock
- Kansas City Life
- Lincoln Financial
- Modern Woodmen of America
- Nationwide
- New York Life
- Ohio National
- 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.

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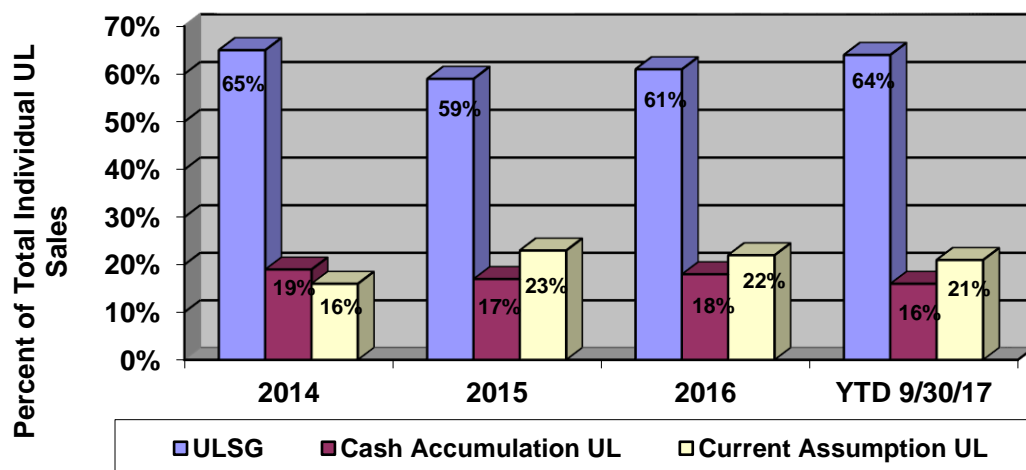
<sup>1</sup> According to LIMRA's U.S. Retail Individual Life Insurance Sales reports.

## 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 \$926.7 million, \$1,044.6 million, \$1,068.9 million, and \$772.9 million, respectively, for calendar years 2014, 2015, 2016, and for 2017 as of September 30, 2017 (YTD 9/30/17). The graph in Figure 1 illustrates the UL product mix as reported by survey participants from 2014 through YTD 9/30/17. UL products include UL with secondary guarantees (ULSG), cash accumulation UL (AccumUL), and current assumption UL (CAUL). Definitions are included in Appendix I. The ULSG market share declined from 2014 to 2015 and increased thereafter. The market share for cash accumulation UL fluctuated between decreases and increases over the survey period, ending with a lower market share compared to the beginning of the period. For current assumption UL, the market share increased from 2014 to 2015 and declined thereafter.

**FIGURE 1: UL PRODUCT MIX BY YEAR<sup>2</sup>**



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 9/30/17 product mix compared to that of 2014. Two of the six participants reported movement to ULSG, two to AccumUL only, and two to CAUL. One participant each discontinued sales of ULSG, AccumUL, and CAUL products. One participant began selling AccumUL, and another began selling CAUL products.

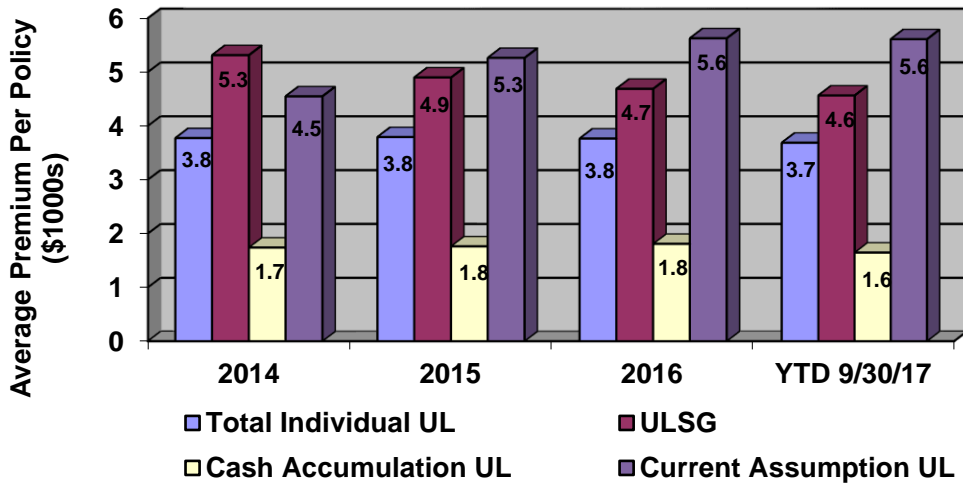
Participants reported the amount of ULSG sales that included selection of no lapse guarantee (NLG) premiums to age 90 or longer. The ULSG election rates (NLG sales relative to total ULSG sales) based on policy count was tracked for 2016 and YTD 9/30/17. The 2016 average was 75.9%, with a median of 90.0%. The YTD 9/30/17 average was 75.3%, with a median of 90.0%. Of the 10 participants reporting ULSG election rates, five reported 100% in both 2016 and YTD 9/30/17.

Premium issued, the number of policies issued, and face amount issued reported by survey participants were used to determine the overall weighted average premium per policy and weighted average face amount per policy. Per Figure 2, ULSG average premium per policy declined year-over-year during the survey period. For cash accumulation UL, the average premium per policy increased from 2014 to 2015, remained level in 2016, and then declined during YTD 9/30/17. Current assumption UL average premium per policy increased from 2014 to 2016 and then remained level during YTD 9/30/17. Per Figure 3, the average face amount per policy for ULSG and AccumUL increased from 2014 to 2016, and then decreased during YTD 9/30/17. For current assumption UL, the average face amount per policy increased from 2014 to 2015, and decreased thereafter.

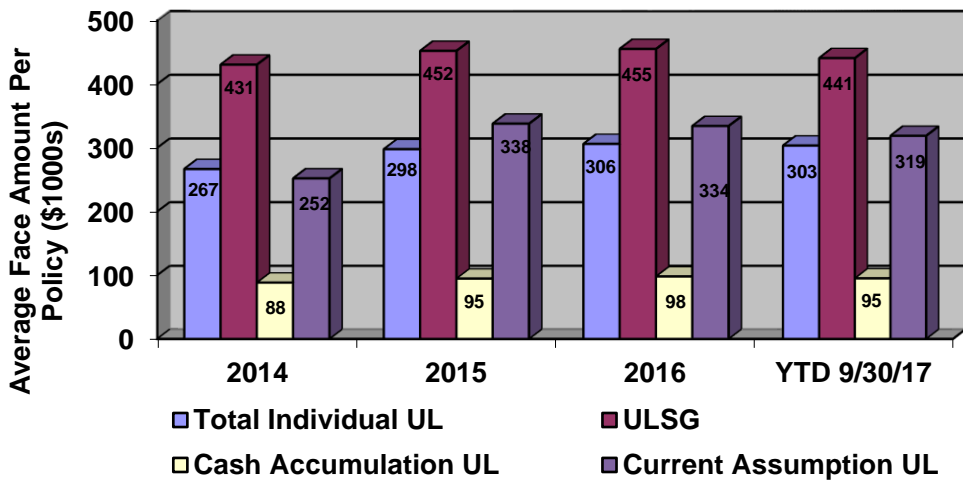
The highest weighted average premium per policy among the UL product types was reported for ULSG in 2014 and for current assumption UL in 2015, 2016, and during YTD 9/30/17. The highest weighted average face amount per policy for all periods was reported for ULSG.

<sup>2</sup> Figure 1 will be shown again as Figure 21 in the body of the report.

**FIGURE 2: UL WEIGHTED AVERAGE PREMIUM PER POLICY BY PRODUCT TYPE<sup>3</sup>**



**FIGURE 3: UL WEIGHTED AVERAGE FACE AMOUNT PER POLICY BY PRODUCT TYPE<sup>4</sup>**



Expectations regarding the mix of UL/IUL business in the future vary widely by company. Overall survey statistics suggest that companies plan to focus more on IUL with secondary guarantees (IULSG) and current assumption IUL (CAIUL) products, rather than cash accumulation IUL (AccumIUL) products, as reported in the past, with less focus on ULSG 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 2016 to YTD 9/30/17 varied by UL product. The biggest change was seen in the financial institutions channel for cash accumulation UL when sales were measured both on a premium and face amount basis. This channel lost AccumUL market share from 2016 to YTD 9/30/17 primarily to the brokerage channel when sales were measured on a premium basis and to the career agent channel when sales were measured on a face amount basis. For ULSG products, the career agent channel lost market share primarily to the stockbroker channel when sales were measured on both on a premium and face amount basis. For cash accumulation UL products, the career agent channel lost market share primarily to the brokerage channel when sales were measured on a premium basis. When sales were measured on a face amount basis for CAUL products, the career agent channel lost market share to the PPGA and brokerage channels. Details may be found in the report.

<sup>3</sup> Figure 2 will be shown again as Figure 29 in the body of the report.

<sup>4</sup> Figure 3 will be shown again as Figure 30 in the body of the report.

Average issue age (weighted by both premium and face amount) was determined for sales based on the midpoint of specified issue age ranges. Generally, average issue ages stayed the same or decreased by one year from 2016 to YTD 9/30/17. One exception to this is AccumUL. Average issue age remained the same when sales were measured by face amount, but increased by two years when measured by premium. 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 2016 and YTD 9/30/17.

**FIGURE 4: UL WEIGHTED AVERAGE ISSUE AGES<sup>5</sup>**

BASIS OF SALES	TOTAL INDIVIDUAL UL	ULSG	CASH ACCUMULATION UL	CURRENT ASSUMPTION UL
BASED ON 2016 SALES				
PREMIUM	58	60	51	59
FACE AMOUNT	48	48	43	54
BASED ON YTD 9/30/17 SALES				
PREMIUM	58	59	53	59
FACE AMOUNT	47	47	43	54

For 2016, the distribution of total individual UL sales by gender when sales were measured by premium was 55% males, 45% females. On a face amount basis, the distribution was 60% males, 40% females. The distribution for YTD 9/30/17 of total individual UL sales by gender when sales were measured by premium was 54% males, 46% 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, average issue ages for males and females decreased one year from 2016 to YTD 9/30/17 on both a premium and face amount basis. Average issue ages for cash accumulation UL increased by two years for males and increased by one year for females on a premium basis. On a face amount basis, average issue ages stayed the same from 2016 to YTD 9/30/17 for both males and females. There was no change in the average issue age for males and females from 2016 to YTD 9/30/17 for current assumption UL on a premium basis. Average issue ages increased one year for males and females when sales were measured on a face amount basis for current assumption UL.

<sup>5</sup> Figure 4 includes information shown in Figures 45 and 48 in the body of the report.

The table in Figure 5 summarizes the average issue ages calculated based on sales reported by issue age range and gender for 2016 and YTD 9/30/17.

**FIGURE 5: UL WEIGHTED AVERAGE ISSUE AGES BY GENDER<sup>6</sup>**

GENDER	TOTAL INDIVIDUAL UL	ULSG	CASH ACCUMULATION UL	CURRENT ASSUMPTION UL
BASED ON 2016 SALES, PREMIUM				
MALE	58	60	51	59
FEMALE	59	61	53	58
BASED ON 2016 SALES, FACE AMOUNT				
MALE	48	48	43	54
FEMALE	48	48	42	53
BASED ON YTD 9/30/17 SALES, PREMIUM				
MALE	58	59	53	59
FEMALE	58	60	54	58
BASED ON YTD 9/30/17 SALES, FACE AMOUNT				
MALE	47	47	43	55
FEMALE	47	47	42	54

New in this year's survey was the reporting of UL sales by underwriting class and issue age range. A weighted average issue age was determined for total individual UL sales of survey participants based on the midpoint of the issue age range, separately for each underwriting class, and separately by sales based on premium and sales based on face amount. The table in Figure 6 shows a summary of the resulting weighted average issue ages. When sales were measured on a premium basis, the average issue age ranged from 53 to 61 in 2016 and from 53 to 60 during YTD 9/30/17. On a face amount basis, the average issue age ranged from 44 to 56 in 2016 and during YTD 9/30/17.

