



AMERICAN ACADEMY *of* ACTUARIES

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August 16, 2018

Mike Boerner  
Chair, Life Actuarial (A) Task Force (LATF)  
National Association of Insurance Commissioners

Re: Recommendations for the 2019 Academy Life & Health Valuation Law Manual

Dear Mike,

Thank you for the opportunity to present on the Academy Life & Health Valuation Law Manual at the LATF meeting in Boston. The manual is a valuable tool for actuaries seeking to comply with state-specific valuation requirements, and we greatly appreciate the support we receive from regulators each year as we update the information.

As a result of the session, I have received helpful feedback from both regulators and other attendees; we plan to incorporate much of this feedback into the forthcoming version of the manual. I recognize that regulators from many states were not present for the presentation, so I am pleased to share the attached materials with you for distribution to a wider group.

The attached materials encompass only the changes that impact the information we request from regulators each year. Additional changes are proposed that will further improve the manual, but for simplicity I have omitted them from the materials.

Regulators are invited to send feedback to either Ian Trepanier ([trepanier@academy.org](mailto:trepanier@academy.org)) or me ([laura.hanson@allianzlife.com](mailto:laura.hanson@allianzlife.com)). If there is interest, I would be happy to present the slides from the Boston meeting via webinar.

Thank you for your help facilitating this discussion.

Regards,

Laura Hanson, MAAA, FSA  
Chairperson, Life & Health Valuation Law Manual Task Force  
American Academy of Actuaries

CC: Reggie Mazyck

**TABLE 1**  
BEFORE

STATE	Asset Adequacy Effective Date	RAAIS Required	RAAIS Contact	Comments
YY	1/1/04	No	Name, FSA, MAAA Address Email	

AFTER

<b>RAAIS Filing Guide</b>						
For complete annual filing information, visit the NAIC state filing webpage at <a href="http://www.naic.org/industry_filing_state_instructions.htm">http://www.naic.org/industry_filing_state_instructions.htm</a>						
D = Domestic Co   F = Foreign Co   P = Paper Filing Required   E = Electronic Filing Required   X = By Request Only						
	D	F	Contact	Mailing Address	Email, Phone	Comments
YY	P	X	Name, MAAA, FSA	Address Address	Email Phone	Comments

**TABLE 2**

Five states currently populate this table.  
No changes recommended at this time.

<b>Special Interpretations of Commissioners' Annuity Reserve Valuation Method (CARVM)</b>		
STATE	CITATION	COMMENTS
YY	§QQQQ	Comments

**TABLE 3**

Recommend Delete Table (Covered later in State Model Adoption Table)

<b>Status of Valuation of Life Insurance Policies Model Regulation 830 (Guideline XXX) in States</b>		
STATE	Regulation Adopted	Comments
YY	§QQQQ	Comments

**TABLE 4**

Recommend Delete Table (Covered later in State Mortality Table and Interest Rates Table)

<b>Status of Approval of 2012 IAR Mortality Table Model Regulation 821 Scheduled to be effective 1-1-2015, or else as noted</b>		
<b>STATE</b>	<b>Approved</b>	<b>Comments</b>
YY	Date	Comments

**TABLE 5**

BEFORE

<b>State</b>	<b>Status of Standard Valuation Law (SVL)</b>
YY	Comments

AFTER (PART A)

**SVL Variations Table**

<b>State</b>	<b>Life PBR Exemption (Follows Valuation Manual, State Specific, or NA)</b>	<b>Single State Exemption (Follows Model, State Specific, or NA)</b>	<b>Other/Describe</b>
YY	Follows Valuation Manual	Follows Model	

AFTER (PART B)

**Valuation Manual Adoption Table**

<b>State</b>	<b>Latest version adopted ("20XX Edition")</b>	<b>Valuation manual amendment adoption process (Automatic, Bulletin, State Law Update, Other/Describe)</b>
YY	Not adopted	
ZZ	2018	Bulletin

**TABLE 5b (New in 2018)**

BEFORE

Below is a list of recent NAIC activities which have impacted the state-specific valuation laws. The following tables describe how these changes will become effective in each state. Note: In the following tables, blank rows or columns indicate where information was not provided by the state.

