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*Objective. Independent. Effective.™*

# Non-Variable Annuity PBR Update to LATF's VM-22 Subgroup

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# ARWG: Direction

- Our view of the direction of VM-22 continues to evolve
- Contributors to the evolution of the view
  - Desire for consistency, practicality, and simplicity
  - Variable Annuities Issues Working Group proposal
  - C-3 Capital treatment of Indexed Annuities proposal

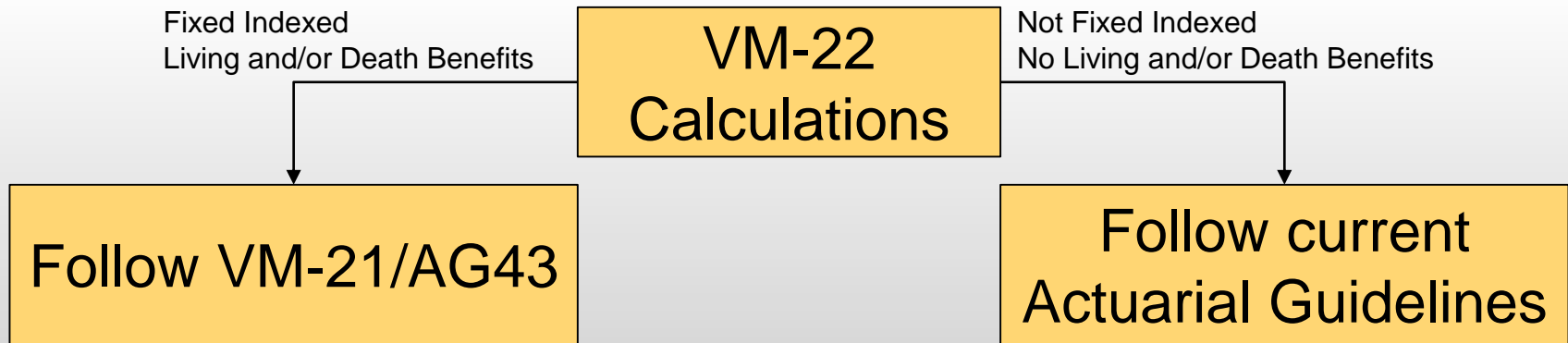


# ARWG: Objectives

- Consistency in reserve methodologies for all annuities
- Consistency in methodologies between reserves and capital calculations
- A floor reserve that does not dominate the modeled reserve
- “Right-Size” reserves for Fixed Indexed Annuities with Guaranteed Living and/or Death Benefits
- Exclude Payout and Fixed Annuities without Guaranteed Living and/or Death Benefits from stochastic calculations and continue with current reserve methodologies



# ARWG: Practical Approach



- Standard Scenario assumptions to be determined
- Meets objectives set out by the ARWG
  - Assuming the standard scenarios are calibrated to not dominate modeled reserve
- Issues/Considerations
  - Applied to all inforce or only new issues
  - More analysis is needed to determine how tax reserves would be determined under this approach
  - Aggregation across Lines of Business