**FIGURE 6: TOTAL INDIVIDUAL UL WEIGHTED AVERAGE ISSUE AGES BY UNDERWRITING CLASS<sup>7</sup>**

UNDERWRITING CLASS	2016 SALES		YTD 9/30/17	
	PREMIUM	FACE AMOUNT	PREMIUM	FACE AMOUNT
NS/NT	59	48	59	47
S/T	53	46	54	45
BEST NS/NT CLASS				
BEST NS/NT CLASS	55	46	56	46
SECOND-BEST NS/NT CLASS				
SECOND-BEST NS/NT CLASS	59	50	60	49
THIRD-BEST NS/NT CLASS				
THIRD-BEST NS/NT CLASS	61	50	60	49

<sup>6</sup> Figure 5 will be shown again as Figure 54 in the body of the report.

<sup>7</sup> Figure 6 includes information shown in Figure 64 in the body of the report.

UNDERWRITING CLASS	2016 SALES		YTD 9/30/17	
	PREMIUM	FACE AMOUNT	PREMIUM	FACE AMOUNT
FOURTH-BEST NS/NT CLASS	55	47	55	47
FIFTH-BEST NS/NT CLASS AND LOWER	61	56	60	56
BEST S/T CLASS	53	49	55	50
SECOND-BEST S/T CLASS	53	44	53	44
THIRD-BEST S/T CLASS AND LOWER	59	55	54	54

UL sales were reported by 22 participants based on underwriting approach and underwriting class. Underwriting approaches were defined as follows:

- Simplified issue underwriting: Less than a complete set of medical history questions and no medical or paramedical exam.
- Accelerated underwriting: The use of tools such as a predictive model to waive requirements such as fluids and a paramedical exam on a fully underwritten product for qualifying applicants without charging a higher premium than if fully underwritten.
- Fully underwritten: Complete set of medical history questions and medical or paramedical exam, except where age and amount limits allow for nonmedical underwriting.

For accelerated underwriting sales, participants were instructed to include total sales for products under which accelerated underwriting is offered. *The distribution of 2016 UL sales (on a premium basis) by underwriting approach was 27.6% simplified issue, 0.7% accelerated underwriting, and 71.7% fully underwritten. For YTD 9/30/17 UL sales, the distribution by underwriting approach was 29.8% simplified issue, 1.1% accelerated underwriting, and 69.2% fully underwritten. This demonstrates the gradual shifting from full underwriting to simplified issue and accelerated underwriting approaches.* Details may be found in the report regarding the distribution of UL sales within each of these underwriting approaches.

Survey participants reported the distribution of UL sales by death benefit option for calendar year 2016 and YTD 9/30/17. 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, with one exception. During YTD 9/30/17 CAUL products had the highest allocation for death benefit option B when sales were measured by premium. CAUL products had the highest allocation for death benefit option C. The distribution of UL sales by death benefit option remained fairly stable between 2016 and YTD 9/30/17 for total individual UL, ULSG, and AccumUL. For CAUL, from 2016 to YTD 9/30/17 there was a shift of 5.5% (based on premium) and 3.0% (based on face amount) from options A and C to option B. Figure 7 includes the distribution of total individual UL sales by death benefit option for 2016 and YTD 9/30/17. One participant reported UL sales including an “other” death benefit option during YTD 9/30/17.

**FIGURE 7: DISTRIBUTION OF TOTAL INDIVIDUAL UL SALES BY DEATH BENEFIT OPTION<sup>8</sup>**

DEATH BENEFIT OPTION	2016		YTD 9/30/17	
	BASED ON PREMIUM	BASED ON FACE AMOUNT	BASED ON PREMIUM	BASED ON FACE AMOUNT
OPTION A/OPTION 1	96.3%	92.9%	96.8%	93.0%
OPTION B/OPTION 2	3.3%	6.7%	2.8%	6.7%
OPTION C/OPTION 3	0.4%	0.4%	0.3%	0.3%
OTHER OPTION			<0.1%	<0.1%

<sup>8</sup> Figure 7 includes information shown in Figures 79 and 80 in the body of the report.



The distribution of total individual UL sales by Internal Revenue Code (IRC) Section 7702 option and death benefit option is shown in the table in Figure 8 for 2016 and YTD 9/30/17. Over 80% of 2016 total UL sales use the cash value accumulation test (CVAT) and nearly 20% use the guideline premium test (GPT) when sales were measured on a premium basis. Seventy-six percent of YTD 9/30/17 UL sales use the CVAT and 24% use the GPT when sales were measured on a premium basis. On a face amount basis the distribution was close to 65% CVAT and 35% GPT for both 2016 and YTD 9/30/17. Virtually all ULSG sales are with death benefit option A for both CVAT and GPT designs in both periods. AccumUL has the highest percentage of sales for death benefit option B for CVAT designs in 2016 and YTD 9/30/17. AccumUL also has the highest percentage of death benefit option B sales for GPT designs in 2016, but CAUL has the highest percentage of death benefit option B sales for GPT designs for YTD 9/30/17.

**FIGURE 8: DISTRIBUTION OF TOTAL INDIVIDUAL UL SALES BY 7702 OPTION AND DEATH BENEFIT OPTION<sup>9</sup>**

DEATH BENEFIT OPTION	2016		YTD 9/30/17	
	PREMIUM	FACE AMOUNT	PREMIUM	FACE AMOUNT
CASH VALUE ACCUMULATION TEST				
OPTION A/OPTION 1	78.5%	62.0%	74.4%	61.7%
OPTION B/OPTION 2	1.5%	3.0%	1.3%	2.9%
OPTION C/OPTION 3	0.3%	0.3%	0.3%	0.3%
GUIDELINE PREMIUM TEST				
OPTION A/OPTION 1	17.8%	30.9%	22.3%	31.3%
OPTION B/OPTION 2	1.8%	3.8%	1.6%	3.8%
OPTION C/OPTION 3	0.1%	0.1%	0.1%	0.1%
OTHER OPTION			<0.1%	<0.1%
CVAT + GPT	100%	100%	100%	100%

### INDEXED UNIVERSAL LIFE SALES DETAILS

Survey participants reported total IUL sales, also measured by the sum of recurring premiums plus 10% of single premiums, of \$842.1 million, \$984.1 million, \$1,040.8 million, and \$726.5 million, respectively, for calendar years 2014, 2015, 2016, and for 2017 as of September 30, 2017 (YTD 9/30/17). *IUL sales during YTD 9/30/17 accounted for 48% of total UL/IUL sales combined (reported by survey participants) during YTD 9/30/17, flat relative to sales in 2014.* IUL products include IUL with secondary guarantees (IULSG), cash accumulation IUL (AccumIUL), and current assumption IUL (CAIUL). Definitions are included in Appendix I. The IUL sales percentage increased for cash accumulation IUL (AccumIUL) from 2014 to YTD 9/30/17 from 81% to 84% of total cash accumulation UL/IUL sales. Indexed UL with secondary guarantees (IULSG) sales also increased from 8% to 9% of total combined ULSG/IULSG sales over the survey period. The current assumption IUL (CAIUL) sales decreased from 2014 to YTD 9/30/17 as a percentage of total combined UL/IUL current assumption sales. The decrease was from 35% to 29%. AccumIUL products dominated the IUL market during the survey period with a market share that was fairly stable around 84% to 85%. The market share of IULSG products also remained fairly stable from 2014 to 2015, at 6%, increasing to 7% during YTD 9/30/17. CAIUL market share remained stable at 9% throughout the survey period. This summary will focus primarily on characteristics of AccumIUL products because they are such a significant part of the IUL market.

The weighted average premium per policy for AccumIUL declined year-over-year during the survey period. The average premium per policy was \$11,986 in 2014, \$10,892 in 2015, \$9,272 in 2016, and \$8,797 during YTD 9/30/17. The weighted average face amount per policy decreased from 2014 through 2016, and then increased during YTD 9/30/17. The average face amount per policy for AccumIUL was \$350,174 in 2014, \$376,597 in 2015, \$418,519 in 2016, and \$407,612 during YTD 9/30/17.

<sup>9</sup> Figure 8 includes information shown in Figures 84 and 88 in the body of the report.

The most popular channels through which AccumiUL products were sold are the brokerage, PPGA, and career agent. From 2016 to YTD 9/30/17, the PPGA and brokerage channels gained AccumiUL market share primarily at the expense of the career agent channel on a premium basis. On a face amount basis, the brokerage channel gained market share at the expense of the PPGA and career agent channels.

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 2016 to YTD 9/30/17 decreased by one year for AccumiUL when sales were measured both on a premium and face amount basis. The table in Figure 9 summarizes the average issue ages calculated based on sales reported by issue age range for all IUL products, and for 2016 and YTD 9/30/17. For 2016, the average issue age for AccumiUL is one year older and two years older, on a premium basis and face amount basis, respectively, than the average for AccumUL sales. During YTD 9/30/17, the average issue age for AccumiUL is two years younger and one year older, on a premium basis and face amount basis, respectively, than the average for AccumUL sales.

**FIGURE 9: IUL WEIGHTED AVERAGE ISSUE AGES<sup>10</sup>**

BASIS OF SALES	TOTAL INDIVIDUAL IUL	IULSG	CASH ACCUMULATION IUL	CURRENT ASSUMPTION IUL
BASED ON 2016 SALES				
PREMIUM	53	56	52	57
FACE AMOUNT	46	50	45	53
BASED ON YTD 9/30/17 SALES				
PREMIUM	51	57	51	52
FACE AMOUNT	45	50	44	50

For 2016, the distribution of AccumiUL sales by gender when sales were measured by premium was 60% males, 40% females. On a face amount basis, the distribution was 56% males, 44% females. The distribution for YTD 9/30/17 for AccumiUL sales by gender when sales were measured by premium was 59% males, 41% females. On a face amount basis, the distribution was 55% males, 45% females.

A weighted average issue age was also determined for IUL sales of survey participants by gender, based on the midpoint of the specified issue age ranges. For AccumiUL from 2016 to YTD 9/30/17, male average issue ages decreased by two years 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 2016 to YTD 9/30/17. The table in Figure 10 summarizes the average issue ages calculated for all IUL products, based on sales reported by issue age range and gender for 2016 and YTD 9/30/17.

**FIGURE 10: IUL WEIGHTED AVERAGE ISSUE AGES BY GENDER<sup>11</sup>**

GENDER	TOTAL INDIVIDUAL IUL	IULSG	CASH ACCUMULATION IUL	CURRENT ASSUMPTION IUL
BASED ON 2016 SALES, PREMIUM				
MALE	53	57	53	58
FEMALE	53	55	52	56
BASED ON 2016 SALES, FACE AMOUNT				
MALE	47	51	46	53
FEMALE	45	49	44	51

<sup>10</sup> Figure 9 includes information shown in Figures 112 and 115 in the body of the report.

<sup>11</sup> Figure 10 will be shown again as Figure 121 in the body of the report.

GENDER	TOTAL INDIVIDUAL IUL	IULSG	CASH ACCUMULATION IUL	CURRENT ASSUMPTION IUL
BASED ON YTD 9/30/17 SALES, PREMIUM				
MALE	52	57	51	51
FEMALE	51	56	51	54
BASED ON YTD 9/30/17 SALES, FACE AMOUNT				
MALE	46	51	45	50
FEMALE	44	49	43	50

Also new in this year's survey was the reporting of IUL sales by underwriting class and issue age range. A weighted average issue age was determined for total individual IUL sales of survey participants based on the midpoint of the issue age range, separately for each underwriting class, and separately by sales based on premium and sales based on face amount. The table in Figure 11 shows a summary of the resulting weighted average issue ages. In 2016, the average issue age ranged from 47 to 58 when sales were measured on a premium basis. On a face amount basis, the average issue age in 2016 ranged from 41 to 52. Similarly, for YTD 9/30/17, the average issue age ranged from 46 to 56 when sales were measured on a premium basis. On a face amount basis, the average issue age during YTD 9/30/17 ranged from 41 to 51, virtually the same as reported for 2016.

**FIGURE 11: TOTAL INDIVIDUAL IUL WEIGHTED AVERAGE ISSUE AGES BY UNDERWRITING CLASS<sup>12</sup>**

UNDERWRITING CLASS	2016 SALES		YTD 9/30/17	
	PREMIUM	FACE AMOUNT	PREMIUM	FACE AMOUNT
NS/NT	53	46	52	45
S/T	50	43	49	42
BEST NS/NT CLASS	49	44	49	44
SECOND-BEST NS/NT CLASS	52	45	50	44
THIRD-BEST NS/NT CLASS	57	49	56	48
FOURTH-BEST NS/NT CLASS	57	52	53	48
FIFTH-BEST NS/NT CLASS AND LOWER	58	52	47	46
BEST S/T CLASS	47	41	46	41
SECOND-BEST S/T CLASS	51	42	50	42
THIRD-BEST S/T CLASS AND LOWER	57	51	54	51

<sup>12</sup> Figure 11 will be shown again as Figure 131 in the body of the report.

