

On Monday November 15, 2004, the Life and Health Actuarial Task Force (LHATF) held a conference call to discuss the 10/14/04 draft of the Annuity Nonforfeiture Model Regulation. The agenda included:

- 1) Review of comments from Katie Campbell (AK) (camp1025.doc).
- 2) Review of comments from Susan Lamb (IL) (lamb1109.doc).
- 3) Review of comments from Jeffrey P. Kuhn and Gerald Ulland (Western-Southern Financial Group)(kuhn1028.doc, ulla1109.xls).
- 4) Planning for the LHATF meeting in New Orleans (10:00-10:45 a.m. on Thursday, Dec. 2 is allocated to this topic).

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

The call started with a review of the issues raised by Katie Campbell. It was mentioned that one goal would be to minimize the amount of changes so that the regulation could be adopted in December.

Several issues were discussed and dropped. One issue requiring further discussion was the one related to Section 6 c. This section pertains to equity indexed benefits and the fact that money can transfer back and forth between indexed and non indexed funds. This has the potential to produce a situation where the sum of the NF amounts for each bucket could be less than the NF amount for the entire contract. The intent was that the SNF applies to a contract as a whole and not to individual pieces. It was not clear how this situation could occur. It was decided that examples would be put together so that the members could discuss this further at New Orleans.

A suggestion was made that section 7 (Equity Index offset) should be revised to require an actuarial memorandum vs. a demonstration as to compliance.

The first agenda item took up much of the time for the call. Only 5 minutes each were allocated to the remaining items which received abbreviated discussions.

Based on this call, it was felt that changes might be made so that it was unlikely that the regulation would be approved in December.

Ron Takemoto, FSA, MAAA

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