



March 17, 2026

Mr. Ben Slutsker, Chair
Valuation Manual (VM)-22 (A) Subgroup, Life Actuarial (A) Task Force (LATF)
National Association of Insurance Commissioners (NAIC)

Re: Exposure regarding APF2025-19 VM-22 Settlement Options

Dear Chair Slutsker:

On behalf of the Annuity Reserves and Capital Subcommittee (ARCS) of the American Academy of Actuaries,¹ I appreciate the opportunity to comment on the recent exposure of APF 2025-19 VM-22 Settlement Options, which clarifies the treatment of valuations of settlements/annuitizations that occur after VM-22 PBR is effective on contracts issued prior to VM-22 PBR becoming effective. I am pleased to provide the following comments.

In reviewing APF 2025-19, the ARCS noted that the dates as currently specified in i–iv are not consistent. Specifically, i and ii reference settlements/annuitizations emanating from contracts issued on or after Jan. 1, 2017, whereas iii and iv reference settlements/annuitizations emanating from contracts issued on or after Dec. 31, 2017.

The ARCS recognizes that the different dates as currently outlined in i–iv were intended to align with the dates in VM-V, *Statutory Maximum Valuation Interest Rates for Formulaic Reserves*. However, for consistency and simplicity, ARCS recommends changing the dates in iii and iv from “Dec. 31, 2017,” to “Jan. 1, 2017,” so that Jan. 1, 2017, is used throughout i–iv to simply align with the operative date of the valuation manual.

It is worth noting that using Jan. 1, 2017, for iii and iv would mean that for contracts in scope, with the approval from the domiciliary commissioner, the company may elect to use CARVM (i.e., formulaic reserve) approach, and statutory maximum valuation interest rates would follow guidance from VM-A and VM-C if the original deferred annuity contract is issued in 2017 and follow guidance from VM-V if the original deferred annuity contract is issued in 2018 and later.

In summary, ARCS recommends the following dates for settlement and annuitization contracts (edits are only for iii and iv and are shown in track changes):

For the contracts, options, and payment streams listed below, with approval from the domiciliary commissioner, the company may elect to use the minimum standard of valuation following to the reserve requirements found in VM-A, VM-C, and VM-V as applicable:

- i) the election of an annuitization option on a deferred annuity contract or a life insurance contract with a date of issue on or after Jan. 1, 2017, but before Jan. 1, 2026, where*

¹ The American Academy of Actuaries is a 20,000-member professional association whose mission is to serve the public and the U.S. actuarial profession. For 60 years, the Academy has assisted public policymakers on all levels by providing leadership, objective expertise, and actuarial advice on risk and financial security issues. The Academy also sets qualification, practice, and professionalism standards for actuaries in the United States.

proceeds have been elected to be received periodically as a life-contingent payout annuity or as an annuity certain on or after Jan. 1, 2026,

- ii) fixed payout annuities emanating from contracts issued on or after Jan. 1, 2017, but before Jan. 1, 2026, with a date of annuitization on or after Jan. 1, 2026,*
- iii) fixed income payment streams attributable to contingent deferred annuities issued after Jan. 1, 2017, but before Jan. 1, 2026, whose underlying contract funds are exhausted on or after Jan. 1, 2026, and*
- iv) fixed income payment streams attributable to guaranteed living benefits associated with deferred annuity contracts issued after Jan. 1, 2017, but before Jan. 1, 2026, and whose contract funds are exhausted on or after Jan. 1, 2026.*

Finally, to the extent that VM-22 PBR inforce exposure advances to be adopted for business issued prior to the operative date of the valuation manual considerations for settlement/annuitization on contracts issued prior to Jan. 1, 2017, may also need to be addressed.

Thank you for your consideration of these comments. Please contact Amanda Barry-Moilanen (barrymoilanen@actuary.org), the Academy's policy project manager, life, with any questions on this comment letter.

Sincerely,
Bruce Friedland, MAAA, FSA
Chairperson, Annuity Reserves and Capital Subcommittee
American Academy of Actuaries