New Business and Product Survey

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:
Please provide your contact information.

- Company: ________________________________________________
- Role: ________________________________________________
- Name: ________________________________________________
- Email address: ________________________________________________

Function:

- Business Development
- Marketing
- Product Strategy & Design
- Actuarial
- Underwriting
- Product Pricing
- Other (please specify) ________________________________________________
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) ________________________________________________
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
_____ ${Q3/ChoiceTextEntryValue/10}$
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

<table>
<thead>
<tr>
<th>Product Category</th>
<th>Before COVID-19</th>
<th>During COVID-19</th>
</tr>
</thead>
<tbody>
<tr>
<td>Variable annuities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Registered index linked annuity / Indexed variable annuities</td>
<td></td>
<td></td>
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<tr>
<td>Fixed indexed annuities</td>
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<td></td>
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<td>Fixed annuities</td>
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<td>Whole Life</td>
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<td>Term Life</td>
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<td>Universal Life</td>
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<td>Indexed Universal Life</td>
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<td>Variable Universal Life</td>
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<tr>
<td>Other</td>
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</tbody>
</table>

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

<table>
<thead>
<tr>
<th>Metric</th>
<th>Not used</th>
<th>No change to usage</th>
<th>Updated hurdle rates/targets</th>
<th>Increased focus</th>
<th>Other change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Statutory IRR or ROE</td>
<td>○</td>
<td>○</td>
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<tr>
<td>Market-consistent views and/or forward rates</td>
<td>○</td>
<td>○</td>
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<tr>
<td>Tail scenarios or sensitivities</td>
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<tr>
<td>Other metrics (please specify)</td>
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</tbody>
</table>
Has your organization reviewed and/or updated any of the following assumptions in response to recent market conditions?

<table>
<thead>
<tr>
<th>Assumption</th>
<th>Reviewed, not updated</th>
<th>Reviewed and updated</th>
<th>Not reviewed</th>
<th>Not Applicable</th>
</tr>
</thead>
<tbody>
<tr>
<td>Long-term rate assumptions (e.g., mean reversion targets)</td>
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<tr>
<td>Long-term equity assumptions</td>
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<tr>
<td>Mortality or morbidity</td>
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<tr>
<td>Behavioral assumptions (e.g., lapses, premium patterns)</td>
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<tr>
<td>Capital levels</td>
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<tr>
<td>Cost of capital/hurdle rates</td>
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<tr>
<td>Other (please describe)</td>
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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) ____________________________________________
Are you hedging new business economics to mitigate market risk from when pricing is set and sales occur?

<table>
<thead>
<tr>
<th></th>
<th>Before COVID-19</th>
<th>During COVID-19</th>
<th>No but considering</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Yes</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td>Variable annuities</td>
<td>○</td>
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<tr>
<td>Variable Universal Life</td>
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<td>${Q9a/ChoiceTextEntryValue/10}</td>
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<td>○</td>
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</tbody>
</table>
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
To what extent are you passing widening credit spreads through to pricing?

- Fully
- Partially
- Not at all
- Other (please describe) ________________________________________________
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
What regulatory measures would provide your organization relief for your pricing concerns?

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

<table>
<thead>
<tr>
<th>Review Status</th>
<th>Reviewed and changed</th>
<th>Reviewed and not changed</th>
<th>Not Reviewed</th>
<th>N/A</th>
</tr>
</thead>
<tbody>
<tr>
<td>Shortening product change windows</td>
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<tr>
<td>Changing maximum premiums allowed</td>
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<tr>
<td>Changing rate hold procedures</td>
<td></td>
<td></td>
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<tr>
<td>Changing frequency of field notification</td>
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<tr>
<td>Other (please describe)</td>
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</tbody>
</table>

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
<table>
<thead>
<tr>
<th>What other product changes or restrictions have you made or are you considering?</th>
<th>Have made change</th>
<th>Have considered change</th>
<th>Have not considered change</th>
<th>Not relevant</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adjusting guarantees (e.g. floors)</td>
<td>o</td>
<td>o</td>
<td>o</td>
<td>o</td>
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<tr>
<td>Removing product features or options</td>
<td>o</td>
<td>o</td>
<td>o</td>
<td>o</td>
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<tr>
<td>Limiting or removing ability to make future deposits</td>
<td>o</td>
<td>o</td>
<td>o</td>
<td>o</td>
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<tr>
<td>Adjusting non-guaranteed elements</td>
<td>o</td>
<td>o</td>
<td>o</td>
<td>o</td>
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<tr>
<td>Restricting life and health products for recent travelers to specific countries</td>
<td>o</td>
<td>o</td>
<td>o</td>
<td>o</td>
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<tr>
<td>Restricting life and health products for age groups</td>
<td>o</td>
<td>o</td>
<td>o</td>
<td>o</td>
</tr>
<tr>
<td>Restricting life and health products for specific US geographies</td>
<td>o</td>
<td>o</td>
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<td>o</td>
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</tbody>
</table>
Repricing life and health products for COVID mortality and morbidity

Excluding COVID-related mortality and morbidity
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.

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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.

<table>
<thead>
<tr>
<th></th>
<th>Highly concerned</th>
<th>Somewhat concerned</th>
<th>Not very concerned</th>
</tr>
</thead>
<tbody>
<tr>
<td>Pricing</td>
<td>○</td>
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<td>○</td>
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<tr>
<td>Product implementation</td>
<td>○</td>
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<tr>
<td>Valuation</td>
<td>○</td>
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<tr>
<td>Hedging</td>
<td>○</td>
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<tr>
<td>Other (please describe)</td>
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</tbody>
</table>
What regulatory measures would provide your organization relief for product changes?

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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) ________________________________________________
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