

Life Actuarial (A) Task Force/ Health Actuarial (B) Task Force Amendment Proposal Form*

1. Identify yourself, your affiliation and a very brief description (title) of the issue.

American Academy of Actuaries, Life Reserves Work Group

Addition of language to clarify the definition of individually underwritten life insurance and the applicability of Principle-Based Reserve (PBR) requirements for group insurance contracts with individual risk selection issued under insurance certificates.

2. Identify the document, including the date if the document is “released for comment,” and the location in the document where the amendment is proposed:

January 1, 2020, version of the Valuation Manual used.

3. Show what changes are needed by providing a red-line version of the original verbiage with deletions and identify the verbiage to be deleted, inserted or changed by providing a red-line (turn on “track changes” in Word®) version of the verbiage. (You may do this through an attachment.)

See Appendix.

4. State the reason for the proposed amendment? (You may do this through an attachment.)

Individual insurance certificates issued under a group contract which utilize an individual risk selection process, pricing, premium rate structures and product features are similar to individual life insurance policies. They are currently excluded from VM-20 because they are filed under a group contract, but they should be subject to VM-20 due to this similarity. See Appendix.

* This form is not intended for minor corrections, such as formatting, grammar, cross-references or spelling. Those types of changes do not require action by the entire group and may be submitted via letter or email to the NAIC staff support person for the NAIC group where the document originated.

NAIC Staff Comments:

Dates: Received	Reviewed by Staff	Distributed	Considered
3/19/19			
Notes: APF 2019-33			

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Appendix

Issue

Certain contracts issued under a master group contract require individual risk selection in order to qualify for issuance of the group insurance certificate and do not require continued membership in the group in order to maintain coverage. The certificates have similar acquisition approaches, provisions, certificate-holder rights, pricing and risk classification, and are managed in a similar manner as individual ordinary life insurance contracts. These individual certificates should follow the same reserve requirements as other individual life contracts of the same product type. Therefore, a change is needed within the *Valuation Manual* to bring these individual certificates into scope of VM-20.

EightSeven changes are recommended:

- 1) Within the Reserve Requirements section (Section II), change the minimum reserve requirements to also apply to group life contracts which, other than the difference between issuing a policy and issuing a group certificate, have the same or mostly similar contract provisions, risk selection process and underwriting as individual ordinary life contracts;
- 2) Within the Reserve Requirements section (Section II), add a transition period for individual group certificates issued on or before 1/1/2024;
- 3) –Within the Reserve Requirements section (Section II), add language to Subsection 1.D and the corresponding footnote to include premiums from group life contracts which have individual certificates that were issued using individual risk selection processes;
- 4) Add new paragraph, VM-20 Section 1.B (and reformat to make current paragraph Section 1.A) to clarify group life certificates issued using individual risk selection processes, including a definition for individual risk selection process, are subject to the requirements of VM-20;
- 5) Add guidance note after first sentence in VM-20 Section 2.A.1 that group life certificates that meet the definition for individual risk selection process use the same VM-20 Reserving Categories as defined in Section 2;
- 6) Modify VM-51 Section 2.B to no longer exempt individually solicited group life which meet the requirements and definitions under items (1) and (2) above; and
- 7) Modify VM-51, Appendix 4, Item 17 to no longer exempt individually solicited group life contracts which meet the requirements under items (1) and (2) above.

Referral to the NAIC Blanks (E) Working Group, to revise the PBR Supplemental Report VM-20 Reserves Supplement, Part 3 to report premiums, reserves, claims, etc. for total Group Life and Group Life with an individual risk selection process as defined in VM-20 Section 1.B separately.

8)

VM Changes 1, 2 and 3 – II. Reserve Requirements

II. Reserve Requirements

This section provides the minimum reserve requirements by type of product, as set forth in the seven subsections below, as follows:

- (1) Life Insurance Products
- (2) Annuity Products
- (3) Deposit-Type Contracts
- (4) Health Insurance Products
- (5) Credit Life and Disability Products
- (6) Riders and Supplemental Benefits
- (7) Claim Reserves

All reserve requirements provided by this section relate to business issued on or after the operative date of the *Valuation Manual*. All reserves must be developed in a manner consistent with the requirements and concepts stated in the Overview of Reserve Concepts in Section I of the *Valuation Manual*.

