**NAIC Life Actuarial (A) Task Force Support Staff received Prudential’s feedback from Gary Hu on 6/3/24 regarding APF 2024-07 and the exposure questions.**

Hi Jennifer,

Please see Prudential’s comments:

#1, We would prefer to delay the implementation.  To implement the proposed mortality factors under the expanded characteristics will require some non-trivial changes to our models.  Having more time to test out the changes will be beneficial.

#2a, Our company utilized the latest ILVA lapse study from Milliman.  Their study showed lapse rates that were below 2% in the CDSC period.  We feel 2% is more aligned with their study.

#2b, We support 50%, based on ACLI’s comment – the proposed 60% relies too heavily on recent history.  While many companies likely experience shock lapse rates around this level in very recent years, prior to the recent interest rate increases assumed shock lapse rates were well below this level. A lower starting baseline would make more sense across a broader swath of economic environments.

Others,

* 6.C.6.f (ii), Using greater of company and prescribed ILVA shock lapse assumption makes this the only SPA not explicitly prescribed. What is the rationale for this?
* Is ILVA lapse assumption based on the ILVA only studies or VA only OW studies? If it is former, could NAIC share the studies? If it is latter, what is the supporting evidence that ILVA follows VA only lapse experience?

Thanks,

Gary