IUL sales were reported by 18 participants based on underwriting approach and underwriting class. Sales were split by simplified issue underwriting, accelerated underwriting, and full underwriting. *The distribution of 2016 IUL sales (on a premium basis) by underwriting approach was 2.6% simplified issue, 0.5% accelerated underwriting, and 96.8% fully underwritten. For YTD 9/30/17 IUL sales, the distribution by underwriting approach was 2.6% simplified issue, 16.8% accelerated underwriting, and 80.6% fully underwritten. From 2016 to YTD 9/30/17, overall there was a shift from fully underwritten business to accelerated underwritten business. Six of the 18 participants reported a shift from fully underwritten business to accelerated underwritten business, with one of the six shifting all of its business to accelerated underwritten business. Further details may be found in the report regarding the distribution of IUL sales within each of these underwriting approaches.*

Survey participants reported the distribution of IUL sales by death benefit option for calendar year 2016 and YTD 9/30/17. 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. In 2016 one participant reported IUL sales including an “other” death benefit option. For AccumIUL, if the other death benefit option reported in 2016 is ignored, there was a shift of about 1.0% from death benefit options A and C to option B on a premium basis. On a face amount basis, the shift was about 2.3% from death benefit options B and C to option A. Figure 12 includes the distribution of total individual IUL sales by death benefit for 2016 and YTD 9/30/17. Sales with death benefit option B were significantly higher for indexed UL products than for UL products, in both 2016 and during YTD 9/30/17.

**FIGURE 12: DISTRIBUTION OF TOTAL INDIVIDUAL IUL SALES BY DEATH BENEFIT OPTION<sup>13</sup>**

DEATH BENEFIT OPTION	2016		YTD 9/30/17	
	BASED ON PREMIUM	BASED ON FACE AMOUNT	BASED ON PREMIUM	BASED ON FACE AMOUNT
OPTION A/OPTION 1	58.7%	55.9%	61.7%	62.0%
OPTION B/OPTION 2	35.9%	38.0%	37.9%	37.7%
OPTION C/OPTION 3	0.7%	0.5%	0.4%	0.3%
OTHER OPTION	4.6%	5.7%		

The distribution of total individual IUL sales by 7702 option and death benefit option is shown in the table in Figure 13 for 2016 and YTD 9/30/17. For both periods, about 78% to 79% of total individual IUL sales used the GPT, and about 21% to 22% used the CVAT when sales were measured on a premium basis. On a face amount basis, the split is about 82% to 83% GPT and 17% to 18% CVAT. For both 2016 and YTD 9/30/17, 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 B compared to AccumUL.

**FIGURE 13: DISTRIBUTION OF TOTAL INDIVIDUAL IUL SALES BY 7702 OPTION AND DEATH BENEFIT OPTION<sup>14</sup>**

DEATH BENEFIT OPTION	2016		YTD 9/30/17	
	PREMIUM	FACE AMOUNT	PREMIUM	FACE AMOUNT
CASH VALUE ACCUMULATION TEST				
OPTION A/OPTION 1	17.4%	14.7%	17.4%	14.4%
OPTION B/OPTION 2	4.1%	3.4%	3.8%	2.7%
OPTION C/OPTION 3	0.4%	0.3%	0.3%	0.2%

<sup>13</sup> Figure 12 includes information shown in Figures 146 and 147 in the body of the report.

<sup>14</sup> Figure 13 includes information shown in Figures 151 and 155 in the body of the report.

DEATH BENEFIT OPTION	2016		YTD 9/30/17	
	PREMIUM	FACE AMOUNT	PREMIUM	FACE AMOUNT
GUIDELINE PREMIUM TEST				
OPTION A/OPTION 1	45.8%	47.0%	44.5%	47.7%
OPTION B/OPTION 2	32.0%	34.3%	33.9%	34.8%
OPTION C/OPTION 3	0.4%	0.3%	0.2%	0.1%
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 26 participants reporting UL sales, 10 reported UL sales with chronic illness accelerated benefit riders (ABRs). Sales of \$100.0 million of premium were reported for 2014 by seven participants. Seven reported sales of \$101.0 million for 2015, eight reported sales of \$115.1 million for 2016, and 10 reported sales of \$67.1 million during YTD 9/30/17. An additional participant reported the total face amount issued for UL policies with chronic illness riders for 2015, 2016, and YTD 9/30/17, but did not report sales in terms of premium. This participant reported total individual UL sales with chronic illness riders, but did not report sales by UL product type. The total face amount issued for UL policies with chronic illness riders was reported as \$4.7 billion for 2014, \$5.1 billion for 2015, \$6.1 billion for 2016, and \$3.9 billion during YTD 9/30/17.

Ten of the 19 IUL survey participants reported IUL sales with chronic illness ABRs. Eight of the 10 also reported UL sales with chronic illness riders. Total indexed UL sales with chronic illness riders were reported equal to \$272.6 million in 2014 and \$323.3 million in 2015 by eight participants. Sales reported by nine participants equaled \$351.9 million in 2016 and by 10 participants equaled \$279.4 million during YTD 9/30/17. The total face amount issued for IUL policies with chronic illness riders was \$12.3 billion, \$14.5 billion, \$16.0 billion, and \$12.4 billion, respectively, for 2014, 2015, 2016, and during YTD 9/30/17.

The table in Figure 14 summarizes sales of chronic illness riders as a percentage of total sales by premium (separately for UL and IUL products). *During YTD 9/30/17, sales of chronic illness riders as a percentage of total sales were 8.7% for UL products and 38.5% for IUL products.*

**FIGURE 14: CHRONIC ILLNESS RIDER SALES AS A PERCENTAGE OF TOTAL SALES<sup>15</sup>**

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				
2014	10.8%	13.0%	7.3%	5.7%
2015	9.7%	12.0%	10.5%	3.1%
2016	10.8%	12.8%	13.7%	2.8%
YTD 9/30/17	8.7%	7.5%	18.8%	4.7%

<sup>15</sup> Figure 14 includes information shown in Figure 160 and Figure 165 in the body of the report.

CALENDAR YEAR	TOTAL INDIVIDUAL UL	ULSG	CASH ACCUMULATION UL	CURRENT ASSUMPTION UL
IUL SALES WITH CHRONIC ILLNESS RIDERS AS A PERCENT OF TOTAL IUL SALES				
2014	32.4%	26.0%	33.6%	25.1%
2015	32.9%	29.6%	34.3%	22.2%
2016	33.8%	41.0%	35.6%	11.1%
YTD 9/30/17	38.5%	43.7%	40.1%	19.5%

The most popular distribution channels through which UL/IUL products with chronic illness riders were sold were the PPGA and brokerage 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 2016, the distribution of UL/IUL sales with chronic illness riders by gender when sales were measured by premium was 60% males, 40% females. On a face amount basis, the distribution was 57% males, 43% females. The distribution for YTD 9/30/17 for UL/IUL sales with chronic illness riders by gender when sales were measured by premium was 57% males, 43% females. On a face amount basis, the distribution was 55% males, 45% females.

For males, the weighted average issue age for UL/IUL products with chronic illness riders equaled 54 in 2016 and 53 during YTD 9/30/17 on a premium basis. When measured on a face amount basis, the weighted average issue age for males equaled 50 in 2016 and 48 during YTD 9/30/17. For females, the weighted average issue age on a premium basis equaled 54 in 2016 and 52 during YTD 9/30/17. On a face amount basis, the weighted average issue age for females equaled 47 in 2016 and 46 during YTD 9/30/17.

Six of 11 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 15% to 32% for the participants that do not automatically include the rider with the base UL policy. Five of 10 IUL participants automatically include chronic illness riders with the base IUL policy. Across all periods in the survey, the average election rates reported by the participants that do not automatically include the rider with the base IUL policy ranged from 36% to 53%. *Six of 12 participants that reported UL/IUL sales with chronic illness riders provide a discounted death benefit as an accelerated benefit. Two participants reported their chronic illness riders use a lien against the death benefit to provide the accelerated benefit. Another two use a dollar-for-dollar discounted death benefit reduction approach. One of the final two participants reported using both the lien approach and dollar-for-dollar death benefit reduction approach. The final participant uses both the discounted death benefit approach and the dollar-for-dollar death benefit reduction approach.*

#### SALES WITH LONG-TERM CARE (LTC) RIDERS

Of the 26 survey participants reporting UL sales, seven reported UL sales with long-term care (LTC) riders. Sales of \$183.7 million of premium were reported for 2014 by six participants. Seven reported sales of \$232.9 million for 2015, seven reported sales of \$288.3 million for 2016, and seven reported sales of \$256.3 million during YTD 9/30/17. The total face amount issued for UL policies with LTC riders was reported as \$2.7 billion for 2014, \$4.6 billion for 2015, \$6.3 billion for 2016, and \$4.9 billion during YTD 9/30/17. Similarly, of the 19 survey participants reporting IUL sales, six reported IUL sales with long-term care (LTC) riders. Sales of \$92.7 million of premium were reported for 2014 by five participants. Six reported sales of \$115.9 million for 2015, six reported sales of \$122.4 million for 2016, and five reported sales of \$79.5 million during YTD 9/30/17. For 2014, 2015, 2016, and YTD 9/30/17, the total face amount issued for IUL policies with LTC riders was \$3.9 billion, \$5.4 billion, \$5.9 billion, and \$3.9 billion, respectively.

Sales of policies with LTC riders as a percentage of total sales (measured by premiums, and weighting single premium sales at 10%) are shown in Figure 15. *During YTD 9/30/17, sales of LTC riders as a percentage of total sales by premium were 33.2% for UL products and 10.9% for IUL products.*

**FIGURE 15: LTC RIDER SALES AS A PERCENTAGE OF TOTAL SALES BY PREMIUM<sup>16</sup>**

CALENDAR YEAR	TOTAL INDIVIDUAL UL	ULSG	CASH ACCUMULATION UL	CURRENT ASSUMPTION UL
UL SALES WITH LTC RIDERS AS A PERCENT OF TOTAL UL SALES				
2014	19.8%	29.9%	1.3%	0.2%
2015	22.3%	33.2%	2.0%	9.7%
2016	27.0%	35.4%	1.2%	24.5%
YTD 9/30/17	33.2%	42.3%	3.0%	27.7%
IUL SALES WITH LTC RIDERS AS A PERCENT OF TOTAL IUL SALES				
2014	11.0%	20.5%	10.4%	10.0%
2015	11.8%	13.5%	11.9%	9.7%
2016	11.8%	8.2%	10.8%	23.2%
YTD 9/30/17	10.9%	4.7%	9.8%	25.9%

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 16 for UL/IUL sales with LTC riders versus total UL and IUL sales combined. The distribution by channel is very different for sales with LTC riders. LTC riders appear to be bringing new distribution sources to the UL/IUL market (e.g., stockbrokers and financial institutions), which is a positive movement for the industry.

**FIGURE 16: DISTRIBUTION BY CHANNEL OF UL/IUL SALES WITH LTC RIDERS COMPARED TO TOTAL UL/IUL SALES COMBINED<sup>17</sup>**

CHANNEL	UL/IUL SALES	UL/IUL SALES WITH LTC RIDERS	UL/IUL SALES	UL/IUL SALES WITH LTC RIDERS
	2016 SALES		YTD 9/30/17	
PERSONAL-PRODUCING GENERAL-AGENT (PPGA)	17.1%	5.5%	18.1%	6.3%
BROKERAGE	54.5%	57.4%	55.6%	55.3%
MULTIPLE-LINE EXCLUSIVE-AGENT (MLEA)	3.2%	2.4%	2.7%	1.8%
CAREER AGENTS	17.6%	13.7%	15.7%	13.5%
STOCKBROKERS	2.9%	8.4%	3.9%	10.2%
FINANCIAL INSTITUTIONS	4.4%	12.7%	3.7%	12.8%
WORKSITE	0.2%		0.3%	

<sup>16</sup> Figure 15 includes information shown in Figure 194 and Figure 200 in the body of the report.

<sup>17</sup> Figure 16 includes information shown in Figure 227 in the body of the report.