Guidance Note: The terms “policies” and “contracts” are used interchangeably.

Subsection 1: Life Insurance Products

- A. This subsection establishes reserve requirements for all contracts issued on and after the operative date of the *Valuation Manual* that are classified as life contracts as defined in SSAP No. 50 in the AP&P Manual, with the exception of annuity contracts and credit life contracts. Minimum reserve requirements for annuity contracts and credit life contracts are provided below in subsection 2 and subsection 5, respectively.
- B. Minimum reserve requirements for variable and nonvariable individual life contracts—excluding guaranteed issue life contracts, preneed life contracts, industrial life contracts, and policies of companies exempt pursuant to the life PBR exemption in paragraph D below—are provided by VM-20, Requirements for Principle-Based Reserves for Life Products, except for election of the transition period in paragraph C below. For this purpose, joint life policies are considered individual life.
1. Minimum reserve requirements for group life contracts in which the individual certificate holders were subjected to an individual risk selection process as described in VM-20 Section 1.B to obtain the insurance coverage are provided by VM-20, except for election of the transition period in paragraph C below.
 - ~~1.2.~~ Minimum reserve requirements of VM-20 are considered principle-based valuation requirements for purposes of the *Valuation Manual*.
 3. Minimum reserve requirements for life contracts not subject to VM-20 are those pursuant to applicable requirements in VM-A and VM-C. For guaranteed issue life contracts issued after Dec. 31, 2018, mortality tables are defined in VM Appendix M – Mortality Tables (VM-M), and the same table shall be used for reserve requirements as is used for minimum nonforfeiture requirements as defined in VM-02, Minimum Nonforfeiture Mortality and Interest.

C. A company may elect to establish minimum reserves pursuant to applicable requirements in VM-A and VM-C for:

1. Business described in Section B.1 above and issued on or after the operative date of the Valuation Manual and prior to 1/1/20222024.
2. Business not described Section B.1 otherwise subject to VM-20 requirements and issued during the first three years following the operative date of the Valuation Manual.

A company electing to establish reserves using the requirements of VM-A and VM-C may elect to use the 2017 Commissioners' Standard Ordinary (CSO) Tables as the mortality standard following the conditions outlined in VM-20 Section 3. If a company during the three years elects to apply VM-20 to a block of such business, then a company must continue to apply the requirements of VM-20 for future issues of this business.

D. Life PBR Exemption

1. A company meeting the condition in D.2 below may file a statement of exemption for ordinary life insurance policies and group life contracts individually underwritten life insurance policies, except for policies in D.3 below, issued directly or assumed during the current calendar year, that would otherwise be subject to VM-20. Such a statement must be filed with the domiciliary commissioner prior to July 1 of that year certifying that condition D.2 was met based on premiums from the prior calendar year annual statement. The statement of exemption must also be included with the NAIC filing for the second quarter of that year.

The domiciliary commissioner may reject such statement prior to Sept. 1 and require the company to follow the requirements of VM-20 for the ordinary life policies covered by the statement.

2. Condition for Exemption:

- a. The company has less than \$300 million of ordinary life premiums¹, and if the company is a member of an NAIC group of life insurers, the group has combined ordinary life premiums¹ of less than \$600 million.

3. Policies Excluded from the Life PBR Exemption:

- a. Universal life with secondary guarantee (ULSG) policies with a secondary guarantee that does not meet the VM-01, Definitions for Terms in Requirements, definition of a "non-material secondary guarantee."

4. Each exemption, or lack of an exemption, applies only to policies issued or assumed in the current year, and it applies to all future valuation dates for those policies. The minimum reserve requirements for the ordinary life policies subject to the exemption are those pursuant to applicable methods required in VM-A and VM-C using the mortality as defined in VM-20 Section 3.C.1 and VM-M Section 1.H.

