

ACADEMY LIFE AND HEALTH VALUATION LAW MANUAL UPDATES



AMERICAN ACADEMY of ACTUARIES

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CHAIRPERSON, LIFE AND HEALTH VALUATION LAW MANUAL TASK FORCE

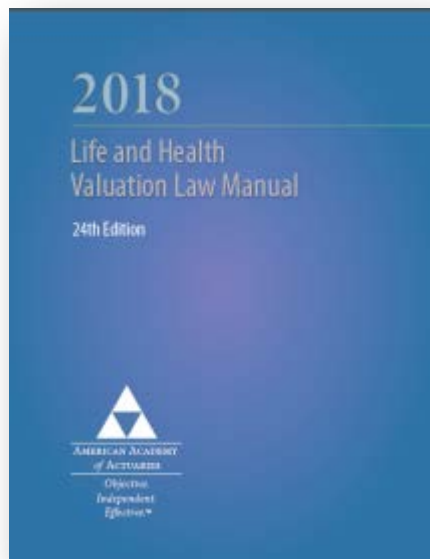
Agenda

1. Academy Life and Health Valuation Law Manual (L&HVLM) Background
2. Task Force Recommendations
3. LATF Discussion



L&HVLM Background

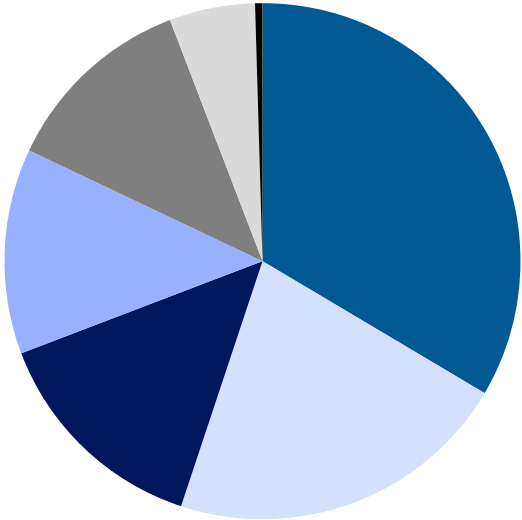
Trusted resource for actuaries seeking to comply with state-specific valuation and annual asset adequacy requirements



24th Edition published in 2018

2,000+ pages

L&HVLM Contents



- NAIC models
- State model adoption status
- Valuation manual
- State-approved mortality tables and interest rates
- Actuarial guidelines
- Regulatory updates
- RAAIS filing information

Academy Task Force

Review and make recommendations regarding its **purpose, scope, content, organization, and functionality**

Encourage and support improvements that will best serve the **evolving needs** of the Academy's membership, while recognizing the need to maintain clear guidance for both the **past and present**.



Task Force Recommendations

****PLEASE NOTE****

Recommendations in this presentation
are for discussion purposes only
and are subject to change.



Purpose & Scope

The purpose of the L&HVLM is to assist actuaries in complying with the state-specific requirements of SVL and the AOMR, as may be adopted in whole or in part by various states

- Recommend references to “VM-30” vs. “AOMR”
- Otherwise, no changes

No changes to scope



Content

Table 1 → RAAIS Filing Guide

BEFORE

TABLE 1 Actuarial Opinion and Memorandum Regulation				
STATE	Asset Adequacy Effective Date	RAAIS Required	RAAIS Contact	Comments
Alabama	1/1/04	No	Steven Ostlund, FSA, MAAA Alabama Dept. of Insurance 201 Monroe St., Suite 1700 PO Box 303351 Montgomery, AL 36130-3351 steven.ostlund@insurance.alabama.gov	Asset adequacy analysis exemption for companies that do business in Alabama and in no other state Preferred in electronic form

AFTER

RAAIS Filing Guide						
For complete annual filing information, visit the NAIC state filing webpage at http://www.naic.org/industry_filing_state_instructions.htm 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
AL	E	X	Steven Ostlund, MAAA, FSA	AL Department of Insurance 201 Monroe St., Suite 1700 PO Box 303351 Montgomery, AL 36130-3351	steven.ostlund@insurance.alabama.gov	Asset adequacy analysis exemption for companies that do business in AL and in no other state



