

PBR Life Subgroup

NY introduced a letter calling for justification of 7 items related to the Net Premium Method:

- The increase in expense allowance,
- Reflection of profits after the level term period,
- Relatively high ultimate lapse rates on UL with secondary guarantees,
- Interest rates as a function of Moody's index instead of Treasuries,
- Artificial cash surrender value calculations,
- Early duration reserves at or near zero, and
- Potential inadequacy of the NP reserve.

ACLI responded that one should consider the results in their entirety, but promised to provide responses to each item.

AK proposed an amendment to VM-20 that sets the Net Premium Method for term and UL with secondary guarantees as the ACLI proposal and current CRVM for all other products. Although NY was reluctant to make this change, it passed 2-1.

The Academy proposed an amendment to VM-20 that allows the deterministic reserve to be calculated either seriatim or by grouping. If a company uses grouping, it must justify the result as being not materially different than the seriatim result. The Academy proposed basing the justification on applicable ASOPs. NY objected to that, but the amendment still passed 2-1.

Since all of these actions took place at the subgroup level, they must still pass the parent LHATF group.

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