Footnote change

¹Premiums are measured as direct plus reinsurance assumed from an unaffiliated company from the ordinary life line of business reported in the prior calendar year life/health annual financial statement, Exhibit 1, Part 1, Column 3, "Ordinary Life Insurance". For exemptions after 1/1/2024, premiums should also include the premiums from group life insurance certificates that were subject to an individual risk selection process as defined in VM-20 Section 1.B and included in the group life certificates subject to an individual risk selection process line of business reported in the prior calendar year life/health annual financial statement, VM-20 Reserves Supplement Exhibit 1, Part 1, Column 4?? PBR Supplement, Part 3 [A1] Group Life. -Premiums should exclude premiums for guaranteed issue policies and preneed life contracts and excluding amounts that represent the transfer of reserves in force as of the effective date of a reinsurance assumed transaction

and are reported in Exhibit 1 Part 1, Column 3 as ordinary life insurance premium. Preneed and guaranteed issue life insurance policy are ~~is~~ as defined in VM-01.

VM Change 4 – VM-20: Requirements for Principle-Based Reserves for Life Products

VM-20: Requirements for Principles-Based Reserves for Life Products

Section 1: Purpose

- A. These requirements establish the minimum reserve valuation standard for individual life insurance policies issued on or after the operative date of the *Valuation Manual* and subject to a principle-based valuation with an NPR floor under Model #820. These requirements constitute the Commissioners Reserve Valuation Method (CRVM) for policies of individual life insurance.
- B. These requirements establish the minimum reserve valuation standard for group life insurance certificates in which an individual risk selection process is used to obtain group life insurance coverage, and which are issued on or after the operative date of the *Valuation Manual* and subject to a principle-based valuation with an NPR floor under Model #820. -An individual risk selection process is based on characteristics of the insured(s) beyond sex, gender, age, and membership in a particular group.- This may include, but is not limited to, completion of an application, questionnaire(s) or tele-interview (beyond acknowledgement of membership to the group master policyowner, sex, gender and age), the use of non-medical information, medical or health history information, prescription history information, avocations, usage of tobacco, family history, or submission of fluids such as blood, Home Office Specimens (HOS), or oral fluid.- The resulting risk classification is determined based on the characteristics of the individual insured(s) rather than the group, if any, of which it is a member (e.g., employer, affinity, etc.).

Section 2: Minimum Reserve

- A. All policies subject to these requirements shall be included in one of the VM-20 Reserving Categories, as specified in Section 2.A.1, Section 2.A.2 and Section 2.A.3 below.

Guidance Note: Since Group Insurance subject to an individual risk selection process, as defined by Section 1.B, is subject to VM-20 requirements, Section 2.A shall apply—meaning that any such contracts will be included in one of the VM-20 Reserving Categories defined by Section 2.A.1, Section 2.A.2, and 2.A.3. All requirements in VM-31 which apply to a VM-20 Reserving Category shall apply to any group insurance subject to Individual Underwriting Selection that has been included in that VM-20 Reserving Category.

The company may elect to exclude one or more groups of policies from the stochastic reserve calculation and/or the deterministic reserve calculation. When excluding a group of policies from a reserve calculation, the company must document that the applicable exclusion test defined in Section 6 is passed for that group of policies. The minimum reserve for each VM-20 Reserving Category is defined by Section 2.A.1, Section 2.A.2 and Section 2.A.3, and the total minimum reserve equals the sum of the Section 2.A.1, Section 2.A.2 and Section 2.A.3 results below, defined as:

VM-51: Experience Reporting Formats

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Section 2: Statistical Plan for Mortality

A. Type of Experience Collected Under This Statistical Plan

The type of experience to be collected under this statistical plan is mortality experience.

B. Scope of Business Collected Under This Statistical Plan

The data for this statistical plan is the individual ordinary life line of business. Such business is to include direct written business issued in the U.S., and all values should be prior to any reinsurance ceded. Therefore, reinsurance assumed from a ceding company shall be excluded from data collection to avoid double-counting of experience submitted by an issuer and by its reinsurers; however, assumption reinsurance of an individual ordinary life line of business, where the assuming company is legally responsible for all benefits and claims paid, shall be included within the scope of this statistical plan. The ordinary life line of business does not include separate lines of business, such as SI/GI, worksite, individually solicited group life that did not use an individual risk selection process as defined in VM-20 Section 1.B, direct response, final expense, pre-need, home service, credit life and COLI/ BOLI/charity-owned life insurance (CHOLI).

