

**PBR Life Subgroup**

This was the first call in a series that LHATF plans to use to edit the Valuation Manual (VM) drafted by the Academy. The Life subgroup (LIFE), one of six, consists of OH (Pete Weber), AK (Katie Campbell), MN (Blaine Shepherd), CT (Allen Elstein), KS (Larry Bruning), KY (Malinda Shepherd) and NY (Bill Carmello).

On future calls LIFE will discuss comments, but to date it has received merely two – from the ACLI and from NY, the latter outlining the major areas of disagreement with the Academy.

The major discussion points from regulators on this call were:

- Risks of counterparty default and asset concentration should be considered in PBR; the VM as currently drafted excludes those risks,
- CT wants it made clear that modeling assumptions stochastically does not remove the need for margins thereon.
- NY believes that allowing the use of data 6 months before the valuation date is too long and should be 3 months, and
- Some regulators questioned if CTE 65 is appropriate across the board, suggesting CTE 75 or CTE 80 for variable products.

LIFE will continue this project next Wednesday.

Donald P. Maves, FSA, MAAA

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