1. These changes will become effective automatically via inclusion in the Valuation Manual or the NAIC Accounting Practices and Procedures Manual,
2. The state issues a bulletin to adopt the changes to the Valuation Manual and/or the NAIC Accounting Practices and Procedures Manual
3. The state will need to adopt a regulation or revise the statute in order to make these changes effective, or
4. The state will be required, by some other means, to make these revisions effective.

State	NAIC Law, Regulation or Actuarial Guideline	Response	Effective Date	Citation
XX	New: Actuarial Guideline XLVII— <i>The Application of Company Experience in the Calculation of Claim Reserves under the 2012 Group Long-Term Disability Valuation Table (AG47)</i>	1		

AFTER

**NAIC Activities Table**

Activity	Effective automatically via Valuation Manual or NAIC Accounting Practices and Procedures Manual	Bulletin required	Regulation or statute change required	Other (describe)	NA	No Response
AG 47 (New)	XX, YY, ZZ, AA, BB, II, LL, RR, PP	CC, DD, FF	GG, HH			

**STATE MORTALITY TABLE AND INTEREST RATE TABLES**

Recommend adding reference column; otherwise no changes

[STATE] – [Ordinary Life] – Mortality Tables and Interest Rates as of [Date]				
Effective Date	Reference	Method	Mortality Table	Interest Rate
Prior to 1-1-72 [1]	§Q-QQ-2			
1-1-72 to 8-22-76	§Q-QQ-5	Commissioners' Reserve Valuation Method (CRVM)	1958 CSO Mortality Table with not more than 3 year female age setback	3.5%
8-23-76 to 7-29-79	§Q-QQ-8	CRVM	No Change	4%
7-30-79 to 12-31-88	§Q-QQ-9	CRVM	1958 CSO Mortality Table with not more than 6 year female age setback	4.5%
1-1-89 to 12-31-08 [2]	§Q-QQ-12	CRVM	1980 CSO Ordinary Mortality Table, or at the election of the insurer for any one or more specified plans of life insurance, 1980 CSO Mortality Table with Ten-Year Select Mortality Factors, or any ordinary mortality table, adopted after 1980 by the NAIC, that is approved by regulation promulgated by the commissioner for use in determining the minimum standard of valuation for such policies [3]	Dynamic
1-1-04 [4] to 12-31-19[6]	§Q-QQ-14	CRVM	2001 CSO Mortality Table	Dynamic
1-1-07 to 12-31-19[6]	§Q-QQ-15	CRVM	2001 CSO Preferred Class Structure Mortality Table	Dynamic
1-1-09 [5] to 12-31-19 [6]	§Q-QQ-16	CRVM	Ultimate 1980 CSO Mortality Table for Preneed life insurance	Dynamic

[1] The current valuation law indicates the use of prior laws

[2] An earlier effective date could be elected in writing

[3] There is a 1-1-1985 effective date for the section of the law that applies to life insurance with a first year premium greater than the second year premium with no comparable additional benefit in the first year.

[4] Optional 1-1-2004; mandatory 1-1-2009

[5] Optional 1-1-2009; mandatory 1-1-2012

[6] Transition to the Valuation Manual is optional 1-1-2017, mandatory 1-1-2020. Refer to the [Valuation Manual section of this law manual] for more information.