C. Criteria to Determine Companies That Are Required to Submit Experience Data

Companies with less than \$50 million of direct individual life premium shall be exempted from reporting experience data required under this statistical plan. This threshold for exemption shall be measured based on aggregate premium volume of all affiliated companies and shall be reviewed annually and be subject to change by the Experience Reporting Agent. At its option, a group of nonexempt affiliated companies may exclude from these requirements affiliated companies with less than \$10 million direct individual life premium provided that the affiliated group remains nonexempt.

Additional exemptions may be granted by the Experience Reporting Agent where appropriate, following consultation with the domestic insurance regulator, based on achieving a target level of approximately 85% of industry experience for the type of experience data being collected under this statistical plan.

VM Change 7 – VM-51: Experience Reporting Formats, Appendix 4: Mortality Data Elements and Format

ITEM	COLUMN	L	DATA ELEMENT	DESCRIPTION
1	1–5	5	NAIC Company Code	Your NAIC Company Code
2	6–9	4	Observation Year	Enter Calendar Year of Observation
3	10–29	20	Policy Number	Enter Policy Number. For Policy Numbers with length less than 20, left justify the number, and blank fill the empty columns. Any other unique identifying number can be used instead of a Policy Number for privacy reasons.
4	30–32	3	Segment Number	<p>If only one policy segment exists, enter segment number '1.' For a single life policy, the base policy is to be put in the record with segment number '1.' Subsequent policy segments are in separate records with information about that coverage and differing segment numbers.</p> <p>For joint life policies, the base policy of the first life is to be put in a record with segment number '1,' and the base policy of the second life is to be put in a separate record with segment number '2.' Joint life policies with more than two lives are not to be submitted. Subsequent policy segments are in separate records with information about that coverage and differing segment numbers.</p> <p>Policy segments with the same policy number are to be submitted for:</p> <ul style="list-style-type: none"> a) Single life policies; b) Joint life policies; c) Term/paid up riders; or d) Additional amounts of insurance including purchase through dividend options.
5	33–34	2	State of Issue	Use standard, two-letter state abbreviation codes (e.g., NY for New York)
6	35	1	Gender	0 = Unknown or unable to subdivide 1 = Male 2 = Female 3 = Unisex – Unknown or unable to identify 4 = Unisex – Male 5 = Unisex – Female
7	36–43	8	Date of Birth	Enter the numeric date of birth in YYYYMMDD format
8	44	1	Age Basis	0 = Age Nearest Birthday 1 = Age Last Birthday 2 = Age Next birthday Drafting Note: Professional actuarial organization will need to develop either age next birthday mortality tables or procedure to adapt existing mortality tables to age next birthday basis.
9	45–47	3	Issue Age	Enter the insurance Issue Age

10	48-55	8	Issue Date	Enter the numeric calendar year in YYYYMMDD format.
ITEM	COLUMN	L	DATA ELEMENT	DESCRIPTION
11	56	1	Smoker Status (at issue)	Smoker status should be submitted where reliable. 0 = Unknown 1 = No tobacco usage 2 = Nonsmoker 3 = Cigarette smoker 4 = Tobacco user
12	57	1	Preferred Class Structure Indicator	0 = If no reliable information on multiple preferred and standard classes is available or if the policy segment was issued substandard or if there were no multiple preferred and standard classes available for this policy segment or if preferred information is unknown. 1 = If this policy was issued in one of the available multiple preferred and standard classes for this policy segment. Note: If Preferred Class Structure Indicator is 0, or if preferred information is unknown, leave next four items blank.
13	58	1	Number of Classes in Nonsmoker Preferred Class Structure	If Preferred Class Structure Indicator is 0 or if Smoker Status is 0, 3 or 4, or if preferred information is unknown, leave blank. For nonsmoker or no tobacco usage policies that could have been issued as one of multiple preferred and standard classes, enter the number of nonsmoker preferred and standard classes available at time of issue.
14	59	1	Nonsmoker Preferred Class	If Preferred Class Structure Indicator is 0 or if Smoker Status is 0, 3 or 4, or if preferred information is unknown, leave blank. For nonsmoker policy segments that could have been issued as one of multiple preferred and standard classes: 1 = Best preferred class 2 = Next Best preferred class after 1 3 = Next Best preferred class after 2 4 = Next Best preferred class after 3 5 = Next Best preferred class after 4 6 = Next Best preferred class after 5 7 = Next Best preferred class after 6 8 = Next Best preferred class after 7 9 = Next Best preferred class after 8 Note: The policy segment with the highest nonsmoker Preferred Class number should have that number equal to the Number of Classes in Nonsmoker Preferred Class Structure.

