

VA CARVM

On Thursday, July 10th, 2008, the Life and Health Actuarial Task Force (LHATF) held a conference call to discuss VA CARVM. Regulators from the following states participated in the call: TX, SC, NE, CT, KY, CA, OH, OK, OR, FL, NY, WA, AL, UT, KS, AK, MN, MO. Many interested parties also listened.

Leslie Jones of South Carolina chaired the call.

Here's the news you can use.

VA CARVM has been re-exposed for a 30 day period. The NAIC website should have the new exposure early next week. Here's what new:

- 1- The effective date has been changed from 12/31/2008 to 12/31/2009.
- 2- The standard scenario has changes to the definition of margins, the required drops, and return assumptions.
- 3- Appendix 1 - revenue sharing allowed in the conditional tail amount has been updated.
- 4- Appendix 7 - clearly defined hedging strategies has been updated.
- 5- Appendix 9 - contractholder behavior has been updated to require, actual to expected experience analysis of lapse activity.

Additionally, revisions to Guideline 39 and Guideline 34 were also exposed for the same 30 day period. Both are to be changed such that they will no longer be effective once VA CARVM is adopted. Thus, Guideline 39 is proposed to be extended for another year, and Guideline 34 is proposed to only apply for another year. There was some discussion regarding what should happen to existing reserves at transition. The ACLI agreed to comment on this issue before the next call.

Submitted comments will be discussed at the August 20th call.

I have listened to VA CARVM (MMMM) calls and attended LHATF meetings since 2002. Today's call was by far the most productive of any prior. Leslie Jones did an excellent job as chair of the call. If today's momentum continues, it's possible that VA CARVM may finally get adopted.

Timothy P. Gaynor, FSA, MAAA

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