

## SVL-2 Subgroup

Today the subgroup followed up its October 4 and October 11 public calls and some closed calls to follow up on yet another draft of the Standard Valuation Law dated October 13, 2006.

It quickly became apparent that the subgroup has not been able to agree on whether to expose this latest draft. Dissenters cited:

- The lack of time to review new material, and
- A significant disagreement about what should go into the Law and what could be left to the Valuation Manual.

LHATF members agreed that the earliest possible date that the new law could pass the complete NAIC process is June of 2007.

Bill Weller, representing AHIP, objected to the definition of PBV sweeping in Health insurance and having individual states change A&H rules before the NAIC and industry are ready. LHATF members did not think that was likely.

Some interested parties hoped that LHATF would at least expose the draft today to get comments as soon as possible. In spite of the objections above, LHATF did just that.

LHATF members did not discuss the specific changes in the current draft, but the main ones are:

- The Law requires overall conservatism, but not in each assumption,
- A Commissioner has somewhat broader authority to reject or modify provisions in the Valuation Manual, and
- The independent actuary is required to provide a review of assumptions and methods, but not an opinion of reserve adequacy,

Donald P. Maves, FSA, MAAA

20 October 2006

