

DATE: September 2, 2015

TO: IIPRC Product Standards Committee (PSC)

FROM: Fred Nepple, Sonja Larkin-Thorne, Consumer Advisory Committee
Representatives

SUBJECT: Actuarial Working Group evaluation of the suggested change to Guaranteed
Living Benefits-Benefit Base standard

“Transparency” is inadequate justification for one industry commenter’s suggestion that the minimum floor for calculation of the guaranteed benefit base for Guaranteed Living Benefits be removed. [See pages 7 and 8, of the July 29, 2015, Report and Recommendation to the Product Standards Committee for the Uniform Standards currently subject to 5-Year Review (Phase 5)]

The calculation floor in the current standard provides some minimal protection for the consumer. The consumer is not in a position to assess the costs of reduction, or elimination, of this protection or to evaluate whether its loss is offset by some unspecified benefit.

Before you consider this request further we urge you to ask the Actuarial Workgroup for its opinion regarding the proposal and particularly whether the current approach of a minimum floor provides adequate flexibility while still providing the consumer some degree of protection.

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