

New Business and Product Survey

Start of Block: Starter

Given the current coronavirus (COVID-19) pandemic and resulting volatile market conditions, LIMRA, ACLI, Oliver Wyman and SOA are partnering on a series of pulse surveys around this important topic.

This survey aims to collect and disseminate information regarding best practices around sales and the issuing of new business. The survey is being targeted at staff directly involved in assessing the impact of recent events on new business. It should take between 30 and 40 minutes to complete.

The results of the survey will be aggregated and shared with all participants. In addition, a summary of results will be shared with members of all the partnering organizations. No individual company responses will be shared.

Thank you, in advance, for helping us to gather best practices around understanding the impact of the coronavirus on the industry.

Click the following link for a preview of the questions asked in this survey:

End of Block: Starter

Start of Block: Default Question Block

Please provide your contact information.

Company: _____

Role: _____

Name: _____

Email address: _____

Function:

Business Development

Marketing

Product Strategy & Design

Actuarial

Underwriting

Product Pricing

Other (please specify) _____

Page Break

Please indicate which of the following factors is a concern to your organization regarding new business in light of COVID-19 and recent market conditions. Please select all that apply.

- Pricing / new business profitability
- Product design
- Customer demand / value proposition
- Distribution (e.g. social distancing)
- Regulatory constraints (e.g. non-forfeiture, 7702)
- Regulator bandwidth
- In-force profitability
- Reserves and capital
- Liquidity
- Other (please describe) _____

Page Break

Please rank the following factors according to your organization's level of concern regarding new business in light of COVID-19 and recent market conditions. Please rank 1 as most concerned.

- _____ Pricing / new business profitability
- _____ Product design
- _____ Customer demand / value proposition
- _____ Distribution (e.g. social distancing)
- _____ Regulatory constraints (e.g. non-forfeiture, 7702)
- _____ Regulator bandwidth
- _____ In-force profitability
- _____ Reserves and capital
- _____ Liquidity
- _____ $\frac{\text{\$Q3/ChoiceTextEntryValue}}{10}$

Page Break

Which of the following products does your company offer? (Please select all that apply.)

- Variable annuities
 - Registered index linked annuity / Indexed variable annuities
 - Fixed indexed annuities
 - Fixed annuities
 - Whole Life
 - Term Life
 - Universal Life
 - Indexed Universal Life
 - Variable Universal Life
 - Other (please list) _____
-

How frequently did you typically review pricing/crediting rates/cap rates on new policies before COVID-19, and how frequently do you review pricing now?

Note: For this question, please focus on immediate changes and not changes related to the longer term strategy. If the product is not offered or not relevant, please select that option in the drop down boxes.

Choices for each:

- Daily
- Weekly
- Monthly
- Quarterly
- Semiannually
- Annually
- Greater than annually
- Not relevant

	Before COVID-19	During COVID-19
Variable annuities		
Registered index linked annuity / Indexed variable annuities		
Fixed indexed annuities		
Fixed annuities		
Whole Life		
Term Life		
Universal Life		
Indexed Universal Life		
Variable Universal Life		
Other		

Page Break

Has your organization added controls for writing new business, given market volatility and lead times to change pricing? (Select all that apply.)

- Yes - Increased monitoring of new business volumes
- Yes - Increased monitoring of new business profitability
- Yes - Introduced new controls to stop / cap sales
- No changes - previous controls are sufficient

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Please indicate which of the following factors have challenged your organization's variable annuity (VA) pricing in the current environment. Select all that apply.

- Increased cost of hedging
- Declining government bond interest rates
- Rising credit spreads / default risk
- Increased / uncertain mortality & morbidity
- Regulatory uncertainty (7702, Non Forfeiture)
- Underwriting uncertainty
- Other (please describe) _____
- None of these factors have challenged pricing or product not relevant

Page Break _____

Please rank the following factors based on the degree to which they have challenged your organization's pricing for VA? Please rank 1 as most severe.

- _____ Increased cost of hedging
- _____ Declining government bond interest rates
- _____ Rising credit spreads / default risk
- _____ Increased / uncertain mortality & morbidity
- _____ Regulatory uncertainty (7702, Non Forfeiture)
- _____ Underwriting uncertainty
- _____ Other

Page Break

Please indicate which of the following factors have challenged your organization's fixed and/or fixed indexed annuity (FIA) pricing in the current environment. Select all that apply.

- Increased cost of hedging
- Declining government bond interest rates
- Rising credit spreads / default risk
- Increased / uncertain mortality & morbidity
- Regulatory uncertainty (7702, Non Forfeiture)
- Underwriting uncertainty
- Other (please describe) _____
- None of these factors have challenged pricing or product not relevant

Page Break

Please rank the following factors based on the degree to which they have challenged your organization's pricing for Fixed Annuities and FIA?

Please rank 1 as most severe.

- Increased cost of hedging
- Declining government bond interest rates
- Rising credit spreads / default risk
- Increased / uncertain mortality & morbidity
- Regulatory uncertainty (7702, Non Forfeiture)
- Underwriting uncertainty
- Other

Page Break

Please indicate which of the following factors have challenged your organization's term life pricing in the current environment. Select all that apply.

- Increased cost of hedging
- Declining government bond interest rates
- Rising credit spreads / default risk
- Increased / uncertain mortality & morbidity
- Regulatory uncertainty (7702, Non Forfeiture)
- Underwriting uncertainty
- Other (please describe) _____
- None of these factors have challenged pricing or product not relevant

Page Break _____

Please rank the following factors based on the degree to which they have challenged your organization's pricing for term life? Please rank 1 as most severe.

