

The Life and Health Actuarial Task Force (LHATF) held a conference call to discuss the 3/10/05 draft of the Annuity Nonforfeiture Model Regulation.

Attending the call were LHATF members NM, AK, CA, FL, KS, MN, NE, NY, OH, OR, PA, TX, UT, WV as well as AL, IL, MO and NC. In addition there were numerous interested parties.

The first item on the agenda was a discussion point by Katie Campbell of AK. At the Salt Lake meeting a change was made to the model regulation that revised section 6 to allow only one nonforfeiture rate to apply to the entire contract vs. allowing a separate rate to apply to EIA benefits. Given this change her concern was that additional discussion was needed for clarification.

However, the second item was a point by Phil Elam of Jefferson Pilot that requested a reinstatement of section 6 as it was previously exposed. Since this item's resolution could make the first issue moot, the clarification discussion was deferred until after the second item could be discussed.

Initial discussion seemed in favor of the change. Several states expressed their agreement and a question was raised on how allocation of some items (loads, etc.) would be done. It was pointed out that the current Appendix B to the regulation had an example of this process.

It was then pointed out that the change was made for simplicity purposes and additional discussion continued.

CA made a motion to reinstate section 6 as it was in the prior exposure and AK seconded. There was then additional discussion prior to a vote being taken.

The final vote was 5 to 5 with 4 abstentions. The chair voted no in order to put the motion in a tie stating that the closeness of the vote and the number of abstentions indicated that there wasn't a clear winner. It was also felt that discussion on the first item was not warranted at this time.

Everyone, especially the abstainees, were asked to study the issue further and be ready to resolve the issue at the next meeting in Boston.

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