

On Monday November 8, 2004, the Life and Health Actuarial Task Force (LHATF) held a conference call to continue discussions on Actuarial Guideline ABC - Projection of Guaranteed Nonforfeiture Benefits Under CARVM.

Attending the call were the following LHATF member states: South Carolina, Alaska, California, Connecticut, Florida, Kansas, Minnesota, New Mexico, New York, Ohio, Oklahoma, Pennsylvania, Texas and Utah, as well as Alabama, Illinois, Missouri, New Jersey and North Carolina. In addition there were numerous interested parties.

Three attachments were provided, the draft of AG ABC, a submission from the AAA and a submission from Noel Abkemeier of Milliman, Inc.

The AAA submission stated that AG ABC was sufficient with changes proposed in their submission. The changes were meant to simplify the wording of the guideline and did not cause a material change.

Noel Abkemeier's submission had to do with EIA's. AG ABC states that the allowed EIA offset should be set to zero after the next EIA offset redetermination date. Noel's submission states that if the next EIA offset redetermination date is prior to the next NF redetermination date that the offset be allowed to remain until the NF redetermination date.

There didn't seem to be much opposition to the change, but most agreed that they would want to review it more to see if there were possible opportunities for abuse. Once the exact language is produced it will be reviewed in more detail.

On a different note, it was suggested that the rate to use for nonforfeiture values in the CARVM projection should be the MIN (Max NF or Stat Val) rate. There wasn't complete agreement on this point. Some felt that the minimum test was not consistent with the CMT rate used for NF.

There was additional discussion on whether interest indexed annuities should be carved out. This was left for discussion at New Orleans. The main issue is if they are covered by another standard if excluded.

The group agreed to continue the discussion of the following three items at the New Orleans meeting:

- 1) EIA and the offset – Exact wording for Noel Abkemeier's submission.
- 2) Min of (NF or Stat Val) rate for projections
- 3) Possible scope change – the carve out of interest indexed annuities

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