Content

Table 2: Special Interpretations of CARVM (5)

- ▣ Still under discussion

Table 3: Status of Guideline XXX Approvals

- ▣ Remove (covered in state tables)

Table 4: Status of 2012 IAR Approvals

- ▣ Remove (covered in state tables)



Content

Table 5 → Split into Two Tables

Table "1": Valuation Manual Adoption

State	Latest version adopted ("20XX Edition")	Valuation manual amendment adoption process (Automatic, Bulletin, State Law Update, Other/Describe)
...		
DC	Not adopted	
...		
NE	2018	Bulletin
...		

Table "2": State Variations (SVL)

State	Life PBR Exemption (Follows Valuation Manual, State Specific, or NA)	Single State Exemption (Follows Model, State Specific, or NA)	Other/Describe
...			
IN	Follows Valuation Manual	Follows Model	
...			



Content

Table 5a: Valuation Manual Revisions (no changes)

- Table copied from VM Maintenance Agenda

VM Maintenance Agenda #	Valuation Manual Reference	Adopted July 17, 2017 By the Life Insurance and Annuities (A) Committee	LATF Adoption Date
...

- Remove copy of Valuation Manual from L&HVLM and link to NAIC website instead
- Add “Word compare” of the Valuation Manual in the L&HVLM showing changes from prior year



Content

Table 5b: NAIC Activity Updates

BEFORE

State	NAIC Law, Regulation or Actuarial Guideline	Response	Effective Date	Citation
MN	Amendments to the Health Insurance Reserves Model Regulation (#10) for new 2016 Cancer Claim Cost Valuation Tables	3		
	Amendments to the Actuarial Guideline XXXVIII—The Application of the Valuation of Life Insurance Policies Model Regulation (AG 38)	1		

AFTER

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)	AL, AZ, CA, DE, DC, FL, GA, HI, IL, IN, IA, KS, KY, LA, ME, MD, MA, MN, MS, MO, MT, NE, NV, NH, NJ, NM, NC, ND, NY, OH, OK, OR, PA, RI, SC, TN, TX, UT, VT, VA, WV, WI, WY	AR, CO, ID, MI, PR,	CT, SD, WA			



Content

Mortality Table and Interest Rate Tables


TEXAS – Group Insurance – Mortality Tables and Interest Rates as of 12/21/17				
Effective Date	Reference	Method	Mortality Table	Interest Rate
Prior to 5-15-47		CRVM	American Men Ultimate Table of Mortality	3% or 3.5%
5-15-47 to 12-31-60		CRVM	American Men Ultimate Table of Mortality or the 1941 CSO Mortality Table	3.5%
1-1-61 to 12-31-73		CRVM	Any mortality table that is adopted by the company with the approval of the Department of Insurance	3.5%
1-1-17 [1]		CRVM; VM-20, VM-A, VM-C[1]	2017 CSO Mortality Table including Blended and Preferred Class Structure; also see VM-20 and VM- M[1]	VM-20; Dynamic [1]



Content

“Other Valuation Related Laws and Regulations” Tables

BEFORE

CALIFORNIA Updated: 12/18/16		
OTHER VALUATION RELATED LAWS AND REGULATIONS		
TYPE OF BUSINESS	SECTION/REG	COMMENTS
	Ins. Code § 10489.1 to 10489.992	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. 2000-02	Bulletin 2000-02 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

CALIFORNIA Model Adoption as of XX-XX-XXXX				
#	Topic	Section/Reg/Bull.	State Effective Date	State Variations (N/Y – Describe)
10	Health Insurance Reserves	Reg Title 10 § 2310-2315; Reg Title 10 § 997	XX-XX-XXXX; superseded by VM-25*	
...				
820	Standard Valuation Law	Ins. Code § 10489.1 to 10489.992	XX-XX-XXXX	
...				
822	Actuarial Opinion and Memorandum		XX-XX-XXXX; superseded by VM-30*	See state special letter section



Content

NAIC Model Laws and Regulations Sections

- Remove copies from L&HVLM and link to NAIC website instead
- Add model revision history and AG and VM cross-references

