Discussion Guide for CDA Subgroup Call

February 16, 2012
Agenda

• Roll Call

• Mr. Birny Birnbaum

• Academy CAWG

• Insurance Industry

• CDA Subgroup Update

• Other Matters

• Adjourn
Does policyholder retain market risk?

- Yes - - Based on stats for the hypothetical buyers (see 2/9 materials)

- But this does not mean the insurer is not taking market and/or investment risk
Definition of Key Terms

• **Hybrid income annuity**

  A contract that provides lifetime income benefits triggered by the depletion of, or change in the value of, assets held in an account for the annuitant. (An example of a hybrid income annuity is a guaranteed lifetime withdrawal benefit rider added to a variable annuity).

• **Synthetic hybrid income annuity**

  It’s also a hybrid income annuity, except that the assets in the account are not owned by the insurer.
CDA Subgroup’s Recommendations to A Committee

Major conclusion: If hybrid income annuities can be sold by life insurers, then so can synthetic hybrid income annuities. The majority agree with IPs that much of the regulatory structure is already in place, so...

Establish a new Working Group to review and develop recommendations for HIAs and SHIAs, specifically around solvency and consumer protection-related issues