Hi Reggie,

John Hancock appreciates the opportunity to ask questions on the PBR YRT Field Study Results published and discussed at the 2020 Summer NAIC meetings on Aug 3rd and 6th.

Please see below.  We look forward to more discussions on this topic in the subsequent LATF calls.

1. As illustrated on page 16, OW had six representative PBR models reflecting different combinations of YRT rate scales and mortality credibility. Throughout the report, they compared results leveraging their “Baseline” model (YRT scale without FMI and high mortality credibility).  How would the interpretation survey graphs look if the results were based on different PBR models, for e.g., the “YRT scale with FMI and high mortality credibility” model?  Would it be beneficial to demonstrate and examine survey results based on alternate scenarios that could also be realistic, i.e. low/(high) YRT rates with high/(low) credibility?
2. Under a Principle-based reserving regime, we should expect a reasonable level of variability, reflecting different companies’ risk profiles and YRT treaties characteristics.   What are the regulators’ criteria on the level of variability? How much “reasonable variability” is expected?  How much is deemed as “excessive variability” that the regulators are looking to control or eliminate?
3. Page 8 shows a comparison of proposed solutions.  Can regulators discuss how they would define success for the YRT long-term solution?

Thank you!

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