**OTHER VALUATION RELATED LAWS AND REGULATIONS TABLES**

BEFORE

STATE		
OTHER VALUATION RELATED LAWS AND REGULATIONS		
TYPE OF BUSINESS	SECTION/REG	COMMENTS
Valuation Actuary	Ins. Code § QQQQ.QQ	Effective 1-1-2017, Standard Valuation Law (SVL) and NAIC Valuation Manual adopted. Valuation Manual 30 (VM-30) contains the latest model AOMR. The liability provision reads “the qualified actuary shall be liable for his or her negligence or other tortious conduct.” For interest rates, see New York Insurance Department’s website (updated each year). Amended to add reference to the NAIC valuation manual, amended effective 8-12-2016.
	Bull. 2000-QQ	Bulletin 2000-QQ testing adopted provisions similar to the NAIC Valuation of Life Insurance Policies Model Regulations (commonly known as Reg XXX), effective for policies issued 7-1-2000 to 12-31-2002.

AFTER

Recommend organization that uses NAIC model law/regulations as template.

Specific feedback requested about how to address state laws and regulations that do not follow NAIC models.

<b>[STATE] Model Adoption as of XX-XX-XXXX</b>				
#	Topic	State Section/Reg/Bull.	State Effective Date	State Variations (N/Y – Describe) and Applicable History
<a href="#">10</a>	Health Insurance Reserves		XX-XX-XXXX; superseded by VM-25*	
<a href="#">200</a>	Separate Accounts Funding Guaranteed Minimum Benefits Under Group Contracts			
<a href="#">205</a>	Annual Financial Reporting			
<a href="#">235</a>	Interest-Indexed Annuity			
<a href="#">250</a>	Variable Annuity			
<a href="#">255</a>	Modified Guaranteed Annuity			
<a href="#">270</a>	Variable Life Insurance			
<a href="#">360</a>	Consumer Credit Law		XX-XX-XXXX; superseded by VM-26*	

**[STATE] Model Adoption as of XX-XX-XXXX**

#	Topic	State Section/Reg/Bull.	State Effective Date	State Variations (N/Y – Describe) and Applicable History
<a href="#">370</a>	Consumer Credit Regulation			
<a href="#">582</a>	Life Insurance Illustrations			
<a href="#">585</a>	Universal Life Insurance			
<a href="#">620</a>	Accelerated Benefits		XX-XX-XXXX; superseded by VM-XX*	
<a href="#">640</a>	Long-Term Care Insurance Act			
<a href="#">641</a>	Long-Term Care Insurance Regulation			
<a href="#">675</a>	Uniform Fraternal Code			
<a href="#">695</a>	Synthetic Guaranteed Investment Contracts			
<a href="#">785</a>	Credit for Reinsurance Law			
<a href="#">786</a>	Credit for Reinsurance Regulation			
<a href="#">787</a>	Term and Universal Life Insurance Reserve Financing			
<a href="#">791</a>	Life and Health Reinsurance Agreements			
<a href="#">805</a>	Standard Nonforfeiture Law for Individual Deferred Annuities [NF]			
<a href="#">808</a>	Standard Nonforfeiture Law for Life Insurance [NF]			
<a href="#">811</a>	Unisex Nonforfeiture Standards for 1980 CSO and 1980 CET Mortality Tables [NF]			
<a href="#">812</a>	Smoker/Non-Smoker Mortality Tables for Reserves and Nonforfeiture Benefits			
<a href="#">814</a>	2001 CSO Mortality Table for Reserves and Nonforfeiture Benefits			

[STATE] Model Adoption as of XX-XX-XXXX

#	Topic	State Section/Reg/Bull.	State Effective Date	State Variations (N/Y – Describe) and Applicable History
<a href="#">815</a>	Preferred Mortality Tables for Reserves			
<a href="#">817</a>	Preneed Life Insurance Reserves and Nonforfeiture Values			
<a href="#">818</a>	Credit Life Insurance Reserves			
<a href="#">820</a>	Standard Valuation Law			
<a href="#">821</a>	Annuity Mortality Table for Reserves			
<a href="#">822</a>	Actuarial Opinion and Memorandum (2009)		XX-XX-XXXX; superseded by VM-30*	
<a href="#">830</a>	Valuation of Life Insurance Policies (Model XXX)			