CHANNEL	UL/IUL SALES	UL/IUL SALES WITH LTC RIDERS	UL/IUL SALES	UL/IUL SALES WITH LTC RIDERS
	2016 SALES		YTD 9/30/17	
HOME SERVICE	<0.1%	<0.1%	<0.1%	
DIRECT RESPONSE	<0.1%		<0.1%	

For 2016, the distribution of UL/IUL sales with LTC riders by gender when sales were measured both by premium and face amount was 43% males, 57% females. The distribution for YTD 9/30/17 for UL/IUL sales with LTC riders by gender when sales were measured both by premium and face amount was 44% males, 56% 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 2016 on a premium basis. During YTD 9/30/17, the weighted average issue age was 58 for both males and females. On a face amount basis, the male weighted average issue age was 54 for the two periods. The weighted average issue ages for females was 55 in 2016 and 54 during YTD 9/30/18.

Two of seven survey participants that reported UL sales with LTC riders do not automatically include them with the base UL policy. Four additional participants reported that some of their UL LTC accelerated benefit riders (ABRs) are automatically included and others are not. The average election rates for LTC ABR-only riders on UL products for five of the six carriers decreased from 15.4% in 2014 to 15.3% in 2015, and increased thereafter, ending at 24.0% during YTD 9/30/17 (one of the six automatically includes its ABR rider, but does not automatically include its other LTC riders). Five of the six participants reporting IUL sales with LTC riders do not automatically include LTC ABR riders with the base IUL policy. The sixth participant reported that some LTC riders are automatically included, and other are not. The average election rates for LTC ABR-only riders on IUL products increased from 26.3% in 2014 to 26.6% in 2015, then decreased to 25.9% in 2016, and increased to 29.9% during YTD 9/30/17.

## 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 12.0% for CAUL, AccumiUL, and CAIUL products, 11.0% for IULSG, 10.6% for AccumUL, and 10.0% for ULSG. Four participants reported changes to profit measures/goals in the last two years. Two of the four reported a reduction of 1% to 2% in the ROI/IRR target. One of those two also changed from a profit margin measure to a return on assets (ROA) measure to align with profitability goals of its other business units. The third participant has been willing to accept a lower statutory profit margin target (as a percentage of premium) as long as its IRR target is met. The fourth participant changed from a GAAP emphasis to a statutory emphasis to better measure free cash flow.

Survey participants reported their actual results relative to profit goals for 2016. *For ULSG, 62% were short of their profit goals, and for the remaining UL/IUL products 83% of the participants were at least meeting their profit goals. For YTD 9/30/17, 46% 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 2016 and YTD 9/30/17 were low interest earnings and expenses.*

## TARGET SURPLUS

The majority of survey participants continue to set target surplus pricing assumptions as a percentage of the National Association of Insurance Commissioners (NAIC) company action level. The overall NAIC risk-based capital (RBC) percentage of company action level ranged from 250% to 425%. The range is similar to the range reported by participants last year, but with a higher minimum. The report includes details about the overall NAIC RBC percentage, broken down by component, and is shown by UL/IUL product type.

## RESERVES

Survey participants were asked when they anticipate their company would implement principle-based reserves (PBR). *Twenty-three of the 29 participants expect to implement PBR for all their UL/IUL 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/Internal Revenue Service (IRS) regulations, and PBR implementation of other products first.

Survey participants reported the issue year for implementing the 2017 CSO Mortality Table. *The average issue year to implement the 2017 CSO Mortality Tables is 2019 for all UL/IUL products, except CAIUL. For CAIUL, the average issue year is 2018 for the implementation of the 2017 CSO.*



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 Valuation Model (VM)-20 reserve components. *Six of the 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 different variations using simplified approaches, including the net premium reserve, deterministic reserve, and stochastic reserve,

For IUL valuations and projections (in general), 12 of 21 participants reported 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 they are modeling a spread on the indexed account, and the final participant does IUL modeling in the fixed account.

The equity return assumption used in the deterministic scenario under VM-20 for IUL business is equal to 4% for 20 years, inclusive of dividend, followed by 7.5%. Sixteen of 21 respondents indicated that they believe this assumption is unduly conservative.

Fourteen 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, equity returns in the deterministic reserve scenario, the stochastic reserve calculation, nonguaranteed elements, timing of changes to caps relative to interest rate movements, hedging, and increases in IUL reserves.

Survey participants reported the number of mortality segments being considered in light of VM-20 requirements. As indicated in VM-20 requirements, credibility may be determined at either the mortality segment level or at a more aggregate level if the mortality for the subclasses (mortality segments) was determined using an aggregate level of mortality experience. The Valuation Manual defines a mortality segment as a subset of policies for which a separate mortality table representing the prudent estimate mortality assumption will be determined. Given the newness of these concepts, survey respondents may have varied interpretations of the meaning of mortality segment. The number of segments ranged from one to 24, with an average of seven and median of three. The products included in the mortality segment to which UL/IUL products belong are quite varied.

Various options were reported by survey participants to increase credibility of mortality experience. Options included discussions/partnering with reinsurers, using an aggregated level of mortality, combining products or segments, and using industry experience to supplement actual experience.

In planning for new UL/IUL products, 19 of the 29 participants anticipate using new underwriting approaches like accelerated underwriting. A wide variety of comments were submitted from these participants regarding what considerations the new underwriting approaches introduce for credibility and the development of a mortality assumption. Comments included: increased mortality is expected with an accelerated underwriting program, neutral impact on mortality, more weight may be applied to industry tables than a company's own experience, reliance on reinsurer support, potentially increased credibility due to more business being placed, and comments about the credibility of the new approach relative to that of fully underwritten segments.

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 23) indicated that AG 48 will not play a role in these strategic decisions or that AG 48 is not applicable.

Twenty-three 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 17. *More participants believe PBR will be effective, rather than ineffective, at making reserve financing arrangements obsolete.* (Note that these ratings are with respect to UL/IUL products.)

**FIGURE 17: EFFECTIVENESS RATINGS OF PBR MAKING RESERVE FINANCING ARRANGEMENTS OBSOLETE<sup>18</sup>**

RATING	# OF RESPONSES
VERY INEFFECTIVE	0
INEFFECTIVE	4
AVERAGE	9
EFFECTIVE	8
VERY EFFECTIVE	2

<sup>18</sup> Figure 17 will be shown again as Figure 256 in the body of the report.

Twenty-three of the 29 participants reported they are not assuming a financing arrangement in a post-PBR environment.

Participants that have changed reserving to PBR reported their assumptions for the tax reserve. (Note that some participants responded to the survey before and others after the enactment of the new tax law.) Six participants reported that the tax reserve is equal to the net premium reserve (NPR). One participant set the tax reserve equal to 92.81% of the maximum of the NPR, the deterministic reserve, or the stochastic reserve, floored at the cash surrender value. Another reported the tax reserve will equal 92.81% of the statutory reserve. A third participant reported the tax reserve is equal to the maximum of the NPR and the deterministic reserve.

## RISK MANAGEMENT

In planning for new UL/IUL products under VM-20, five participants anticipate changes to their reinsurance structures in light of PBR. All five participants that reported anticipated changes to their reinsurance structures also provided a response to the question asking what way the structure would be changed. The first will potentially have to move to a more guaranteed-type reinsurance contract. The change reported by the second participant will be financing primary securities. Another participant reported the end of the captive reinsurance structure and using credit-linked notes (CLNs). The first of the remaining two participants anticipates better guarantees or higher retention to limit reinsurance drag on returns via increased reserves. The final one is likely to use less reinsurance.

The level of reinsurance used for accelerated underwritten UL/IUL business was reported by 14 participants. Six of the 14 participants reported that accelerated underwritten UL/IUL business is being fully retained. Accelerated underwritten business is being reinsured consistent with other UL/IUL business by four other participants. The final four participants reported other reinsurance approaches used with accelerated underwritten UL/IUL business.

Retention limits ranged from \$250,000 to \$40 million for survey participants, with a median limit of \$5 million and an average of \$7.2 million.

## UNDERWRITING

Table-shaving programs are offered by five of the 29 participants; all intend to continue their programs. Eleven of the 29 participants use a credit program or other type of program that improves ratings for favorable risk factors; all will continue their credit programs.

Of the 29 responses, simplified issue underwriting is being used by nine participants, accelerated underwriting by 12 participants, and full underwriting by 28 participants. The ages and face amounts where these underwriting approaches are used vary widely among survey participants. Four different underwriting approaches (simplified issue, accelerated underwriting, full underwriting, and another approach) were reported by one of the 29 participants. Eighteen survey participants use two different underwriting approaches. Seven of the 18 use simplified issue underwriting and full underwriting and the remaining 11 use accelerated underwriting and full underwriting. The final 10 participants use full underwriting only.

*For those survey participants that do not have an accelerated underwriting program, nine indicated they are planning on implementing one. Two additional participants are currently researching accelerated underwriting programs and may implement one. Nine of these participants may implement the program in the next 12 months.*

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

The use of predictive modeling in the life insurance industry has recently gained attention. Predictive modeling utilizes statistical models that relate outcomes and events to various risk factors and predictors. Eight survey participants use predictive analytics in their accelerated underwriting algorithms for UL/IUL products. Only two participants reported using predictive analytics in the underwriting of UL/IUL products under other underwriting approaches (i.e., other than accelerated underwriting).

Scoring models are an example of predictive modeling used relative to life underwriting. *Scoring models are being used by 12 survey participants to underwrite their UL/IUL policies. Six of the 12 use purely external scoring models and four additional participants use purely internal scoring models. The remaining two participants reported they use both internal and external scoring models. Ten participants reported using these models for fully underwritten policies, with one of the 10 also using them for accelerated underwritten policies, and another five using them for simplified issue policies. In total, four participants use lab scoring models, six use consumer credit related scoring models, another six use scoring models relative to motor vehicle records (MVR), and seven use prescription history scoring models.*

Wellness programs are rare for UL/IUL business, with only four of the 29 participants reporting they offer one.

Of the 29 participants, 21 do not offer UL/IUL policies to HIV-positive applicants.

The percentage of normal applications (based on policy count) YTD 9/30/17 that actually became sold cases was reported by 23 participants. The percentages ranged from 55% to 85%, with an average and median of 70%.

Twelve survey participants reported additional details about their 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 eight of the 12 participants offering products in this channel. The most common underwriting tools used in this market are MIB Group reports and prescription drug database searches (11 participants).

Similarly, 10 of the 29 survey participants reported more details about the use of accelerated underwriting (AU) programs. Similar to simplified issue UL/IUL business, the individual middle-/upper-income market was the top market among survey participants where AU UL/IUL products are offered, followed closely by the low-/middle-income market. The most popular channel where AU UL/IUL products are offered is the brokerage channel. The most common underwriting tools used in the AU market are MIB Group reports and motor vehicle records (10 participants), and prescription drug database searches (nine participants).

The majority of survey participants (22 of 29 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 18 of the 29 responding participants for preferred UL/IUL products. Debit/credit underwriting is used by eight additional participants. Two participants use a combination of knock-out underwriting and debit/credit underwriting. The final participant does not have fully underwritten UL/IUL business.

## PRODUCT DESIGN

*Four participants repriced their ULSG designs in the last 12 months, and three of those four also reported repricing their ULSG designs in the last 13 to 24 months. Four additional participants repriced in the last 13 to 24 months for a total of eight participants. Four reported that premium rates on the new basis versus the old basis increased, one decreased premium rates, and three did not report the change. Few participants reporting repricing other UL/IUL designs.*

Strategies used in light of the recent low interest rates include intentionally reducing or limiting UL sales by increasing premium rates (eight) or by discontinuing sales of certain products (seven), riding it out (13), or launching new designs with reduced guarantees (two). Additional strategies were reported with five related to premiums, three related to credited rates, and another three related to product strategies.

*A total of seven survey participants reported they currently offer a long-term care (LTC) accelerated benefit rider on either a UL or IUL product. Five of the seven offer this rider on both a UL and IUL chassis. Three of the seven reported they expect to develop an enhanced LTC combination product in the next 24 months. Three additional participants are expecting to develop an LTC combination product in the next 24 months and one other is considering the possibility.*

Sixteen of the 29 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. Two of the 16 offer more than one chronic illness rider design. A total of seven participants currently offer a chronic illness rider with a discounted death benefit design, three participants offer a lien design, and six offer a chronic illness rider with up-front charges. Another participant offers a chronic illness rider with a monthly cost of insurance charge. The final participant offers a design with no discounting or liens, but charges a \$250 exercise fee. Seven of the 16 may develop an enhanced chronic illness benefit rider in the next 24 months. Three additional companies expect to develop such a rider in the next 24 months. *Within 24 months, 83% of survey respondents may market either an LTC or chronic illness rider. Of the 10 participants with a chronic illness rider that includes an expectation of permanence of the condition in order for benefit to be paid, three have plans to eliminate this requirement.*

Twenty-seven 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-six of the 27 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, terminal illness, chronic illness, and long-term care 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 specific benefits.

