

Draft: 9/18/16

Adopted by the Executive (EX) Committee and Plenary, Dec. --, 2017

Adopted by the Life Insurance and Annuities (A) Committee, Nov. --, 2017

Adopted by the Life Actuarial (A) Task Force, Aug. 24, 2017

LIFE ACTUARIAL (A) TASK FORCE

The mission of the Life Actuarial (A) Task Force is to identify, investigate and develop solutions to actuarial problems in the life insurance industry.

Ongoing Support of NAIC Programs, Products and Services

1. The Life Actuarial (A) Task Force will:

- A. Address charges to the Task Force as provided in the Principle-Based Reserving (PBR) Implementation Plan adopted by the Principle-Based Reserving Implementation (EX) Task Force. These charges include *Valuation Manual* and PBR work expected by the Life Insurance and Annuities (A) Committee. Report progress to the Principle-Based Reserving Implementation (EX) Task Force and to the Life Insurance and Annuities (A) Committee.
- B. Report progress on non-PBR-related charges to the Life Insurance and Annuities (A) Committee, and provide updates to the Financial Condition (E) Committee on matters related to life insurance company solvency.
- C. Respond to requests/referrals from the Life Insurance and Annuities (A) Committee regarding reserves or other requirements relating to current or new product lines.
- D. Monitor international developments regarding life and health insurance reserving, capital and related topics. Compare and benchmark with PBR requirements.
- E. Work with the American Academy of Actuaries (Academy) and the Society of Actuaries (SOA) to develop new mortality tables for simplified issue and guaranteed issue forms of life insurance and minimum nonforfeiture requirements for life insurance. Work includes consideration of any guidance/requirements for accelerated underwriting. Provide periodic status reports on this project.
- F. Monitor the work of the Variable Annuities Issues (E) Working Group, and work with any recommendations from the C-3 Phase II/AG 43 (E/A) Subgroup to implement changes to *Actuarial Guideline XLIII—CARVM for Variable Annuities* (AG 43) and VM-21, Requirements for Principle-Based Reserves for Variable Annuities.
- G. Work with the SOA to continue development of reporting channels of distribution information needed to better establish Generally Recognized Expense Table (GRET) factors.
- H. Address approvals from the Life Insurance and Annuities (A) Committee regarding its requests to work on model requirements.
- I. Provide recommendations and changes, as appropriate, to other reserve and nonforfeiture requirements to address issues, and provide actuarial assistance and commentary to other NAIC committees relative to their work on actuarial matters.
- J. Develop risk-focused examination and risk-focused analysis (analysis/examination/actuarial) procedures for PBR.
- K. Develop review tools and propose means to obtain information to support the review. Test the tools and information for usefulness and accuracy.
- L. Identify the data and other reporting needs for actuarial review, financial analysis and public transparency. Recommend changes to other NAIC groups to modify the financial statement blanks, financial statement instructions and the Valuation Manual to obtain such needed data and disclosure. Utilize confidentiality where needed, maintaining an ability to share data appropriate for valuation improvements.
- ~~M.~~ Assess the need for PBR continuing education and training to support regulators and companies.

2. The C-3 Phase II/AG 43 (E/A) Subgroup of the Life Risk-Based Capital (E) Working Group and the Life Actuarial (A) Task Force will:

- A. Develop and recommend changes for 2018 adoption that implement the Variable Annuities Framework based on recommendations from the Variable Annuities Issues (E) Working Group.

3. The Experience Reporting (A) Subgroup will:

- A. Continue development of the experience reporting requirements within the *Valuation Manual*, and provide input, as appropriate, for the process regarding the statistical agent, data collection, and subsequent analysis and use of experience submitted.

4. The IUL Illustration (A) Subgroup will:

- A. Consider enhancements to *Actuarial Guideline XLIX—The Application of the Life Illustrations Model Regulation to Policies with Indexed-based Interest* (AG 49). Provide recommendations for modifications to AG 49 to the Life Actuarial (A) Task Force.

5. The **Longevity Risk (A/E) Subgroup** of the Life Actuarial (A) Task Force and the Life Risk-Based Capital (E) Working Group will:
 - A. Provide recommendations for recognizing longevity risk in statutory reserves and/or risk-based capital (RBC), as appropriate.

6. The **PBR Review Procedures (A) Subgroup** of the Life Actuarial (A) Task Force will:
 - A. Provide recommendations regarding Task Force charges J and K.
 - B. Provide recommendations PBR review procedures and for changes to the examiners handbook and the financial analysis handbook.
 - C. Work with NAIC staff to develop or recommend review tools.

6.7. The **VM-22 (A) Subgroup** will:

- A. Consider a principle-based reserving (PBR) methodology and recommend appropriate requirements for non-variable (fixed) annuities for consideration by the Life Actuarial (A) Task Force.

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