Based on 2019-2021 study:

**Contracts with a GLWB: by SC Period Expiry Timing**

|  |  |
| --- | --- |
| **Row Labels** | **Sum of Surr Rate (AV)** |
| More than 5 yrs after | 5.0% |
| 5 yrs after | 4.8% |
| 4 yrs after | 5.1% |
| 3 yrs after | 6.0% |
| 2 yrs after | 6.0% |
| 1 yr after | 6.6% |
| Shock Yr | 12.7% |
| 1 yrs to expiry | 2.6% |
| 2 yrs to expiry | 2.1% |
| 3 yrs to expiry | 1.6% |
| 4 yrs to expiry | 1.3% |
| 5 yrs to expiry | 1.0% |
| More than 5 yrs to expiry | 0.5% |
| **Grand Total** | **3.9%** |

Comment: Note that assuming the original table has a similar exposure weighting by time to expiry as the current study, the overall time to expiry numbers look in line between the 2 tables.

**Contracts with a GLWB: by ITM and SC Period Expiry Timing**

There are only 900 GLWB exposures at ITM 125% or higher for contracts in the SC period (or years 1-5 for contracts with no SC). In order to create credibility in the data, the categories were collapsed to: Under 75%, 75% to<100% and 100% or more.

**All GLWB contracts:**

|  |  |  |  |
| --- | --- | --- | --- |
| ITM | In surrender charge period, or in policy years 1–3 for contracts without surrender charges | First year after the surrender charge period | Subsequent years, or in policy years 4 and onwards for contracts without surrender charges |
| Under 75% | 2.1% | 8.1% | 3.0% |
| 75-100% | 1.5% | 12.7% | 5.8% |
| 100% or more | 1.1% | 21.0% | 8.6% |

Comment: However, when you split by ITM level, although the pattern of lower surrs with higher ITM holds for contracts in the SC period, for contracts beyond the SC period, we are seeing a consistent pattern of higher surrenders with greater ITM - this is in contract to the last study.

The pattern is also the same for activated vs non activated contracts beyond SC period.

It is counterintuitive but we have seen this evolving with newer issues starting in the 2017-2018 studies.

**GLWB – have taken their first withdrawal under GLWB**

|  |  |  |  |
| --- | --- | --- | --- |
| ITM | In surrender charge period, or in policy years 1–3 for contracts without surrender charges | First year after the surrender charge period | Subsequent years, or in policy years 4 and onwards for contracts without surrender charges |
| Under 75% | 1.7% | 7.2% | 2.2% |
| 75-100% | 1.9% | 14.0% | 4.7% |
| 100% or more | 2.0% | 13.1% | 6.1% |

Comment: Same chart as above but for contracts under activation of income

**GLWB – have NOT taken their first withdrawal under GLWB**

|  |  |  |  |
| --- | --- | --- | --- |
| ITM | In surrender charge period, or in policy years 1–3 for contracts without surrender charges | First year after the surrender charge period | Subsequent years, or in policy years 4 and onwards for contracts without surrender charges |
| Under 75% | 3.6% | 9.7% | 5.3% |
| 75-100% | 1.3% | 11.8% | 6.8% |
| 100% or more | 0.9% | 23.8% | 10.8% |

Comment: Same chart as above but for contracts not yet under activation of income.

Just for reference, I am also providing a similar table to the GLWB above – by Time to SC Expiry – for contracts without a GLB.

**Contracts with NO GLWB: by SC Period Expiry Timing**

|  |  |
| --- | --- |
| **Time to SC Expiry** | **Sum of Surr Rate Amt** |
| More than 5 yrs after | 4.8% |
| 5 yrs after | 7.1% |
| 4 yrs after | 6.7% |
| 3 yrs after | 7.4% |
| 2 yrs after | 7.8% |
| 1 yr after | 9.2% |
| Shock Yr | 18.4% |
| In SC Period | 2.3% |
| More than 5 yrs to expiry | 0.5% |
| **Grand Total** | **4.9%** |