

LHATF – Actuarial Guideline VA CARVM Subgroup

On Thursday, May 10th, 2007, the VA CARVM subgroup of the Life and Health Actuarial Task Force (LHATF) held a conference call to continue work on VA CARVM.

Regulators from the following states dialed in for the call: KY, MO, NY, CT, IL, NC, OR, PA, FL, AK, NE, KS, and TX. Several interested parties also listened.

The call started 7 minutes late and lasted only 18 minutes, a record for VA CARVM.

VA CARVM is currently stalled, certainly not a news flash. The subgroup is waiting for survey responses from the larger deferred annuity writers. To recap, the survey requested information regarding C3 Phase II values, current reserves, and reserves as they would be calculated according to the NAIC September 2006 exposure draft of VA CARVM. The survey also requested that VA CARVM reserves be calculated for many sensitivity cases. To date, 5 responses have been received.

The current due date for these surveys is July 1st, 2007. Some believe that the results of these surveys will somehow help to resolve the open issues surrounding VA CARVM (e.g. the inclusion of revenue sharing, standard scenario aggregation, the appropriate CTE level, policyholder behavior, etc).

On today's call, Tom Campbell of Hartford Life gave a brief update of some very minor changes that the Variable Annuity Reserve Workgroup would like to recommend for the current exposure draft. These changes are detailed in a report that will be released May 11th, 2007. It is presumed that LHATF will discuss these changes at the June NAIC meeting. The subgroup agreed to not expose any new VA CARVMs until the surveys have been received and reviewed. They do not want to cause any undue confusion among survey respondents.

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