Cash accumulation-type UL/IUL products were the most common UL/IUL products to include wash loan provisions. Twelve 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 September 30, 2017, 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 59% of participants that offer multiple UL/IUL products vary commissions and/or marketing allowables by product type and 41% 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. Few participants pay levelized compensation on cash value enhancement (CVE) riders, but 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 86% for IULSG and CAIUL, and 78% for AccumIUL. They are least common in AccumUL compensation plans, with only 45% of AccumUL respondents using them. Target premiums are commonly rolled for two years, i.e., the higher percentage commissions up to target may be applied 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 incentive compensation payable up to target premium was reported for CAIUL products (12.2%), and the lowest for ULSG products (13.1%). The highest average compensation payable on excess premium was reported for CAUL (4.3%), and the lowest for CAIUL (0.4%).

## PRICING

Figure 18 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 18: UL/IUL NEW-MONEY VERSUS PORTFOLIO CREDITING STRATEGY<sup>19</sup>**

UL/IUL PRODUCT	CREDITING STRATEGY	
	NEW-MONEY	PORTFOLIO
ULSG	67%	33%
ACCUMUL	35%	65%
CAUL	54%	46%
IULSG	50%	50%
ACCUMIUL	17%	83%
CAIUL		100%

Ten survey participants reported the use of deterministic scenarios to price the cost of no lapse guarantees for ULSG products. Four additional participants reported using stochastic real-world scenarios for this pricing. For IULSG pricing of no lapse guarantees, six participants reported using deterministic scenarios and five reported using stochastic real-world scenarios.

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.

Responses were received from 15 of the 29 participants regarding the use of dynamic lapses in UL and IUL secondary guarantee pricing. Eight of 13 responses indicated that dynamic lapses are used in ULSG pricing. Two of the eight also reported using dynamic lapses in IULSG pricing. Of the seven participants responding, a total of four use dynamic lapses in pricing IUL secondary guarantees.

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. Five participants base their mortality assumptions on company experience and industry mortality tables. All other participants use various combinations of company experience, industry tables, consultants’

<sup>19</sup> Figure 18 includes information shown in Figure 293 in the body of the report.

recommendations, and underwriting criteria. Thirteen 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). One additional participant reported that the slope of its mortality assumption is more similar to the 2008 VBT and the 2015 VBT than the other specified tables. A second reported that its slope is graded into the 2008 VBT. Six additional participants reported that the slopes of their mortality assumptions are more similar to the 2015 VBT, five are more similar to the 2001 VBT, and two are more similar to the 1975-1980 Select & Ultimate Table.

*It is very rare for participants to have repriced or redesigned any UL/IUL products under the 2017 CSO Mortality Tables, with only three reporting they have done so on one UL/IUL product each. Concerns were voiced about the tax qualification of these policies (i.e., they may be delaying repricing until the 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. Fourteen of the 28 responses indicated that companies are not developing more CVAT products despite the decrease in guideline premiums under the 2017 CSO.

The overall level of mortality experienced on UL/IUL relative to that assumed in pricing was reported by survey participants. Figure 19 shows the mortality levels that were reported for calendar year 2016 and YTD 9/30/17 by UL/IUL product type. *The majority of participants reported mortality rates were close to or lower than those assumed in pricing for all UL/IUL products and for both calendar year 2016 and during YTD 9/30/17.*

**FIGURE 19: OVERALL LEVEL OF MORTALITY<sup>20</sup>**

MORTALITY RATES WERE:	NUMBER OF PARTICIPANTS					
	ULSG		ACCUMUL		CAUL	
	2016	YTD 9/30/17	2016	YTD 9/30/17	2016	YTD 9/30/17
CLOSE TO EXPECTED	8	10	11	12	6	5
LOWER THAN EXPECTED	3	3	5	4	4	4
GREATER THAN EXPECTED	2		2	2	2	3

MORTALITY RATES WERE:	IULSG		ACCUMIUL		CAIUL	
	2016	YTD 9/30/17	2016	YTD 9/30/17	2016	YTD 9/30/17
	CLOSE TO EXPECTED	3	2	11	10	3
LOWER THAN EXPECTED	1	2	3	5	1	2
GREATER THAN EXPECTED	1		2	1	2	1

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. (Commissions and field expenses were not included.) 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 \$12 ("low premium") and \$20 ("high premium") per \$1,000 of face amount. The calculations were done including premium taxes, and also excluding premium taxes.

<sup>20</sup> Figure 19 will be shown again as Figure 302 in the body of the report.

The tables in Figure 20 show statistics relative to dollars of pricing and actual expenses for the representative sample policy, both including and excluding premium taxes.

**FIGURE 20: PRICING AND ACTUAL EXPENSES FOR A REPRESENTATIVE SAMPLE POLICY INCLUDING PREMIUM TAXES<sup>21</sup>**

PRICING EXPENSES	NUMBER OF RESPONSE	AVERAGE	MEDIAN	MINIMUM	MAXIMUM
HIGH PREMIUM					
ACQUISITION	27	\$3,037	\$2,600	\$175	\$13,520
MAINTENANCE (WITH PREMIUM TAXES)	27	\$356	\$305	\$24	\$1,446
MAINTENANCE (WITHOUT PREMIUM TAXES)	27	\$174	\$111	\$23	\$1,255
LOW PREMIUM					
ACQUISITION	27	\$2,145	\$1,866	\$165	\$8,520
MAINTENANCE (WITH PREMIUM TAXES)	27	\$265	\$225	\$24	\$1,048
MAINTENANCE (WITHOUT PREMIUM TAXES)	27	\$156	\$111	\$23	\$933

ACTUAL (FULLY ALLOCATED) EXPENSES	NUMBER OF RESPONSE	AVERAGE	MEDIAN	MINIMUM	MAXIMUM
HIGH PREMIUM					
ACQUISITION	20	\$3,751	\$3,559	\$808	\$13,520
MAINTENANCE (WITH PREMIUM TAXES)	20	\$382	\$315	\$50	\$1,288
MAINTENANCE (WITHOUT PREMIUM TAXES)	20	\$210	\$161	\$23	\$1,097
LOW PREMIUM					
ACQUISITION	20	\$2,622	\$2,514	\$633	\$8,520
MAINTENANCE (WITH PREMIUM TAXES)	20	\$286	\$241	\$50	\$880
MAINTENANCE (WITHOUT PREMIUM TAXES)	20	\$182	\$161	\$23	\$766

## ILLUSTRATIONS

A number of questions were included in the survey relative to IUL illustrated rates and rates calculated under Actuarial Guideline 49 (AG 49) Section 4A and Section 4C. The 21 participants that reported IUL sales responded to these questions.

Eighteen of the 20 IUL participants reported the rate that was calculated for the Benchmark Index Account (BIA) per Section 4A of AG 49. The two remaining participants do not have a BIA. The maximum illustrated rate for indexed accounts cannot exceed a rate defined for the BIA. The BIA is based on the S&P 500 Index, an annual point-to-point crediting strategy with an annual cap, 0% floor, and 100% participation rate. The BIA rates reported by survey participants ranged from 3.94% to 7.91%, with an average of 6.59% and a median of 6.72%. Six participants reported they had to create a hypothetical index account under Section 4B of AG 49 because they did not have an indexed account that meets the definition of the BIA on its own under Section 4A. The hypothetical BIA rates ranged from 5.88% to 6.96%, with an average of 6.69% and a median of 6.82%.

<sup>21</sup> Figure 20 will be shown again as Figure 308 in the body of the report.

The credited rate used in IUL illustrations for participants' most popular strategies ranges from 3.94% to 7.91%. 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 participants reported the rate decreased relative to the illustrated rate of one year ago. One participant reported no change in the illustrated rate, and five reported increases in the illustrated rate. The current median illustrated rate is 6.64% and the current average is 6.49%.*

*For policies where AG 49 applies, 14 of the 20 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 (17) reported they have made adjustments to illustrations based on AG 49, but only four participants have made changes to their product designs due to AG 49.

Eighteen of the 29 survey participants reported that they find illustration actuary requirements create constraints in UL/IUL pricing. The majority of those participants also believe the constraints are more severe for certain product types, especially UL/SLG. 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 and/or self-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 28 participants currently are testing in-force business when certifying for illustration actuary testing. Nine participants 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.) Seven of the remaining eight participants are using both approaches. The final participant reported it is using pricing assumptions because its product is new. Nine 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.

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

## APPENDIX: THE SURVEY

MILLIMAN, INC.

2017/2018 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 values. 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 is the primary concern 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 & 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–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
2014				
2015				
2016				
YTD 9/30/17				

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
2016				
YTD 9/30/17				

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
2016				
YTD 9/30/17				

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
2014				
2015				
2014				
2015				

FACE AMOUNT ISSUED				
CALENDAR YEAR	(A)+(B)+(C) TOTAL INDIVIDUAL UL	(A) UL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION UL	(C) CURRENT ASSUMPTION UL
2014				
2015				
2014				
2015				

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
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 2016 UL sales (in \$ millions) by distribution channel.

2016 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 & B)				

2016 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				

2016 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
DIRECT RESPONSE				
TOTAL (SHOULD AGREE WITH QUESTION A1 & B)				

D2. Within each market, please provide YTD 9/30/17 UL sales (in \$ millions) by distribution channel.

YTD 9/30/17 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 & B)				

YTD 9/30/17 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 A1 & B)				

E1. Within each market, please provide 2016 UL sales (in \$ millions) by issue age group.

2016 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				

2016 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
75+				
TOTAL (SHOULD AGREE WITH QUESTION D1)				

2016 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 9/30/17 UL sales (in \$ millions) by issue age group.

YTD 9/30/17 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				

YTD 9/30/17 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
55-64				
65-74				
75+				
TOTAL (SHOULD AGREE WITH QUESTION D2)				

YTD 9/30/17 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%.**

2016 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				

2016 UL SALES (PREMIUM)				
PREMIUM TYPE	(A)+(B)+(C) TOTAL INDIVIDUAL UL	(A) UL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION UL	(C) CURRENT ASSUMPTION UL
OTHER PREMIUM				
TOTAL = 10% OF SP + OP (SHOULD AGREE WITH QUESTION A1)				

YTD 9/30/17 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)				

G1. Within each market, please provide 2016 UL sales (in \$ millions) by gender and issue age group.

2016 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+				



2016 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)				

2016 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+				

2016 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)				

G2. Within each market, please provide YTD 9/30/17 UL sales (in \$ millions) by gender and issue age group.

YTD 9/30/17 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 9/30/17 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 9/30/17 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 9/30/17 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)				

H1. Please provide 2016 Total Individual UL sales (in \$ millions) by underwriting class and issue age range.

2016 TOTAL INDIVIDUAL UL SALES (PREMIUM)								
UNDERWRITING CLASS	ALL AGES	<25	25-34	35-44	45-54	55-64	65-74	75+
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 E1)								

2016 TOTAL INDIVIDUAL UL SALES (PREMIUM)								
UNDERWRITING CLASS	ALL AGES	<25	25-34	35-44	45-54	55-64	65-74	75+
2016 TOTAL INDIVIDUAL UL SALES (FACE AMOUNT)								
UNDERWRITING CLASS	ALL AGES	<25	25-34	35-44	45-54	55-64	65-74	75+
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 E1)								

H2. Please provide YTD 9/30/17 Total Individual UL sales (in \$ millions) by underwriting class and issue age range.

YTD 9/30/17 TOTAL INDIVIDUAL UL SALES (PREMIUM)								
UNDERWRITING CLASS	ALL AGES	<25	25-34	35-44	45-54	55-64	65-74	75+
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 E2)								

YTD 9/30/17 TOTAL INDIVIDUAL UL SALES (FACE AMOUNT)								
UNDERWRITING CLASS	ALL AGES	<25	25-34	35-44	45-54	55-64	65-74	75+
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 E2)								

11. Please provide 2016 Total Individual UL sales (in \$ millions) by underwriting class and underwriting approach.

UNDERWRITING CLASS	2016 TOTAL INDIVIDUAL UL SALES (PREMIUM)			
	ALL APPROACHES	SIMPLIFIED ISSUE	ACCELERATED UNDERWRITING	FULL UNDERWRITING
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 E1)				

UNDERWRITING CLASS	2016 TOTAL INDIVIDUAL UL SALES (FACE AMOUNT)			
	ALL APPROACHES	SIMPLIFIED ISSUE	ACCELERATED UNDERWRITING	FULL UNDERWRITING
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 E1)				

12. Please provide YTD 9/30/17 Total Individual UL sales (in \$ millions) by underwriting class and underwriting approach.

