

PBR Working Group

This group, composed of Commissioners overseeing the PBR process, did not meet since December. The purpose of today's call was to get an update from LHATF on VM-20 (life) and VM-50 (experience reporting). At the December meeting in 2009, Commissioners had imposed an August deadline on a completed Valuation Manual with VM-20.

Larry Bruning (KS) outlined the proposed schedule:

- LHATF subgroups will conduct conference calls through mid-May to resolve issues.
- The complete LHATF group will then conduct calls through the end of June to resolve open issues; the goal is to have VM-20 done.
- The (A) Committee could then adopt it via conference call in July.
- That sets the stage for the Plenary Committee to act at the August NAIC meeting.

That led to a discussion of the Net Premium Method. LHATF indicated that it is not completely in agreement on NPM as it stands now, and that it has little feel for how it affects whole life and variable life. ACLI, citing unresolved issues on taxes and exclusion tests, requested that the initial scope of PBR be limited to term and UL with secondary guarantees.

In a short discussion on VM-50, the Working Group deferred all decisions, such as funding and who must contribute, until LHATF completes its work. The Commissioners do favor one statistical agent for all states on any given data collection to lessen the burden on companies.

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