

Capital & Surplus Relief

LHATF has designed a survey to measure the effects on companies of the various relief proposals (available at www.naic.org under "4/9/09 LHATF Life Insurance Survey"). LHATF requested that companies respond to Larry Bruning (lbruning@ksinsurance.org) by May 15.

LHATF also discussed options for the use of preferred mortality applied retroactively to business subject to the "interim solution". California had proposed a condition prohibiting such use if either:

- a) The direct deferred premiums reflect the valuation net premiums, but the reinsurance deferred premiums reflect the modal premiums paid to the reinsurer, or
- b) The reinsurance reserve credit exceeds the direct reserve.

ACLI recommended eliminating that condition, observing that it conflicts with current NAIC practices and procedures. CA fears granting additional surplus relief to companies that have already increased surplus through such reinsurance arrangements. ACLI reminded LHATF that NAIC did not approve CA's recent proposal on such reinsurance conditions.

LHATF rejected ACLI's recommendation by a 9-5 vote (AL, CT, NE, OK, and TX for, and AK, CA, FL, MN, MO, NY, OH, SC, and UT against). LHATF then voted by the same 9-5 tally to expose CA's version for comments.

Donald P. Maves, FSA, MAAA

05 May 2009

To view past LHATF conference call and meeting notes, visit www.polysystems.com



30 North LaSalle Street • Suite 3600
Chicago, Illinois 60602-2506
Voice: 312.332.5670
Fax: 312.332.2391