UNDERWRITING CLASS	YTD 9/30/17 TOTAL INDIVIDUAL UL SALES (PREMIUM)			
	ALL APPROACHES	SIMPLIFIED ISSUE	ACCELERATED UNDERWRITING	FULL UNDERWRITING
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 E2)				

UNDERWRITING CLASS	YTD 9/30/17 TOTAL INDIVIDUAL UL SALES (FACE AMOUNT)			
	ALL APPROACHES	SIMPLIFIED ISSUE	ACCELERATED UNDERWRITING	FULL UNDERWRITING
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 E2)				



J1. Within each market, please provide 2016 UL sales (in \$ millions) by death benefit option.

2016 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)				

2016 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:

J2. Within each market, please provide YTD 9/30/17 UL sales (in \$ millions) by death benefit option.

YTD 9/30/17 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 9/30/17 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:

K1. Within each market, please provide 2016 UL sales (in \$ millions) by 7702 option and death benefit option.

2016 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)				

2016 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)				

2016 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
OTHER OPTION				
<b>TOTAL CVAT</b>				
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				
<b>TOTAL GPT</b>				
<b>TOTAL CVAT + GPT (SHOULD AGREE WITH QUESTION D1)</b>				

DESCRIPTION OF OTHER OPTION (CVAT):

DESCRIPTION OF OTHER OPTION (GPT):

K2. Within each market, please provide YTD 9/30/17 UL sales (in \$ millions) by 7702 option and death benefit option.

YTD 9/30/17 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				
<b>TOTAL CVAT</b>				
7702 OPTION: GUIDELINE PREMIUM TEST (GPT)				

YTD 9/30/17 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				
<b>TOTAL GPT</b>				
TOTAL CVAT + GPT (SHOULD AGREE WITH QUESTION D2)				

YTD 9/30/17 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
<b>7702 OPTION: CASH VALUE ACCUMULATION TEST (CVAT)</b>				
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				
<b>TOTAL CVAT</b>				
<b>7702 OPTION: GUIDELINE PREMIUM TEST (GPT)</b>				
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				

YTD 9/30/17 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
TOTAL <b>GPT</b>				
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
2014				
2015				
2016				
YTD 9/30/17				

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
2016				
YTD 9/30/17				

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
2016				
YTD 9/30/17				

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
2014				
2015				
2016				
YTD 9/30/17				

FACE AMOUNT ISSUED				
CALENDAR YEAR	(A)+(B)+(C) TOTAL INDIVIDUAL IUL	(A) IUL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION IUL	(C) CURRENT ASSUMPTION IUL
2014				
2015				
2016				
YTD 9/30/17				

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

D1. Within each market, please provide 2016 IUL sales (in \$ millions) by distribution channel.

2016 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				



2016 IUL SALES (PREMIUM)				
DISTRIBUTION CHANNEL	(A)+(B)+(C) TOTAL INDIVIDUAL IUL	(A) IUL WITH SECONDARY GUARANTEES	(B) CASH ACCUMULATION IUL	(C) CURRENT ASSUMPTION IUL
FINANCIAL INSTITUTIONS				
WORKSITE				
HOME SERVICE				
DIRECT RESPONSE				
TOTAL (SHOULD AGREE WITH QUESTION A1 & B)				

2016 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 A1 & B)				

D2. Within each market, please provide YTD 9/30/17 IUL sales (in \$ millions) by distribution channel.

YTD 9/30/17 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 & B)				

YTD 9/30/17 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				

YTD 9/30/17 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
DIRECT RESPONSE				
TOTAL (SHOULD AGREE WITH QUESTION A1 & B)				

E1. Within each market, please provide 2016 IUL sales (in \$ millions) by issue age group.

2016 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)				

2016 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				

2016 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
65-74				
75+				
TOTAL (SHOULD AGREE WITH QUESTION D1)				

E2. Within each market, please provide YTD 9/30/17 IUL sales (in \$ millions) by issue age group.

YTD 9/30/17 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 9/30/17 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				

YTD 9/30/17 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
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%.

2016 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 9/30/17 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)				

G1. Within each market, please provide 2016 IUL sales (in \$ millions) by gender and issue age group.

2016 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+				

2016 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)				

2016 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+				

2016 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)				

G2. Within each market, please provide YTD 9/30/17 IUL sales (in \$ millions) by gender and issue age group.

YTD 9/30/17 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 9/30/17 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 9/30/17 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 9/30/17 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)				

H1. Please provide 2016 Total Individual IUL sales (in \$ millions) by underwriting class and issue age range.

2016 TOTAL INDIVIDUAL IUL SALES (PREMIUM)								
UNDERWRITING CLASS	ALL AGES	<25	25-34	35-44	45-54	55-64	65-74	75+
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 E1)								

2016 TOTAL INDIVIDUAL IUL SALES (FACE AMOUNT)								
UNDERWRITING CLASS	ALL AGES	<25	25-34	35-44	45-54	55-64	65-74	75+
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 E1)								

H2. Please provide YTD 9/30/17 Total Individual IUL sales (in \$ millions) by underwriting class and issue age range.

YTD 9/30/17 TOTAL INDIVIDUAL IUL SALES (PREMIUM)								
UNDERWRITING CLASS	ALL AGES	<25	25-34	35-44	45-54	55-64	65-74	75+
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 E2)								

YTD 9/30/17 TOTAL INDIVIDUAL IUL SALES (PREMIUM)								
UNDERWRITING CLASS	ALL AGES	<25	25-34	35-44	45-54	55-64	65-74	75+
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 E2)								

11. Please provide 2016 Total Individual IUL sales (in \$ millions) by underwriting class and underwriting approach.

UNDERWRITING CLASS	2016 TOTAL INDIVIDUAL IUL SALES (PREMIUM)			
	ALL APPROACHES	SIMPLIFIED ISSUE	ACCELERATED UNDERWRITING	FULL UNDERWRITING
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 E1)				

UNDERWRITING CLASS	2016 TOTAL INDIVIDUAL IUL SALES (PREMIUM)			
	ALL APPROACHES	SIMPLIFIED ISSUE	ACCELERATED UNDERWRITING	FULL UNDERWRITING
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 E1)				

12. Please provide YTD 9/30/17 Total Individual IUL sales (in \$ millions) by underwriting class and underwriting approach.

UNDERWRITING CLASS	YTD 9/30/17 TOTAL INDIVIDUAL IUL SALES (PREMIUM)			
	ALL APPROACHES	SIMPLIFIED ISSUE	ACCELERATED UNDERWRITING	FULL UNDERWRITING
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 E2)				

UNDERWRITING CLASS	YTD 9/30/17 TOTAL INDIVIDUAL IUL SALES (FACE AMOUNT)			
	ALL APPROACHES	SIMPLIFIED ISSUE	ACCELERATED UNDERWRITING	FULL UNDERWRITING
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 E2)				

J1. Within each market, please provide 2016 IUL sales (in \$ millions) by death benefit option.

2016 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)				

2016 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:

J2. Within each market, please provide YTD 9/30/17 IUL sales (in \$ millions) by death benefit option.

YTD 9/30/17 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 9/30/17 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:



K1. Within each market, please provide 2016 IUL sales (in \$ millions) by 7702 option and death benefit option.

2016 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)				

2016 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)				

2016 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
OTHER OPTION				
<b>TOTAL CVAT</b>				
<b>7702 OPTION: GUIDELINE PREMIUM TEST (GPT)</b>				
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				
<b>TOTAL GPT</b>				
<b>TOTAL CVAT + GPT (SHOULD AGREE WITH QUESTION D1)</b>				

DESCRIPTION OF OTHER OPTION (CVAT):

DESCRIPTION OF OTHER OPTION (GPT):

K2. Within each market, please provide YTD 9/30/17 IUL sales (in \$ millions) by 7702 option and death benefit option.

YTD 9/30/17 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 9/30/17 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)				

YTD 9/30/17 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
OTHER OPTION				
<b>TOTAL CVAT</b>				
<b>7702 OPTION: GUIDELINE PREMIUM TEST (GPT)</b>				
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				
<b>TOTAL GPT</b>				
<b>TOTAL CVAT + GPT (SHOULD AGREE WITH QUESTION D2)</b>				

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
2014				
2015				
2016				
YTD 9/30/17				

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
2014				
2015				
2016				
YTD 9/30/17				

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
2014				
2015				
2016				

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
YTD 9/30/17				

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
2014				
2015				
2016				
YTD 9/30/17				

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
2014				
2015				
2016				
YTD 9/30/17				

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
2014				
2015				
2016				
YTD 9/30/17				

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
2014				
2015				
2016				
YTD 9/30/17				

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
2014				
2015				
2016				
YTD 9/30/17				

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
2014				
2015				
2016				
YTD 9/30/17				

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
2014				
2015				
2016				
YTD 9/30/17				

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
2014				
2015				
2016				



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
YTD 9/30/17				

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
2014				
2015				
2016				
YTD 9/30/17				

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)	
	2016	YTD AS OF 9/30/17	2016	YTD AS OF 9/30/17
PPGA				
BROKERAGE				
MLEA				
CAREER AGENT				
STOCKBROKERS				
FINANCIAL INSTITUTIONS				
WORKSITE				

DISTRIBUTION CHANNEL	UL/IUL SALES (PREMIUM)		UL/IUL SALES (FACE AMOUNT)	
	2016	YTD AS OF 9/30/17	2016	YTD AS OF 9/30/17
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)	
	2016	YTD AS OF 9/30/17	2016	YTD AS OF 9/30/17
<25				
25-34				
35-44				
45-54				
55-64				
65-74				
75+				

ISSUE AGE GROUP	FEMALES			
	SALES (PREMIUM)		SALES (FACE AMOUNT)	
	2016	YTD AS OF 9/30/17	2016	YTD AS OF 9/30/17
<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	2014	2015	2016	DURING YTD AS OF 9/30/17
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	2014	2015	2016	YTD AS OF 9/30/17
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 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 2016 UL sales (in \$ millions) on all business **with LTC riders**.

2016 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				

2016 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 9/30/17 UL sales (in \$ millions) on all business **with LTC riders**.

YTD 9/30/17 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 9/30/17 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 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 2016 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				

2016 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 9/30/17 IUL sales (in \$ millions) on all business **with LTC riders**.

YTD 9/30/17 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 9/30/17 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
2014				
2015				
2016				
YTD AS OF 9/30/17				

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
2014				
2015				
2016				
YTD 9/30/17				

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
2014				
2015				
2016				
YTD 9/30/17				

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
2014				
2015				
2016				
YTD 9/30/17				

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
2014				
2015				
2016				
YTD 9/30/17				

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
2014				

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
2015				
2016				
YTD 9/30/17				

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
2014				
2015				
2016				
YTD 9/30/17				

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
2014				
2015				
2016				

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
YTD 9/30/17				

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)	
	2016	YTD 9/30/17	2016	YTD 9/30/17
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)	
	2016	YTD 9/30/17	2016	YTD 9/30/17
<25				
25-34				
35-44				
45-54				
55-64				
65-74				
75+				

ISSUE AGE GROUP	FEMALES			
	SALES (PREMIUM)		SALES (FACE AMOUNT)	
	2016	YTD 9/30/17	2016	YTD 9/30/17
<25				
25-34				
35-44				
45-54				
55-64				
65-74				

ISSUE AGE GROUP	FEMALES			
	SALES (PREMIUM)		SALES (FACE AMOUNT)	
	2016	YTD 9/30/17	2016	YTD 9/30/17
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	2014	2015	2016	DURING YTD 9/30/17
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	2014	2015	2016	DURING YTD 9/30/17
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						

PROFIT MEASURES AND GOALS	UL WITH SECONDARY GUARANTEES	CASH ACCUMULATION UL	CURRENT ASSUMPTION UL	IUL WITH SECONDARY GUARANTEES	CASH ACCUMULATION IUL	CURRENT ASSUMPTION IUL
AFTER-TAX? (YES/NO)						
AFTER-CAPITAL? (YES/NO)						
PRIMARY OR SECONDARY MEASURE?						
IF APPLICABLE, IN THE PRICING OF NEW SALES ISSUED TODAY, WHAT DISCOUNT <u>RATE</u> IS USED TO CALCULATE THE OTHER STATUTORY MEASURE? (E.G., 0%, 10%)						
IF APPLICABLE, WHAT IS THE <u>BASIS</u> 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)						

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 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?						
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.

