

SVL-2 Subgroup

The goal of this 9-state subgroup of LHATF is to revise the Standard Valuation Law (SVL) to accommodate the Principles-Based Approach (PBA) to reserves. The group discussed a January 19 draft of the SVL meant to replace the previously exposed draft of November 20. The new draft makes no substantive changes, but merely reorganizes and clarifies various items.

Regulators and interested parties had the following comments:

- Sheldon Summers (CA) wanted more material describing what states must do if they decide to deviate from the Valuation Manual,
- Bill Carmello (NY) sought to assure that assumptions of policyholder behavior are close to “optimal” behavior,
- Paul Graham (ACLI) urged regulators to focus on overall reserve levels, not margins on each individual assumption, and
- Bill Weller (representing AHIP) asked that regulators take care to preserve A&H reserve practices that are currently considered acceptable.

The subgroup voted to expose the new draft for comments, with only NY opposing it. Carmello remarked that the draft needed more specificity.

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