

PBR Life Subgroup

The subgroup discussed some amendments to VM-20 at length, made an inventory of the status of all outstanding amendments, and then agreed to re-expose VM-20.

Two major issues that the subgroup could not resolve, and which it will refer to the full LHATF membership, are the ACLI's Net Premium Method and prescribed default costs on fixed assets.

The primary changes from the June 12, 2009 exposure are:

- Margins still must be set on each assumption independently, but VM-20 permits the actuary to adjust them for assumptions that are less than 100% correlated,
- The projection period extends until no obligations remain,
- Companies do not have to establish a margin for actual non-guaranteed elements being different than projected,
- Dividends arising from items unrelated to policy cash flows do not have to be projected until declared by the Board,
- Prudent estimates must be consistent between deterministic and stochastic projections,
- The conditions for blending company experience and industry experience and for updating assumptions are defined.

NY opposed the re-draft of VM-20, even though admitting that it is an improvement on prior drafts. NY still believes that it is not sufficiently prescriptive and conservative. This subgroup has no more calls scheduled before the December meeting.

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