C1. Indicate with an “X” your actual results for 2016 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						

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)						

C2. Indicate with an “X” your actual results for YTD 9/30/17 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						

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. (We are not looking for you S&P or A.M. Best rating, but rather your pricing assumption for target surplus.)

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 (EXPRESS AS A % OF NAIC CAL)						
A.M. BEST (EXPRESS AS A % OF 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 was January 1, 2017. Please indicate with an “X” your timing for implementing PBR:

IMPLEMENTATION DATE	UL WITH SECONDARY GUARANTEES	CASH ACCUMULATION UL	CURRENT ASSUMPTION UL	IUL WITH SECONDARY GUARANTEES	CASH ACCUMULATION IUL	CURRENT ASSUMPTION IUL
DURING CALENDAR YEAR 2017						
OVER THREE-YEAR PHASE-IN PERIOD						
TIMING VARIES AND IS PRODUCT DEPENDENT						
DESCRIPTION OF VARIATION IN TIMING WHEN TIMING IS PRODUCT DEPENDENT						
OTHER (PLEASE DESCRIBE)						

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

Please indicate the issue year for implementing the 2017 CSO valuation mortality table:

ISSUE YEAR	UL WITH SECONDARY GUARANTEES	CASH ACCUMULATION UL	CURRENT ASSUMPTION UL	IUL WITH SECONDARY GUARANTEES	CASH ACCUMULATION IUL	CURRENT ASSUMPTION IUL

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

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	
WE WILL IMPLEMENT PBR AND THEN THE 2017 CSO AT A LATER DATE	
TIMING VARIES AND IS PRODUCT DEPENDENT	=>DESCRIBE:
OTHER (PLEASE DESCRIBE)	

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.

For IUL business, do you feel that the equity return assumption used in the deterministic scenario is unduly conservative? (i.e., 4% for 20 years, inclusive of dividend, followed by 7.5%) (Yes/No)

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	

What is your company philosophy for setting renewal caps?

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. How many mortality segments are you considering in light of VM-20 requirements?  
 Describe the segment(s) under which UL/IUL products belong (i.e., what products are in the mortality segment?)

I. 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?

J. What options have been used to increase credibility of mortality experience?

K. In planning for new UL/IUL products, does your company anticipate using new underwriting approaches like accelerated underwriting? (Yes/No)  
 If so, what considerations does this introduce for credibility and the development of a mortality assumption?

What is (or will be) the company's approach to supporting the prudent best-estimate mortality assumptions for accelerated underwritten business that is (or has been) moved to VM-20 valuation?

L. 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.

M. 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	

N. 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.

O. Are you assuming a financing arrangement in a post-PBR environment? (Yes/No)

P. If you have changed reserving to PBR, what is your assumption for the tax reserve?

Q. Describe any issues you have had with PBR and simplified issue UL/IUL policies.

R. 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)

S. 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 reserve column?

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

## RISK MANAGEMENT

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

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

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/IUL SECONDARY GUARANTEE 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. In planning for new UL/IUL products under VM-20, does your company anticipate any changes to the reinsurance structure in light of PBR? (Yes/No)

F. What are your retention limits?

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

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

G. Please indicate below (with an “X”) the level of reinsurance used for your accelerated underwritten business:

LEVEL OF REINSURANCE USED FOR ACCELERATED UNDERWRITTEN BUSINESS	(PLEASE INDICATE WITH AN “X”)		
ACCELERATED UNDERWRITTEN BUSINESS IS BEING REINSURED WITH OTHER UL/IUL BUSINESS			
ACCELERATED UNDERWRITTEN BUSINESS IS BEING FULLY RETAINED			
OTHER APPROACH		=> DESCRIBE:	
DO NOT OFFER ACCELERATED UNDERWRITTEN BUSINESS			

H. Do you hedge the investment rate risk in your UL/IUL 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)	

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

HEDGE THE INDEX WITH DERIVATIVE INSTRUMENTS?	
ACCEPT THE RISK?	

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

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

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

## UNDERWRITING

A. Do you have a table-shaving program? (Yes/No)

If yes:

What is the age range offering?

What is the maximum number of tables that may be shaved?

Please describe other pertinent components of your table shaving program.

Have you modified your program in the last two years?

If yes, please describe.

Do you expect to continue your table-shaving program?

B. Do you have a “credit program” or other type of program that improves the rating for favorable risk factors? (Yes/No)

If yes:

What is the age range offering?

What is the maximum number of tables that may be reduced?

What risk classes are allowed in this program? Are substandard risks allowed in this program?

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. Which of the following underwriting approaches is your company currently using for UL/IUL products, and at what ages and face amounts are they used? **Please provide face limits by age groupings, separated by semicolons (e.g., 0-25 \$250K+; 26-45 \$100K+, etc.)**

UNDERWRITING APPROACH	AGES AND FACE AMOUNTS WHERE USED
<i>SIMPLIFIED ISSUE UNDERWRITING</i> : LESS THAN A COMPLETE SET OF MEDICAL HISTORY QUESTIONS AND NO MEDICAL OR PARAMEDICAL EXAM.	
<i>ACCELERATED UNDERWRITING</i> : THE USE OF TOOLS SUCH AS A PREDICTIVE MODEL TO WAIVE REQUIREMENTS SUCH AS FLUIDS AND A PARAMEDICAL EXAM ON A FULLY UNDERWRITTEN POLICY FOR QUALIFYING APPLICANTS WITHOUT CHARGING A HIGHER PREMIUM.	



UNDERWRITING APPROACH	AGES AND FACE AMOUNTS WHERE USED
FULL UNDERWRITING: COMPLETE SET OF MEDICAL HISTORY QUESTIONS, AND MEDICAL OR PARAMEDICAL EXAM, EXCEPT WHERE AGE AND AMOUNT LIMITS ALLOW FOR NON-MEDICAL UNDERWRITING.	
OTHER: PLEASE DESCRIBE	

If applicable, when was your accelerated underwriting program implemented?

If you do not have an accelerated underwriting program, are you planning to implement one? (Yes/No)  
 If so, are you planning to implement it in the next 12 months? (Yes/No)

- D. Of all new UL/IUL business during YTD 9/30/17, what percentage (based on policy count) qualified to have requirements waived under an accelerated underwriting program?  
 What percentage of the qualified cases actually became sold cases?  
 What percentage of the cases that did not qualify became sold cases?

- E. Do you utilize any fluid-less underwriting programs for UL/IUL products at face amounts where you would normally require fluids? (Yes/No)

For fluid-less UL/IUL policies, how does your company determine if an applicant is a tobacco user?  
 How is the risk class determined in these situations?

- F. Do you use predictive analytics in your accelerated underwriting program for UL/IUL products? (Yes/No)

Do you allow the use of non-FCRA (Fair Credit Reporting Act) regulated data as part of the algorithm to waive requirements?

Do you use predictive analytics in underwriting of UL/IUL products **under any other underwriting approach (i.e., other than accelerated underwriting)?**

If applicable, please describe your predictive analytics (e.g., any direct actions on rating or decisions, or just insight to dig deeper elsewhere.)

- G. If you are using an accelerated underwriting model for UL/IUL products, did you partner with a reinsurer to define the parameters of the program? (Yes/No)

- H. Which scoring models are used to underwrite UL/IUL policies?

SCORING MODELS USED TO UNDERWRITE UL/IUL POLICIES	(PLEASE INDICATE WITH AN "X")
INTERNAL	
EXTERNAL	
DO NOT USE SCORING MODELS	

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

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

IF APPLICABLE, WHAT TYPES OF SCORING MODELS ARE USED?	(PLEASE INDICATE WITH AN "X")
LAB	
CONSUMER CREDIT RELATED	
MOTOR VEHICLE RECORDS	
PRESCRIPTION HISTORIES	
OTHER (PLEASE DESCRIBE)	

I. Do you offer a Wellness program with your UL/IUL products? (Yes/No)

If yes:

Please provide a brief description of the program.

What age limits apply?

What face amount limits apply?

What risk class limits apply?

What other restrictions/limits apply?

J. Please respond to the following questions regarding the underwriting of HIV positive cases for UL/IUL insurance:

Is coverage allowed for HIV positive cases? (Yes/No)

If so, what is the maximum amount of coverage allowed?

To be eligible for coverage, what are the requirements regarding the diagnosis of HIV positive? (e.g., diagnosed 3 years prior to application for insurance; age range 20-39)

What are the exclusions for HIV positive cases?

K. 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 9/30/17) is underwriting exceptions?

What percentage (based on face amount) of total UL/IUL new business (YTD 9/30/17) is underwriting exceptions?

L. 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
WHAT PERCENTAGE OF BUSINESS (BASED ON POLICY COUNT) SOLD YTD 9/30/17 CAME THROUGH TRIAL APPLICATIONS?	
WHAT PERCENTAGE OF TRIAL APPLICATIONS (BASED ON POLICY COUNT) YTD 9/30/17 <b>ACTUALLY</b> BECAME SOLD CASES?	
WHAT PERCENTAGE OF TRIAL APPLICATIONS (BASED ON POLICY COUNT) YTD 9/30/17 <b>WERE EXPECTED</b> TO BECOME SOLD CASES?	
WHAT PERCENTAGE OF <b>NORMAL</b> APPLICATIONS (BASED ON POLICY COUNT) YTD 9/30/17 ACTUALLY BECAME SOLD CASES?	

M. 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?					

N. If you use simplified issue and/or accelerated underwriting for your UL/IUL products: Please indicate in which markets the SI UL/IUL products are offered.

PLEASE INDICATE IN WHICH MARKETS THE UL/IUL PRODUCTS ARE OFFERED. (PLEASE INDICATE WITH AN "X".)	SIMPLIFIED ISSUE	ACCELERATED UNDERWRITING
INDIVIDUAL MIDDLE/UPPER INCOME		
COLI/BOLI		
JUVENILE		
LOW/MIDDLE INCOME		
MORTGAGE		
OTHER (PLEASE DESCRIBE BELOW)		
DESCRIPTION OF OTHER MARKET		

PLEASE INDICATE THROUGH WHICH DISTRIBUTION CHANNELS THE UL/IUL PRODUCTS ARE OFFERED. (PLEASE INDICATE WITH AN "X")	SIMPLIFIED ISSUE	ACCELERATED UNDERWRITING
PPGA		
BROKERAGE		
MLEA		
CAREER AGENT		
STOCKBROKER		
FINANCIAL INSTITUTIONS		
WORKSITE		
DIRECT RESPONSE		
BANKS		
OTHER, PLEASE DESCRIBE BELOW		
DESCRIPTION OF OTHER CHANNEL		

Please indicate which of the following underwriting tools or data elements are used with your UL/IUL products, and the ages and face amounts where used. The use of these tools and data elements on a reflexive basis should be included. **Please provide face limits by age groupings, separated by semicolons (e.g., 0-25 \$250K+; 26-45 \$100K+, etc.)**

UNDERWRITING TOOLS/DATA ELEMENTS	SIMPLIFIED ISSUE		ACCELERATED UNDERWRITING	
	USED? (YES/NO)	AGES AND FACE AMOUNTS WHERE USED	USED? (YES/NO)	AGES AND FACE AMOUNTS WHERE USED
ACTIVITIES OF DAILY LIVING (ADL)				
ATTENDING PHYSICIAN'S STATEMENT (APS)				
CONSUMER DATABASE				
CREDIT HISTORY				
COGNITIVE TESTING				
FACE-TO-FACE SALE				
FELONY				
FINANCIAL				
FRAUD CHECK				
LIFESTYLE				
MEDICAL INFORMATION BUREAU (MIB)				
MOTOR VEHICLE REPORT (MVR)				
ORAL FLUID				
PERSONAL HISTORY INTERVIEW				
PHYSICAL FUNCTIONAL STATUS/TESTING (E.G., GET UP AND GO TEST)				
PREDICTIVE MODELS:				
INTERNAL PREDICTIVE MODEL				
EXTERNAL PREDICTIVE MODEL				
PRESCRIPTION DRUG DATABASE SEARCH				
TELE-UNDERWRITING WITH DRILL-DOWN QUESTIONS				
TELE-UNDERWRITING WITHOUT DRILL-DOWN QUESTIONS				
OTHER (PLEASE DESCRIBE BELOW)				

UNDERWRITING TOOLS/DATA ELEMENTS	SIMPLIFIED ISSUE		ACCELERATED UNDERWRITING	
	USED? (YES/NO)	AGES AND FACE AMOUNTS WHERE USED	USED? (YES/NO)	AGES AND FACE AMOUNTS WHERE USED
DESCRIPTION OF OTHER UNDERWRITING TOOL OR DATA ELEMENT				

QUESTION	SIMPLIFIED ISSUE	ACCELERATED UNDERWRITING
DO YOU ADD ANY UNDERWRITING QUESTIONS TO YOUR UL/IUL APPLICATION NOT FOUND IN YOUR FULLY UNDERWRITTEN APPLICATION? (YES/NO)		
IF YES, PLEASE DESCRIBE		

O. Which of the following preferred risk parameters at the older ages differ from those at the younger ages? (Please indicate with an "X".)

