

**PRINCIPLES-BASED RESERVING
(EX) WORKING GROUP
OF THE NATIONAL ASSOCIATION
OF INSURANCE COMMISSIONERS**



SUMMARY TIMELINE

As of June 1, 2008

**(The following sets forth a timeline that allows
NAIC adoption of the SVL in 2008, but may not be consistent
with what can and will be completed by the
applicable dates)**

STAGE 1-STANDARD VALUATION LAW & VALUATION MANUAL

Standard Valuation Law

Valuation Manual

2007 Fall National Meeting-2008 Summer Meeting

- LHATF Subgroup disbanded, sent to LHATF for consideration.
- LHATF to be substantially complete by the 2008 Fall Meeting

- Re-exposed Oct 1 by LHATF
- LHATF Subgroups review
- LHATF to be substantially complete (with the initial drafted manual) by the 2008 Winter Meeting

2008 Fall National Meeting

- LHATF to adopt, or to be substantially completed.
- Simultaneous submission to PBR WG & A Committee for their consideration subsequent to Fall Meeting.
- Possible adoption by PBR WG & A Committee on interim call.

- LHATF to be substantially complete (with the initial drafted manual) by the 2008 Winter Meeting

2008 Winter National Meeting

- Possible adoption by Plenary

- LHATF to be substantially complete (with the initial drafted manual) by the 2008 Winter Meeting
- Simultaneous submission to PBR WG & A Committee for their consideration subsequent to Fall Meeting.

2009 Spring National Meeting

- Possible adoption by PBR WG & A Committee

STAGE 1-ACCOUNTING MANUAL & ANNUAL STATEMENT

AP&P Manual/SAPWG

Annual Statement/Blanks WG

2007 Fall National Meeting-2008 Summer Meeting

- Letter sent to LHATF from SAPWG regarding the need for a maintenance process with appropriate coordination
- Maintenance document presented to SAPWG

- Initial Draft of Blanks Proposal being developed by AAA
- LHATF Subgroup considering detailed aspects of proposal more closely

2008 Fall National Meeting

- Maintenance document finalized by SAPWG.
- Initial draft of Issue Paper/SSAP & App A&C changes, or at least structure presented to SAPWG for their consideration.

- Blanks WG distribution of proposal to, and request for input from, SAPWG FAHWG, FEHTF & CADTF subsequent to Summer National Meeting
- Responses back to Blanks WG by Fall National Meeting.

2008 Winter National Meeting

- SAPWG and E Committee initial sign off of Issue Paper/Initial SSAP & App A&C (incl language to address any SAPWG concerns), while considering need for best estimate language. Nonsubstantive modifications expected subsequent to this initial sign-off.

- Initial LHATF/industry response to financial regulators comments due to Blanks Working Group by Winter National Meeting.

2009 Spring National Meeting

- SAPWG refinement of Issue Paper/Initial SSAP & App A&C changes. Should include disclosure which would include level of aggregation between estimate and margin

- Regulator agreement with revised Blanks proposal.

STAGE 2-PBR WG & CORPORATE GOVERNANCE SUBGROUP

PBR Working Group

Corp Governance Subgroup

2007 Fall National Meeting-2008 Summer Meeting

- Finalize principles and action items.
- Receive status updates from various NAIC technical groups.
- Finalize Position Paper regarding Assurance On Company Reserves

- Subgroup established with NY, IA, DC, NE, OH, VA (NY chair)
- Subgroup to review comments on CADTF document.
- Subgroup to consider other sources.

2008 Fall National Meeting

- Receive status updates from various groups
- Consider any decisions that are required or any changes to principles or timeline.
- Modify principles or timeline based upon decisions.

- Revise principles and action items for direction chosen.
- Start developing own corporate governance requirements subsequent to revised principles.

2008 Winter National Meeting

- Receive status updates from various groups
- Consider any decisions that are required or any changes to principles or timeline.
- Modify principles or timeline based upon decisions.

- Continue with development of requirements

2009 Spring National Meeting

- Receive status updates from various groups
- Consider any decisions that are required or any changes to principles or timeline.
- Modify principles or timeline based upon decisions.

- Finalize corporate governance requirements.

STAGE 2-LIFE & HEALTH ACTUARIAL TASK FORCE

LHATF

2007 Winter National Meeting-2009 Summer National Meeting

- Finalize SAPWG Val Manual process
- Changes to AOMR
- Transition plan (for reserves and rein determined)
- New mortality tables and underwriting algorithm
- Initial decisions on non public reporting requirements (stat agent info)
- Nonforfeiture benefits changed
- Finalize the reserve review process
- Development of Interest Rate Generator
- Other action items included in document

2009 Fall National Meeting

- Unfinished items from above list and other action items
- Completion of documentation of differences between adopted approach and international standards

2009 Winter National Meeting

- Unfinished items from above list and other action items
- Present SVL and Valuation Manual as an accreditation standard to F Committee

2010 Spring National Meeting

- Unfinished items from above list and other action items
- Finalize input on non public reporting requirements (stat agent)
- Provide input on proposed changes to Examiners Handbook