#	Title	Rev. Years	Applicable AGs	Parallel VM
10	Health Insurance Reserves Model Regulation*		47, 50, 51	VM-25
...				
270	Variable Life Insurance Model Regulation		15, 23, 24	
...				
820	Standard Valuation Law		1, 2, 4-9, 9-A, 9-B, 9-C, 12, 13, 16, 18, 20, 21, 25-37, 40, 41, 43, 44	VM-05



Content

NY Regulations

- Add table introducing NY Regulations section
- Approach to amendments still under discussion

NY Regulation	Parallel Citation	Title	Amendments
102	11 NYCRR 127	Reinsurance Transactions by Authorized Life Insurers and Certain Other Authorized Insurers	
126	11 NYCRR 95	Regulations Governing an Actuarial Opinion and Memorandum	
128	11 NYCRR 97	Market Value Separate Accounts Funding Guaranteed Benefits; Separate Account Operations And Reserve Requirements	2014



Content

Actuarial Guidelines (AG)

- No changes
- Style note: Use cardinal numbers when referencing AGs

Generally Distributed Interpretations

- Overlap with other sections (SVL variations, state tables)
- Merge with other sections and then delete



Organization

BEFORE

Preface

- Background
- Description of Manual
- Standard Valuation Law (SVL) & AOMR
- Guidance in Using the Manual
- Disclaimer, Copyrights and Permissions

Tables (1, 2, 3, 4, 5, 5a, 5b)

Current Topics

- *SVL/VM*
- *AOMR*
- *State Letters (Discussion)*
- *Other Valuation Related Topics (AGs, models, VM updates, copies of state letters)*

Part I. State Valuation Law Summaries

- *Mortality Tables and Interest Rates*
- *Other Valuation Related Laws and Regulations*

Part IIA. NAIC Models - Current Versions + VM (copies)

- List of Models by Name

Part IIB. New York Regulations

- List of Regulations (102, 126, 128, 147, 151, 179)

Part IIC. NAIC Models - Prior Versions (copies)

- List of Models by Name/Year

Part IIIA. NAIC Actuarial Guidelines

- TOC
- Actuarial Guideline Summaries
- *Current AGs (copies)*

Part IIIB. NAIC AGs - Prior Versions

- List of AGs (AG XXXVIII, XLVII, XLVIII, XLIX)

Part IV. ASOPs

Part V. Generally Distributed Interpretations

AFTER

1 Preface

- 1.1 Background
- 1.2 Changes from Previous Manual
- 1.3 Disclaimer, Copyrights and Permissions

2 Annual Filings

- 2.1 RAAIS Filing Guide
- 2.2 State Special Letters (Links)

3 Valuation Manual

- 3.1 Introduction/Links/"Current Topics"
- 3.2 VM State Adoption Table
- 3.3 Redline compare to previous year

4 Model Laws and Regulations

- 4.1 Introduction/"Current Topics"
- 4.2 Current TOC with links to NAIC website
- 4.3 Prior TOC (why included) with copies

5 State Tables

- 5.1 State Variations in SVL
- 5.2 Model Law Adoption Tables
- 5.3 Mortality Tables and Interest Rates

6 New York Regulations

- 6.1 TOC
- 6.2 Current Versions? Prior Versions?

7 Actuarial Guidelines

- 7.1 Introduction/"Current Topics"
- 7.2 Actuarial Guideline Summaries
- 7.3 Current TOC with copies
- 7.4 Prior TOC (why included) with copies

8 ASOPs



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Functionality

Current L&HVLM delivered as a PDF

- ▣ Universal, easy viewing
- ▣ Inflexible

Add bookmarks to improve navigation within document

Task force brainstorming ideas for future editions

- ▣ Suggestions welcome!



LATF Discussion

Valuation Manual

- ▣ How many versions supported online?

Maintenance Agenda

- ▣ Update frequency?
- ▣ Future maintenance?
- ▣ Adopted APF tab?



Summary

New organization and content changes intended to make updates easier and enhance user value

Opportunity to partner with LATF to understand approach to the publication and change documentation of the NAIC Valuation Manual



Questions or Comments?

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