

Actuarial Guideline TAB

TAB describes the rules for the application of the 2001 CSO Preferred Class Structure Mortality Table in the determination of reserves. LHATF discussed comments on the October 16, 2006 draft.

The ACLI proposed two minor changes:

- Classes with less than ten years of coverage remaining would have to meet the lifetime present value test only, and
- The certification exemption applicable to the Residual Standard Nonsmoker Table should also apply to the Residual Standard Smoker Table.

NY raised two issues about the choice of appropriate tables:

- How would anti-selective lapses affect expected mortality?
- TAB seems to rely too much on “professional judgment” in some cases.

The ACLI response to NY’s first question generated no additional comments, but a number of states agreed with NY’s second comment. LHATF floated some possible solutions, but did not come to any conclusion:

- Piggyback off of the PBA project of relating standard mortality tables to underwriting criteria. However, results from that project are some weeks away.
- Make the default be the 2001 CSO Smoker/Nonsmoker tables.

LHATF voted to change the draft of TAB to incorporate the changes advocated by the ACLI and re-expose for comments. NY was the only state to vote against it, seemingly not so much that it disagreed with those changes but rather that it wanted solutions to the other issues raised.

The Chair emphasized that time is of the essence, since the regulation and guideline apply to issues of 2007 and later. LHATF will resume discussion of this item at its March meeting.

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