15	60	1	Number of Classes in Smoker Preferred Class Structure	<p>If Preferred Class Structure Indicator is 0 or if Smoker Status is 0, 1 or 2, or if preferred information is unknown, leave blank.</p> <p>For smoker or tobacco user policies that could have been issued as one of multiple preferred and standard classes, enter the number of smoker preferred and standard classes available at time of issue.</p>
ITEM	COLUMN	L	DATA ELEMENT	DESCRIPTION
16	61	1	Smoker Preferred Class	<p>If Preferred Class Structure Indicator is 0 or if Smoker Status is 0, 1 or 2, or if preferred information is unknown, leave blank.</p> <p>For smoker policy segments that could have been issued as one of multiple preferred and standard classes:</p> <p>1 = Best preferred class 2 = Next Best preferred class after 1 3 = Next Best preferred class after 2 4 = Next Best preferred class after 3 5 = Next Best preferred class after 4 6 = Next Best preferred class after 5 7 = Next Best preferred class after 6 8 = Next Best preferred class after 7 9 = Next Best preferred class after 8</p> <p>Note: The policy segment with the highest Smoker Preferred Class number should have that number equal to the Number of Classes in Smoker Preferred Class Structure.</p>
17	62–63	2	Type of Underwriting Requirements	<p>If underwriting requirement of ordinary business is reliably known, use code other than “99.” Ordinary business does not include separate lines of business, such as simplified issue/guaranteed issue, worksite, individually solicited group life <u>that did not use an individual risk selection process as defined in VM-20, Section 1.B.</u> direct response, final expense, pre-need, home service and COLI/BOLI/CHOLI.</p> <p>01 = Underwritten, but unknown whether fluid was collected 02 = Underwritten with no fluid collection 03 = Underwritten with fluid collected 06 = Term Conversion 07 = Group Conversion 09 = Not Underwritten 99 = For issues where underwriting requirement unknown or unable to subdivide</p>

18	64	1	Substandard Indicator	<p>0 = Policy segment is not substandard 1 = Policy segment is substandard 2 = Policy segment is uninsurable</p> <p>Note:</p> <ul style="list-style-type: none"> a. All policy segments that are substandard need to be identified as substandard or uninsurable. b. Submission of substandard policies is optional. c. If feasible, identify substandard policy segments where temporary flat extra has ceased as substandard.
ITEM	COLUMN	L	DATA ELEMENT	DESCRIPTION
19	65-67	3	Plan	<p>Exclude from contribution: spouse and children under family policies or riders. If Form for Additional Plan Codes was submitted for this policy, enter unique three-digit plan number(s) that differ from the plan numbers below:</p> <p>000 = If unable to distinguish among plan types listed below 100 = Joint life plan unable to distinguish among joint life plan types listed below</p> <p>Permanent Plans: 010 = Traditional fixed premium fixed benefit permanent plan 011 = Permanent life (traditional) with term 012 = Single premium whole life 013 = Econolife (permanent life with lower premiums in the early durations) 014 = Excess interest whole life 015 = First to die whole life plan (submit separate records for each life) 016 = Second to die whole life plan (submit separate records for each life) 017 = Joint whole life plan – unknown whether 015 or 016 (submit separate records for each life) 018 = Permanent products with non-level death benefits 019 = Permanent plans 010, 011, 012, 013, 014, 015, 016, 017, 018 combined (i.e. unable to separate)</p> <p>Term Insurance Plans: 020 = Term (traditional level benefit and attained age premium) 021 = Term (level death benefit with guaranteed level premium for five years and anticipated level term period for five years) 211 = Term (level death benefit with guaranteed level premium for five years and anticipated level term period for 10 years) 212 = Term (level death benefit with guaranteed level premium for five years and anticipated level term period for 15 years) 213 = Term (level death benefit with guaranteed level premium for five years and anticipated level term period for 20 years)</p>

