

GUARANTEED ISSUE (GI) REPORT AND AMENDMENT PROPOSAL

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Presentation to the NAIC’s Life Actuarial Task Force

Guaranteed Issue (GI) Table Overview

2

Basic Table	Valuation Table
<ul style="list-style-type: none"> • 5-year anti-select and ultimate 	<ul style="list-style-type: none"> • Ultimate only
<ul style="list-style-type: none"> • Uni-smoke / composite only 	<ul style="list-style-type: none"> • Uni-smoke / composite only
<ul style="list-style-type: none"> • Male/Female/Unisex 	<ul style="list-style-type: none"> • Male/Female/Unisex
<ul style="list-style-type: none"> • S&U: ALB ; Ult: ANB/ALB 	<ul style="list-style-type: none"> • ANB/ALB
<ul style="list-style-type: none"> • Omega $Q_x = 0.500$ at attained ages 110+ 	<ul style="list-style-type: none"> • Omega age of 121 with $Q_x = 1.000$
	<ul style="list-style-type: none"> • Loading = 2017 CSO loading • ~17% - varies by attained age • Coverage: 98.9% by exposure; 55% of contributing companies



GI Working Definition Exposed

3

A policy or certificate where the applicant must be accepted for coverage if the applicant is eligible.

Eligibility requirements may include:

- Being within a specified age range
- Being an active member in an eligible group (e. g., group solicitation in direct marketing)

Inclusion in any of the following characteristics or product types disqualifies the policy as GI:

- Actively at work requirement
- Employer groups
- Acceptance based on any health related questions or information
- Waiving of underwriting requirements based on minimum participation thresholds, such as for worksite marketing
- Corporate/Bank Owned Life Insurance (COLI / BOLI)
- Credit Life Insurance
- Juvenile-only products (e. g. under age 15)
- Pre-Need



GI Table and Report Exposure

4

Exposed for 60 days:

- GI definition
- GI report
- GI tables

1 comment received:

- Concern with level of GI mortality for final expense products and tables may not be fit for purpose across wider range of GI products
- Reinsurer support for products with guarantees tied to Commissioners Standard Ordinary (CSO) tables (and nonforfeiture)
- Need to clarify definition of where the tables apply and where they do not



GI Comment Response

5

- ❑ Final expense insurance was excluded from the table development
- ❑ Table was representative of the experience provided
- ❑ While data was credible, several large GI writers did not participate in the data submission
- ❑ Agree that definition should be clarified



GI Amendment Proposal Forms (APFs)

6

- GI definition
- Two approaches to reserve treatment
 - GI included in PBR in manner similar to whole life
 - Valuation Manual Appendices A and C (VM-A and VM-C)
 - GI Term will be eligible for Deterministic and Stochastic Exclusion Tests
 - GI not included in PBR, similar to Preneed
 - Subject to VM-A and VM-C, with new valuation table
- Approach to nonforfeiture
 - Recommendation is to require the table for NF, with the transitions normally used for new tables



Contact Information

7

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