

### ACLI Proposed Interim Solution

In the first half of the call, John Bruins discussed changes that the ACLI proposes to the exposed revision of AG 38 and to the proposed Model Regulation Permitting the Recognition of Preferred Mortality Tables:

- In AG 38, for business issued after December 31, 2006, ACLI recommended restoring the footnote that permits the surrender charge offset, with a method of reducing the offset for secondary guarantee periods that do not run for life.
- ACLI proposed that the Model Regulation not permit the use of preferred tables for nonforfeiture values.
- ACLI added a 10-year condition to use preferred tables; i.e., the present value of death benefits over the next 10 years after the valuation date using anticipated mortality must be less than the corresponding present value using the valuation basic table, for each class.

LHATF members made comments aimed at achieving clarity and consistency, none of which would substantively change the intent of the ACLI's proposals. The ACLI will incorporate those comments in redrafts for the June meeting.

LHATF devoted the latter half of the call to a discussion of the charge to evaluate the preferred mortality tables proposed by the ACLI. Paul Graham stated the ACLI's concerns about the 4 parts of the existing charge:

- LHATF should send the 4<sup>th</sup> charge – (“Endorse the tables, with modifications if necessary.”) – directly to the Academy instead of the SOA to speed up the process.
- LHATF should change the 3<sup>rd</sup> charge – (“Consider the following items:”) – to remove the items “recent developments” and “correlation of tables to underwriting practices “, because ACLI believes that they are irrelevant.

There was significant resistance to both concerns. LHATF did concede to send the charge to both the SOA and the Academy instead of to the Joint SOA/AAA Project Oversight Group (POG), which will be somewhat awkward as Randall Robinson noted that he had sent the charge to the POG just last week.

LHATF will continue the discussion at its June meeting, but it is unlikely that the review of the proposed preferred mortality tables will be completed then.

Donald P. Maves, FSA, MAAA

28 April 2006