				<p>214 = Term (level death benefit with guaranteed level premium for five years and anticipated level term period for 25 years)</p> <p>215 = Term (level death benefit with guaranteed level premium for five years and anticipated level term period for 30 years)</p> <p>022 = Term (level death benefit with guaranteed level premium for 10 years and anticipated level term period for 10 years)</p> <p>221 = Term (level death benefit with guaranteed level premium for 10 years and anticipated level term period for 15 years)</p> <p>222 = Term (level death benefit with guaranteed level premium for 10 years and anticipated level term period for 20 years)</p> <p>223 = Term (level death benefit with guaranteed level premium for 10 years and anticipated level term period for 25 years)</p> <p>224 = Term (level death benefit with guaranteed level premium for 10 years and anticipated level term period for 30 years)</p> <p>023 = Term (level death benefit with guaranteed level premium for 15 years and anticipated level term period for 15 years)</p> <p>231 = Term (level death benefit with guaranteed level premium for 15 years and anticipated level term period for 20 years)</p> <p>232 = Term (level death benefit with guaranteed level premium for 15 years and anticipated level term period for 25 years)</p> <p>233 = Term (level death benefit with guaranteed level premium for 15 years and anticipated level term period for 30 years)</p> <p>024 = Term (level death benefit with guaranteed level premium for 20 years and anticipated level term period for 20 years)</p> <p>241 = Term (level death benefit with guaranteed level premium for 20 years and anticipated level term period for 25 years)</p> <p>242 = Term (level death benefit with guaranteed level premium for 20 years and anticipated level term period for 30 year)</p> <p>025 = Term (level death benefit with guaranteed level premium for 25 years and anticipated level term period for 25 years)</p> <p>251 = Term (level death benefit with guaranteed level premium for 25 years and anticipated level term period for 30 year)</p> <p>026 = Term (level death benefit with guaranteed level premium for 30 years and anticipated level term period for 30 years)</p> <p>027 = Term (level death benefit with guaranteed level premium period equal to anticipated level term period where the period is other than five, 10, 15, 20, 25 or 30 years)</p> <p>271 = Term (level death benefit with guaranteed level premium period not equal to anticipated level term period, where the periods are other than five, 10, 15, 20, 25 or 30 years)</p> <p>028 = Term (decreasing benefit)</p>
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			<p>040 = Select ultimate term (premium depends on issue age and duration)</p> <p>041 = Return of Premium Term (level death benefit with guaranteed level premium for 15 years)</p> <p>042 = Return of Premium Term (level death benefit with guaranteed level premium for 20 years)</p> <p>043 = Return of Premium Term (level death benefit with guaranteed level premium for 25 years)</p> <p>044 = Return of Premium Term (level death benefit with guaranteed level premium for 30 years)</p> <p>045 = Return of Premium Term (level death benefit with guaranteed level premium for period other than 15, 20, 25 or 30 years)</p> <p>046 = Economatic term</p> <p>059 = Term plan, unable to classify</p> <p>101 = First to die term plan (submit separate records for each life)</p> <p>102 = Second to die term plan (submit separate records for each life)</p> <p>103 = Joint term plan – unknown whether 101 or 102 (submit separate records for each life)</p> <p>Universal Life Plans (Other than Variable), issued without a Secondary Guarantee:</p> <p>061 = Single premium universal life</p> <p>062 = Universal life (decreasing risk amount)</p> <p>063 = Universal life (level risk amount)</p> <p>064 = Universal life – unknown whether code 062 or 063</p> <p>065 = First to die universal life plan (submit separate records for each life)</p> <p>066 = Second to die universal life plan (submit separate records for each life)</p> <p>067 = Joint life universal life plan – unknown whether code 065 or 066 (submit separate records for each life)</p> <p>068 = Indexed universal life</p> <p>Universal Life Plans (Other than Variable) with Secondary Guarantees:</p> <p>071 = Single premium universal life with secondary guarantees</p> <p>072 = Universal life with secondary guarantees (decreasing risk amount)</p> <p>073 = Universal life with secondary guarantees (level risk amount)</p> <p>074 = Universal life with secondary guarantees – unknown whether code 072 or 073</p> <p>075 = First to die universal life plan with secondary guarantees (submit separate records for each life)</p> <p>076 = Second to die universal life plan with secondary guarantees (submit separate records for each life)</p> <p>077 = Joint life universal life plan with secondary guarantees unknown whether code 075 or 076 (submit separate records for each life)</p> <p>078 = Indexed universal life with secondary guarantees</p> <p>Variable Life Plans issued without a Secondary Guarantee:</p>
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			<p>080 = Variable life</p> <p>081 = Variable universal life (decreasing risk amount)</p> <p>082 = Variable universal life (level risk amount)</p> <p>083 = Variable universal life – unknown whether code 081 or 082</p> <p>084 = First to die variable universal life plan (submit separate records for each life)</p> <p>085 = Second to die variable universal life plan (submit separate records for each life)</p> <p>086 = Joint life variable universal life plan – unknown whether 084 or 085 (submit separate records for each life)</p> <p>Variable Life Plans with Secondary Guarantees:</p> <p>090 = Variable life with secondary guarantees</p> <p>091 = Variable universal life with secondary guarantees (decreasing risk amount)</p> <p>092 = Variable universal life with secondary guarantees (level risk amount)</p> <p>093 = Variable universal life with secondary guarantees –unknown whether code 091 or 092</p> <p>094 = First to die variable universal life plan with secondary guarantees (submit separate records for each life)</p> <p>095 = Second to die variable universal life plan with secondary guarantees (submit separate records for each life)</p> <p>096 = Joint life variable universal life plan with secondary guarantees – unknown whether code 094 or 095 (submit separate records for each life)</p> <p>Nonforfeiture:</p> <p>098 = Extended term</p> <p>099 = Reduced paid-up</p> <p>198 = Extended term for joint life (submit separate records for each life)</p> <p>199 = Reduced paid-up for joint life (submit separate records for each life)</p>
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VM Change 8 – VM-20 Reserves Supplement, Part 3: Life PBR Exemption

