

SVL-II Subgroup

This subgroup considered and voted to expose for comments a new draft of the Standard Valuation Law dated February 6. The group also listed some issues for which it seeks comments:

- The SVL gives the Commissioner authority to set all assumptions and methods rather than providing a specific list,
- The scope includes health insurance and related benefits and might be too broad,
- The scope now includes synthetic GICs,
- Section 3 (Actuarial Opinion of Reserves) should still apply,
- “All” risks would presumably include capital, and the Academy promised to comment on that,
- The Academy also promised to comment on the extent to which assumptions, methods and models must be consistent with the company’s risk management process,
- The independent review would have the same confidentiality as the opinion, and
- NY and CT strongly favor a minimum reserve, such as seriatim CSV or PV of cash flows, defined in the SVL itself and not only in the valuation manual.

There was in fact a lengthy discussion on the last point, with NY suggesting an aggregate cash value floor at all durations for the stochastic scenarios to cover potential run-on-the-bank outcomes. NY was also the only state to vote against exposure.

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