

PBR Life Subgroup

This subgroup had long discussions on two items for PBR cash flow projections per VM-20: mortality improvement, and treatment of non-guaranteed elements (NGE).

The Academy requested that projections allow mortality improvement if conditions warrant. Regulators are willing to allow mortality improvement from the date of a company's most recent study to the projection start date if published industry experience supports it. However, regulators remain adamant that they will not allow improvement beyond that date.

The Academy presented a seemingly innocuous amendment that clarified the treatment of NGEs. However, that triggered reactions from regulators about:

- NGEs that vary directly with company experience vis-à-vis those that do not vary directly,
- Sales illustrations with NGEs, when to reflect such NGEs in projections, and compliance with the illustration regulation, and
- The authorization process when companies declare future NGEs.

Time expired before the subgroup could resolve its concerns with NGE treatment.

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