

ACLI Interim Proposal

The sole purpose of this call was to vote on the recommendation by LHATF to pass the ACLI Interim Proposal.

One Commissioner asked whether other mortality tables were being developed. Mike Batte, the Chairman of LHATF, indicated that the SOA and AAA plan to present tables in March that would apply to Principles-Based Reserves.

Another Commissioner also asked about the legality of using preferred mortality tables and lapse rates. Batte responded that LHATF believes that the proposed regulation is sufficient to permit preferred mortality, and that NAIC General Counsel and an outside law firm had opined favorably on the legality of using lapses.

Commissioner Poolman (ND), the Chairman of the (A) Committee, asked for and got amendments to LHATF's recommendation for (a) a sunset provision of 12/31/2010 and (b) a required asset adequacy analysis. With those changes, the (A) Committee passed the recommendation. It now goes to higher committees at next month's NAIC meeting.

Chairman Poolman reminded everyone that this is only the first step toward getting a full-blown PBR mechanism in place and that a lot of work remains.

Donald P. Maves, FSA, MAAA

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