**Financial Analysis Solvency Tools (E) Working Group**

**Exposure Draft to Change Life IRIS Ratios No. 10 for a 30-day Public Comment Period**

**Public Comment Period Ends August 31, 2019**

Recommendation to change IRIS ratio 10 for more clear and accurate reporting since the 2019 Life/A&H/Fraternal Annual Statement reporting changes can now be reflected in both the Current Year and Prior Year columns of the ratio.

* Life IRIS Ratio 10 (Change in Product Mix) Change Recommendation
  + In 2019, the Analysis of Operations by Line of Business (page 6) was changed from a one page summary to six pages. As a result of that change, Ratio 10 could no longer be an exact pull from page 6. The ratio was modified in 2019 to attempt to accurately compare current year and prior year amounts. For 2020, Staff suggests using Exhibit 1 – Part 1 – Premiums and Annuity Considerations for Life & A&H (page 9) instead of the Analysis of Operations by Line of Business, which will match the components of prior years’ Ratio 10.

**Life IRIS Ratio No. 10 (Change in Product Mix)**

|  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | | | CURRENT YEAR AMOUNT | | | CY  % OF  TOTAL | | | PRIOR  YEAR  AMOUNT | | | | PY  % OF  TOTAL | | | COL (2)  LESS  COL (4)% | | |
|  | | | (1) | | | (2) | | | (3) | | | | (4) | | | (5) | | |
| Premiums & Annuity Considerations | | |  | | |  | | |  | | | |  | | |  | | |
| Page 9, Line 20.4 | | |  | | |  | | |  | | | |  | | |  | | |
| A. | Industrial Life, Column 2 | |  |  |  |  |  |  |  |  | |  |  |  |  |  |  |  |
| B. | Ordinary Life Ins, Column 3 | |  |  |  |  |  |  |  |  | |  |  |  |  |  |  |  |
| C. | Ind. Annuities, Column 4 | |  |  |  |  |  |  |  |  | |  |  |  |  |  |  |  |
| D. | Credit Life, Column 5 | |  |  |  |  |  |  |  |  | |  |  |  |  |  |  |  |
| E. | Group Life, Column 6 | |  |  |  |  |  |  |  |  | |  |  |  |  |  |  |  |
| F. | Group Annuities, Column 7 | |  |  |  |  |  |  |  |  | |  |  |  |  |  |  |  |
| G. | Group A&H, Column 8 | |  |  |  |  |  |  |  |  | |  |  |  |  |  |  |  |
| H. | Credit A&H, Column 9 | |  |  |  |  |  |  |  |  | |  |  |  |  |  |  |  |
| I. | Other A&H, Column 10 | |  |  |  |  |  |  |  |  | |  |  |  |  |  |  |  |
|  |  | |  |  |  |  |  |  |  |  | |  |  |  |  |  |  |  |
|  |  | |  |  |  |  |  |  |  |  | |  |  |  |  |  |  |  |
| J. | Total, Column 1 | |  |  |  |  |  |  |  |  | |  |  |  |  |  |  |  |
| K. | Total of Ratio Column 5 Disregarding Sign | | | | | | | |  |  | |  |  |  |  |  |  |  |
|  | | | | | | | | | | | | | | | |  |  |  |
| Result = M / 9 | | | | | | | | | | | | | | | |  | % |  |
| If J for either current or prior year is zero or negative, no result is calculated (NR). | | | | | | | | | | | | | | | | | | |
| * Ratio is calculated as follows: First determine the percentage of premium from each product line for CY and PY. Next, determine the difference in the percentage of premium between the two years for each product line. Finally, the total of these differences, without regard to sign, is divided by the number of product lines to determine the change in the percentage of premium for the average product line. | | | | | | | | | | | | | | | | | | |