- _____ Increased cost of hedging
- _____ Declining government bond interest rates
- _____ Rising credit spreads / default risk
- _____ Increased / uncertain mortality & morbidity
- _____ Regulatory uncertainty (7702, Non Forfeiture)
- _____ Underwriting uncertainty
- _____ Other

Page Break

Please indicate which of the following factors have challenged your organization's permanent life pricing in the current environment. Select all that apply.

- Increased cost of hedging
- Declining government bond interest rates
- Rising credit spreads / default risk
- Increased / uncertain mortality & morbidity
- Regulatory uncertainty (7702, Non Forfeiture)
- Underwriting uncertainty
- Other (please describe) _____
- None of these factors have challenged pricing or product not relevant

Page Break _____

Please rank the following factors based on the degree to which they have challenged your organization's pricing for permanent life? Please rank 1 as most severe.

- _____ Increased cost of hedging
- _____ Declining government bond interest rates
- _____ Rising credit spreads / default risk
- _____ Increased / uncertain mortality & morbidity
- _____ Regulatory uncertainty (7702, Non Forfeiture)
- _____ Underwriting uncertainty
- _____ Other

Page Break

Has your organization changed any of the following pricing metrics in response to recent market conditions?

	Not used	No change to usage	Updated hurdle rates/targets	Increased focus	Other change
Statutory IRR or ROE	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Market-consistent views and/or forward rates	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Tail scenarios or sensitivities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other metrics (please specify)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

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Has your organization reviewed and/or updated any of the following assumptions in response to recent market conditions?

	Reviewed, not updated	Reviewed and updated	Not reviewed	Not Applicable
Long-term rate assumptions (e.g. mean reversion targets)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Long-term equity assumptions	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Mortality or morbidity	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Behavioral assumptions (e.g., lapses, premium patterns)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Capital levels	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Cost of capital/hurdle rates	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other (please describe)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

You indicated that some assumptions were reviewed and updated. Which product lines were reviewed and updated?

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You indicated that updates were made to long-term rate assumptions. Please indicate what types of updates were made.

Reduced ultimate rate

Increased ultimate rate

Shortened reversion period

Lengthened reversion period

Other (please describe) _____

Page Break

Are you hedging new business economics to mitigate market risk from when pricing is set and sales occur?

	Before COVID-19		During COVID-19		
	Yes	No	Yes	No	No but considering
Variable annuities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Registered index linked annuity / Indexed variable annuities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Fixed indexed annuities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Fixed annuities	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Whole Life	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Term Life	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Universal Life	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Indexed Universal Life	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Variable Universal Life	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
#{Q9a/ChoiceTextEntryValue/10}	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

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For equity-linked products, have you adjusted your options budget in pricing in response to current market conditions?

- Yes
- No, but considering
- No, not considering
- Not relevant

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To what extent are you passing widening credit spreads through to pricing?

- Fully
- Partially
- Not at all
- Other (please describe) _____

Page Break _____

Have you changed your approach to setting expected default losses on the investment portfolio?

- No - We use a long-term default assumption and have made no change
- No - We use a long-term default assumption, but are considering changes
- Yes - We use a long-term default assumption but have updated it for current conditions
- No - We use a current credit default assumption that changes with conditions

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What regulatory measures would provide your organization relief for your pricing concerns?

Page Break _____

What changes have been made to your organization's administrative procedures in light of the COVID-19 pandemic and current market conditions?

	Reviewed and changed	Reviewed and not changed	Not Reviewed	N/A
Shortening product change windows	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Changing maximum premiums allowed	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Changing rate hold procedures	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Changing frequency of field notification	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other (please describe)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Please list products for which you have shortened product change windows.

Please list products for which you have changed maximum premiums allowed.

Please list products for which you have changed rate hold procedures.

Please list products for which you have changed the frequency of field notifications.

Please describe what products have had changes in the Other category.

Page Break

What other product changes or restrictions have you made or are you considering?	Have made change	Have considered change	Have not considered change	Not relevant
Adjusting guarantees (e.g. floors)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Removing product features or options	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Limiting or removing ability to make future deposits	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Adjusting non-guaranteed elements	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Restricting life and health products for recent travelers to specific countries	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Restricting life and health products for age groups	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Restricting life and health products for specific US geographies	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Repricing life
and health
products for
COVID mortality
and morbidity



Excluding
COVID-related
mortality and
morbidity



Page Break

Please briefly describe any other changes or restrictions to products you have made or are considering in light of COVID-19 and current market conditions.

Page Break _____

How much are you concerned about team bandwidth with the increased need to make pricing and product changes compared to business as usual? Please indicate level of concern for each of the following functions.

	Highly concerned	Somewhat concerned	Not very concerned
Pricing	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Product implementation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Valuation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Hedging	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other (please describe)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Page Break

What regulatory measures would provide your organization relief for product changes?

Page Break _____

Regarding the potential lack of access to underwriting results, which of the following best describes your current situation?

- Have changed the underwriting process to address this
- Have had conversations but have not yet changed the underwriting process
- Have not taken any action nor had conversations regarding the change of the underwriting process
- Other (please describe) _____

Page Break

You indicated you have changed your underwriting process to address the potential lack of access to underwriting results. How have you changed your underwriting process? Please select all that apply.

- Using APS in place of fluid requirements
- Using phone screenings/face time screenings
- Increasing automated/accelerated underwriting limits
- Postponed or put underwriting on hold
- Other (please explain) _____

End of Block: Default Question Block

Start of Block: Ender

Thank you for taking the time to answer this survey.

Please click on "SUBMIT" to finalize your answers.

End of Block: Ender