1) FAMILY HISTORY	
2) CHOLESTEROL	
3) BMI	
4) BLOOD PRESSURE	
5) OTHER. PLEASE DESCRIBE.	
6) NO DIFFERENCE	
7) NO PREFERRED PRODUCT	

P. For your products that offer a preferred risk class, which underwriting methodology is used? (Please indicate with an "X".)

KNOCK-OUT UNDERWRITING	
DEBIT/CREDIT UNDERWRITING	
OTHER (PLEASE DESCRIBE)	
NO PREFERRED PRODUCT	

## PRODUCT DESIGN

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

DESIGN	ULSG	IULSG		
MINIMUM SCHEDULED PREMIUM DESIGN (LONG-TERM GUARANTEE)				
SHADOW ACCOUNT DESIGN WITH A SINGLE FUND (LONG-TERM GUARANTEE)				
SHADOW ACCOUNT DESIGN WITH MULTIPLE FUNDS (LONG-TERM GUARANTEE)				
HYBRID			=>DESCRIBE	
NO LAPSE GUARANTEE UP TO ABOUT 10 YEARS (SHORT-TERM GUARANTEE)				
OTHER DESIGN			=>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 13–24 months? (Yes/No)  
 If yes, please describe the general level of premiums 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)		

SECONDARY GUARANTEE MODIFICATIONS	ULSG	IULSG
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. 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	

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

F. Does your company allow for purchases of UL/IUL products via the internet? (Yes/No)

IF YOU RESPONDED "YES", PLEASE RESPOND TO THE FOLLOWING QUESTIONS:	PLEASE INDICATE WITH AN "X".
ARE YOUR INTERNET PRODUCTS NON-MEDICAL OR MEDICAL?	
NON-MEDICAL?	
MEDICAL?	
WHICH OF THE FOLLOWING ITEMS ARE HANDLED VIA THE INTERNET?	
EDUCATION ABOUT THE PRODUCT	
PROVIDE A QUOTE	



IF YOU RESPONDED "YES", PLEASE RESPOND TO THE FOLLOWING QUESTIONS:	PLEASE INDICATE WITH AN "X".
FILL OUT AN APPLICATION	
PAYMENT OF PREMIUM	
OTHER, PLEASE DESCRIBE	
IS AN AGENT STILL INVOLVED IN THESE SALES? (YES/NO)	
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. Chronic illness accelerated benefit rider design(s)

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. Chronic illness rider requirement of an expectation of permanence of the condition

DOES YOUR LATEST CHRONIC ILLNESS RIDER INCLUDE A REQUIREMENT OF AN EXPECTATION OF PERMANENCE OF THE CONDITION IN ORDER FOR BENEFITS TO BE PAID?	PLEASE INDICATE WITH AN "X".
YES	
NO	
IF SO, DO YOU HAVE PLANS TO ELIMINATE THIS REQUIREMENT?	
YES	
NO	

J. 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		=>DESCRIBE:	

K. 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)

- L. 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)
  
- M. 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)
  
- N. Interest rate persistency bonus on IUL policies

UNDER AG 48, WHICH OF THE FOLLOWING ARE IMPACTED BY AN 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)	
NOT APPLICABLE	

- O. 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)
  
- P. 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						

Q. Loan provisions in UL/IUL product(s)

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? (YES/NO)						
WHAT IS THE CUMULATIVE OUTSTANDING LOAN AMOUNT RELATIVE TO THE CASH SURRENDER VALUE (%) AS OF 9/30/17?	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						

R. 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? (YES/NO)  DO YOU OFFER 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.						

COMPENSATION COMPONENT	UL WITH SECONDARY GUARANTEES	CASH ACCUMULATION UL	CURRENT ASSUMPTION UL	IUL WITH SECONDARY GUARANTEES	CASH ACCUMULATION IUL	CURRENT ASSUMPTION IUL
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						
WHOLESALER AND DISTRIBUTION SUPPORT STAFF COMPENSATION						
WHOLESALER 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
DO YOU PAY INCENTIVE COMPENSATION TO EXTERNAL WHOLESALERS (YES/NO)						
IF SO, WHAT IS THE AVERAGE INCENTIVE COMPENSATION FOR EXTERNAL WHOLESALERS PAYABLE ON TARGET PREMIUM, AS A PERCENTAGE OF TARGET PREMIUM?						
IF SO, 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
DO YOU CHARGEBACK COMMISSIONS? (YES/NO)						
IF SO, WHAT IS THE LENGTH OF THE COMMISSION CHARGEBACK PERIOD?						
IF SO, 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. Scenarios for No Lapse Guarantee pricing

WHAT SCENARIOS DO YOU USE TO PRICE THE COST OF THE NO LAPSE GUARANTEE? (PLEASE INDICATE WITH AN "X".)	UL WITH SECONDARY GUARANTEES	IUL WITH SECONDARY GUARANTEES
DETERMINISTIC		
STOCHASTIC REAL WORLD SCENARIOS		
STOCHASTIC RISK NEUTRAL SCENARIOS		
OTHER		
DESCRIPTION OF OTHER SCENARIOS		

D. 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)		

E. Dynamic Lapses

DYNAMIC LAPSES	UL WITH SECONDARY GUARANTEES	IUL WITH SECONDARY GUARANTEES
ARE DYNAMIC LAPSES USED IN UL/ IUL SECONDARY GUARANTEE PRICING? (YES/NO)		
IF SO, PLEASE DESCRIBE THE DYNAMIC LAPSE FUNCTION USED.		
IF THE SECONDARY GUARANTEE IS FULLY PAID FOR LIFE, BUT THE CASH SURRENDER VALUE IS POSITIVE, DOES YOUR DYNAMIC LAPSE FUNCTION ALLOW FOR A LAPSE RATE THAT IS GREATER THAN ZERO? (YES/NO)		

F. 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?	

G. Mortality assumptions

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

H. Pricing mortality assumption slope

IS THE SLOPE OF YOUR PRICING MORTALITY ASSUMPTION MORE SIMILAR TO:	PLEASE INDICATE WITH AN "X"
THE 1975-1980 SELECT & ULTIMATE TABLE,	
THE 2001 VALUATION BASIC TABLE,	
THE 2008 VALUATION BASIC TABLE,	
OR THE 2015 VALUATION BASIC TABLE?	

I. 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)						

2017 CSO REPRICING	UL WITH SECONDARY GUARANTEES	CASH ACCUMULATION UL	CURRENT ASSUMPTION UL	IUL WITH SECONDARY GUARANTEES	CASH ACCUMULATION IUL	CURRENT ASSUMPTION IUL
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)						

J. 2017 CSO implementation

2017 CSO IMPLEMENTATION	
WITH THE IMPLEMENTATION OF THE 2017 CSO MORTALITY TABLE BY 1/1/2020, WHAT AFFECT 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)	

K. 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?

L. 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?

DOES YOUR MORTALITY IMPROVEMENT ASSUMPTION VARY BY:	(PLEASE INDICATE WITH AN "X".)		
GENDER?			
AGE?			
DURATION?			
SMOKER VS. NON-SMOKER?			
FACE AMOUNT?			
OTHER?		=> DESCRIBE	

Please provide detail on your mortality improvement assumptions.

M. 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.

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

O. Overall level of mortality

PLEASE INDICATE WITH AN "X" THE OVERALL LEVEL OF MORTALITY ON UL/IUL PRODUCTS RELATIVE TO THAT ASSUMED IN PRICING.	UL WITH SECONDARY GUARANTEES	CASH ACCUMULATION UL	CURRENT ASSUMPTION UL	IUL WITH SECONDARY GUARANTEES	CASH ACCUMULATION IUL	CURRENT ASSUMPTION IUL
2016 MORTALITY RATES WERE CLOSE TO EXPECTED						
2016 MORTALITY RATES WERE LOWER THAN EXPECTED						
2016 MORTALITY RATES WERE HIGHER THAN EXPECTED						
YTD 9/30/17 MORTALITY RATES WERE CLOSE TO EXPECTED						
YTD 9/30/17 MORTALITY RATES WERE LOWER THAN EXPECTED						

PLEASE INDICATE WITH AN "X" THE OVERALL LEVEL OF MORTALITY ON UL/IUL PRODUCTS RELATIVE TO THAT ASSUMED IN PRICING.	UL WITH SECONDARY GUARANTEES	CASH ACCUMULATION UL	CURRENT ASSUMPTION UL	IUL WITH SECONDARY GUARANTEES	CASH ACCUMULATION IUL	CURRENT ASSUMPTION IUL
YTD 9/30/17 MORTALITY RATES WERE HIGHER THAN EXPECTED						

P. 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 2011 THROUGH YTD 9/30/17 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)		

Q. 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).

R. Special provisions reflected in pricing for redundant reserves

ARE ANY SPECIAL PROVISIONS REFLECTED IN PRICING FOR REDUNDANT RESERVES? (YES/NO)	IF SO, PLEASE INDICATE WITH AN "X" 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)	

S. 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 (ENTER THE COST PER \$1000, RATHER THAN THE COST FOR A \$500,000 POLICY)		
OTHER		
DESCRIPTION OF OTHER ACQUISITION EXPENSE METRIC		
MAINTENANCE		
\$ PER POLICY		
ANNUAL INFLATION %		
% OF PREMIUM		
% OF PREMIUM – PREMIUM TAXES		
PER UNIT (ENTER THE COST PER \$1000, RATHER THAN THE COST FOR A \$500,000 POLICY)		
% OF ACCOUNT VALUE		
OTHER		
DESCRIPTION OF OTHER MAINTENANCE EXPENSE METRIC		

T. How granular are your expense assumptions used in UL/IUL pricing? (Yes/No)

EXPENSE	EXPENSE ASSUMPTIONS VARY BY: (INDICATE THOSE THAT VARY WITH AN "X".)				
	ISSUE AGE	FACE AMOUNT	GENDER	OTHER	DESCRIPTION OF OTHER VARIATION
ACQUISITION (EXCLUDING COMMISSIONS)					
\$ PER POLICY					
% OF PREMIUM – UP TO TARGET					
% OF PREMIUM – EXCESS					
PER UNIT					
OTHER					
MAINTENANCE					
\$ PER POLICY					
ANNUAL INFLATION %					
% OF PREMIUM					
% OF PREMIUM – PREMIUM TAXES					
PER UNIT					
% OF ACCOUNT VALUE					
OTHER					

WHICH OF THE FOLLOWING TYPES OF EXPENSES DO YOU INCLUDE AS ACQUISITION COSTS FOR UL/IUL PRICING?	PLEASE INDICATE WITH AN "X".		
DISTRIBUTION EXPENSES (EXCLUDING COMMISSIONS)			
MARKETING EXPENSES			
AGENT LICENSING EXPENSES			
COMPLIANCE/LEGAL EXPENSES			
NEW BUSINESS EXPENSES			
UNDERWRITING EXPENSES			
POLICY ADMINISTRATION EXPENSES			
ACCOUNTING/FINANCIAL EXPENSES			
PRODUCT DEVELOPMENT EXPENSES			
IT EXPENSES			
OTHER		=> DESCRIBE:	

Do you include overhead expenses in pricing UL/IUL insurance? (Yes/No)  
 If yes, what percentage of overhead expenses is reflected in pricing UL/IUL insurance?



## 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. Product types no longer illustrating non-guaranteed elements

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. 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)**

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?

Do your IUL illustrations allow for a negative spread on loan interest charged vs. interest credited on the account value? (Yes/No)

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)

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 and/or self-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.

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