Refer to NAIC Blanks (E) Working Group, request for modification to the supplemental report for the Life PBR Exemption, to show the premiums for the group life that utilized an individual risk selection process as these premiums are currently grouped together with other Group Insurance in Exhibit 1. -As there are other instances where the ordinary life premiums are not included in the determination of the Life PBR Exemption [A2](e.g., for guaranteed issue policies), it may be useful to request addition of the breakdown of premiums used to determine the exemption.

Possible insertion between questions 1 and 2 for disclosure of premiums used in the determination of eligibility for the Life PBR Exemption, split by ordinary life and group subject to an individual risk



Life PBR Exemption as defined in the NAIC adopted Valuation Manual (VM)	
1. Has the company filed and been granted a Life PBR Exemption from the reserve requirements of VM-20 of the Valuation Manual by their state of domicile?	Yes <input type="checkbox"/> No <input type="checkbox"/>
2. If the response to Question 1 is "Yes", then check the source of the granted "Life PBR Exemption" definition? (Check either 2.1, 2.2 or 2.3)	
2.1 NAIC Adopted VM	<input type="checkbox"/>
2.2 State Statute (SVL)	<input type="checkbox"/> Complete items "a" and "b", as appropriate.
a. Is the criteria in the State Statute (SVL) different from the NAIC adopted VM?	Yes <input type="checkbox"/> No <input type="checkbox"/>
b. If the answer to "a" above is "Yes", provide the criteria the state has used to grant the Life PBR Exemption (e.g., Group/Legal Entity criteria) and the minimum reserve requirements that are required by the state of domicile (if the minimum reserve requirements are the same as the Adopted VM, write SAME AS NAIC VM):	
2.3 State Regulation	<input type="checkbox"/> Complete items "a" and "b", as appropriate.
a. Is the criteria in the State Regulation different from the NAIC adopted VM?	Yes <input type="checkbox"/> No <input type="checkbox"/>
b. If the answer to "a" above is "Yes", provide the criteria the state has used to grant the Life PBR Exemption (e.g., Group/Legal Entity criteria) and the minimum reserve requirements that are required by the state of domicile (if the minimum reserve requirements are the same as the Adopted VM, write SAME AS NAIC VM):	