

VACARVM

On Wednesday, May 7th, 2008, the Life and Health Actuarial Task Force (LHATF) held a conference call to discuss comment letters received regarding the 9/29/2007 version of VACARVM. Regulators from the following states participated in the call: AL, CA, CT, FL, KY, MN, MO, NE, NY, TX, PA, and UT. Several interested parties also participated.

During today's call, the ACLI proposed 4 minor changes. These changes were technical in nature and received no opposition. Rather than re-expose VACARM, LHATF agreed to expose a working document that includes the ACLI changes.

LHATF gave a brief update regarding the 2007 VACARVM surveys. The consensus was: 1- The surveys lacked necessary documentation, 2- The standard scenario runs dominated the reserves in all cases, and 3- The required reserves were small or as New York stated "tiny." New York stated that the survey reserves were cash value plus a range of 1.2% to 1.8% of account value. The regulators plan to hold a follow-up call to continue review of the survey results.

The remainder of the call focused on comment letters received from Connecticut and New York. Each aired their familiar concerns. Tom Campbell representing the Academy of Actuaries suggested that these issues have already been discussed at great lengths.

At the end of the call, LHATF agreed to discuss 4 of New York's issues at the June NAIC meeting:

- 1- Reserve credits for dynamic hedging
- 2- Basis for setting policyholder behavior assumptions
- 3- Revenue sharing
- 4- Aggregation

While seemingly little progress was made during this call, there is a sense that the issues will at least be discussed at the next NAIC meeting.

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