

**Life Reserve Work Group Report**

LHATF spent the first third of the call discussing a review of the ACLI's proposed interim mortality tables that develop Preferred classes. Bob Beuerlein (representing the SOA) and Larry Gorski (representing the AAA) had drafted a charge to be submitted to the SOA that LHATF accepted with one non-controversial change. These are the highlights of the discussion:

- The charge to review the tables will be sent to a Joint SOA/AAA Preferred Mortality Project Oversight Group (POG).
- The proposed tables are not applicable to nonforfeiture values.
- LHATF asked the POG to change the charge to include an opinion on whether the new tables provide a reasonable basis for reserves.
- ACLI urged action by June, but the POG only committed to September.

LHATF devoted the remainder of the call to a high-level overview of the April report of the LRWG. There was no time for discussion and feedback from regulators. These are the key elements reported:

- LRWG will investigate the method of greatest present value of accumulated deficits, à la VACARVM, and present pros and cons to LHATF.
- LRWG plans to continue to study modeling of equity assets, taxes and margins in general.
- In a limited study of UL with secondary guarantees, LRWG found that (a) PBV reserves are 18% less than AG 38 and (b) stochastically determined reserves exceed deterministic reserves by 6%.

LRWG cautioned that the results described above are sensitive to the assumptions used and should not be generalized.

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