2010 Summer National Meeting

- Unfinished items from above list and other action items

2010 Fall National Meeting

- Unfinished items from above list and other action items

STAGE 2-CAPITAL ADEQUACY TASK FORCE

CADTF

2007 Winter National Meeting-2009 Summer National Meeting

- Provide input to Corporate Governance Subgroup as requested.
- Provide input on blanks proposal.
- Reconstitute joint CATDF/LHATF and begin working on overlapping issues.
 - Review high level risks for capital versus reserves and purpose/ interaction of reserve and capital requirements.
 - Review actuarial qualifications.
- Consider regulatory capital versus economic/target capital.
- Consider overall risk structure of the formulas and action levels/enforcement.
- Other action items included in document

2009 Winter National Meeting

- Unfinished items from above list and other action items
- Completion of documentation of differences between adopted approach and international standards
- Provide input on non public reporting requirements (stat agent)

2010 Spring National Meeting

- Unfinished items from above list and other action items
- Provide input on non public reporting requirements (stat agent)

2010 Summer National Meeting

- Unfinished items from above list and other action items
- Finalize input on non public reporting requirements (stat agent)

2010 Fall National Meeting

- Unfinished items from above list and other action items

2011 Spring National Meeting

- Unfinished items from above list and other action items

STAGE 2-SAPWG & BLANKS WORKING GROUPs

SAPWG

BLANKS WG

2009 Summer National Meeting

- SAPWG refinement of SSAP/App A&C

- Blanks WG adoption of Blanks proposal.

2009 Fall National Meeting

- SAPWG adoption of SSAP/App A&C
- SAPWG documentation of differences between adopted approach and international standards
- Provide input on non public reporting requirements (stat agent)

- Blanks documentation of differences between adopted approach and international standards
- Provide input on non public reporting requirements (stat agent)

2009 Winter National Meeting

- SAPWG completion of documentation of differences between adopted approach and international standards
- Provide input on non public reporting requirements (stat agent)

- Blanks completion of documentation of differences between adopted approach and international standards
- Provide input on non public reporting requirements (stat agent)

2010 Spring National Meeting

- Finalize input on non public reporting requirements (stat agent)

- Finalize input on non public reporting requirements (stat agent)

STAGE 2-FINANCIAL ANALYSIS HANDBOOK & FARD WGs

FAHWG

FARDWG

2007 Winter National Meeting-2008 Winter National Meeting

- Provide input on blanks proposal

2009 Spring National Meeting

- Begin work on proposed changes to FAHWG.

- Begin work on proposed changes to various ratios.

2009 Summer National Meeting

- Continue work on proposed changes to FAHWG
- Provide input on non public reporting requirements (stat agent)

- Continue work on proposed changes to various ratios.
- Provide input on non public reporting requirements (stat agent)

2009 Fall National Meeting

- Continue work on proposed changes to FAHWG
- Provide input on non public reporting requirements (stat agent)

- Continue work on proposed changes to various ratios.
- Provide input on non public reporting requirements (stat agent)

2009 Winter National Meeting

- Continue work on proposed changes to FAHWG
- Finalize input on non public reporting requirements (stat agent)

- Continue work on proposed changes to various ratios.
- Finalize input on non public reporting requirements (stat agent)

2010 Spring National Meeting

- Finalize work on proposed changes to FAHWG

- Finalize work on proposed changes to ratios.

STAGE 2-EXAMINERS HANDBOOK & OVERSIGHT TASK FORCE

Examiners Handbook

Examination Oversight

2007 Winter National Meeting-2009 Spring National Meeting

- Begin discussions on adjusting regulatory requirements to Handbook
- Provide input on blanks proposal until completed

- Ensure regulatory ability to require changes to company's booked reserves.
- Discussions on type of actuarial reports and what should be included in such reports

2009 Summer National Meeting

- Provide input on non public reporting requirements (stat agent)
- Proposed adjustments to regulatory requirements to Handbook

- Begin documentation of differences between possible approaches and international standards

2009 Fall National Meeting

- Provide input on non public reporting requirements (stat agent)
- Proposed adjustments to regulatory requirements to Handbook

- Continue documentation of differences between adopted approach and international standards

2009 Winter National Meeting

- Finalize input on non public reporting requirements (stat agent)
- Proposed adjustments to regulatory requirements to Handbook

- Continue documentation of differences between adopted approach and international standards

2010 Spring National Meeting

- Finalize work on proposed changes to handbook.
- Consider training needed for Examiners

- Finalize documentation of differences between adopted approach and international standards

STAGE 2-NAIC/AICPA & INTERNATIONAL SOLVENCY

NAIC/AICPA

International Solvency

2007 Winter National Meeting-2009 Spring National Meeting

- Assist Corporate Governance subgroup with development of new standards as needed

2009 Summer National Meeting

- Assist Financial Examiners Technical Handbook with any new reporting / auditing requirements

- Assist documentation of differences between possible approaches and international standards

2009 Fall National Meeting

- Assist Financial Examiners Technical Handbook with any new reporting / auditing requirements

- Assist documentation of differences between adopted approach and international standards

2009 Winter National Meeting

- Assist Financial Examiners Technical Handbook with any new reporting / auditing requirements

- Assist documentation of differences between adopted approach and international standards

2010 Spring National Meeting

- Finalize any new reporting / auditing requirements

- Finalize documentation of differences between adopted approach and international standards