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Adopted by the Executive (EX) Committee and Plenary, TBD

Adopted by the Life Insurance and Annuities (A) Committee, TBD

Adopted by the Life Actuarial (A) Task Force, Oct. 4, 2018.

## 2019 PROPOSED CHARGES

### 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. Work to keep reserve, reporting, and other actuarial-related requirements current. This includes principle-based reserving (PBR) and other requirements in the *Valuation Manual*, actuarial guidelines, and recommendations for appropriate actuarial reporting in blanks. Respond to charges from the Life Insurance and Annuities (A) Committee and to referrals from other groups or committees as appropriate.
  - B. Report progress on all work 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. This work includes the following:
    1. Work with the American Academy of Actuaries (Academy) and the Society of Actuaries (SOA) to develop new mortality tables for valuation and minimum nonforfeiture requirements for simplified issue forms of life insurance.
    2. Provide recommendations for guidance and requirements for accelerated underwriting, as needed.
    3. Evaluate and provide recommendations regarding the VM-21/AG 43 Standard Projection Amount, which may include continuing as a required floor or providing as disclosure. This evaluation is to be completed during the three years after implementation of the Variable Annuities Framework.
    4. Monitor the work of the Variable Annuity 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.
    5. Work with the SOA on the annual development of the Generally Recognized Expense Table (GRET) factors.
    6. 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.
    7. Monitor international developments regarding life and health insurance reserving, capital and related topics. Compare and benchmark with PBR requirements.
2. The **C-3 Phase II/AG 43 (E/A) Subgroup**, a joint subgroup of the Life Risk-Based Capital (E) Working Group and the Life Actuarial (A) Task Force, will:
  - A. Develop and recommend changes to C-3 Phase II, *Actuarial Guideline XLIII—CARVM for Variable Annuities* (AG 43) and VM-21, Requirements for Principle-Based Reserves for Variable Annuities, that implement the Variable Annuities Framework. Target completion is for Jan. 1, 2020, implementation.
  - B. Develop and recommend changes to improve accuracy and clarity of variable annuity (VA) capital and reserve requirements.

**Note:** The Financial Condition (E) Committee will be asked to consider a name change for the Subgroup. Once the change has been completed, these charges will be updated to reflect the new name.
3. The **Experience Reporting (A) Subgroup** will:
  - A. Continue development of the experience reporting requirements within the *Valuation Manual*. Provide input, as appropriate, for the process regarding the experience reporting 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.

## 2019 Proposed Charges

### 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. ~~Work to keep reserve, reporting, and other actuarial related requirements current. –This includes Principle-Based Reserves (PBR) and other requirements in the Valuation Manual, actuarial guidelines, and recommendations for appropriate actuarial reporting in blanks. –Respond to charges from the Life Insurance and Annuities (A) Committee and to referrals from other groups or committees as appropriate. 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 all work 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. This work includes the following:

~~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.A. Monitor international developments regarding life and health insurance reserving, capital and related topics. Compare and benchmark with PBR requirements.~~

i. 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 valuation and minimum nonforfeiture requirements for simplified issue forms of life insurance.

ii. Work includes consideration of any Provide recommendations for guidance and/ requirements for accelerated underwriting, as needed. Provide periodic status reports on this project.

iii. Evaluate and provide recommendations regarding the VM-21/AG 43 Standard Projection Amount which may include continuing as a required floor or providing as disclosure. This evaluation is to be completed during the three years after implementation of the Variable Annuities Framework.

iv. Monitor the work of the Variable Annuity 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.

v. Work with the SOA to continue on the annual development of reporting channels of distribution information needed to better establish the Generally Recognized Expense Table (GRET) factors.

~~a. Address approvals from the Life Insurance and Annuities (A) Committee regarding its requests to work on model requirements.~~

vi. 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.

Monitor international developments regarding life and health insurance reserving, capital and related topics. Compare and benchmark with PBR requirements.

iv-vii.

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

A. Develop and recommend changes to C-3 Phase II, AG 43 and VM-21 that implement the Variable Annuities Framework. Target completion is for 1/1/20 implementation. Develop and recommend changes for 2018 adoption that implement the Variable Annuity Framework based on recommendations from the Variable Annuity Issues (E) Working Group.

A.B. Develop and recommend changes to improve accuracy and clarity of VA capital and reserve requirements.

Note: The Financial Condition (E) Committee will be asked to consider a name change for the Subgroup. Once the change has been completed, these charges will be updated to reflect the new name.

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 [experience reporting 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**, a joint 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 **VM-22 (A) Subgroup** will:
  - A. Consider a PBR methodology and recommend appropriate requirements for non-variable (fixed) annuities in the accumulation phase for consideration by the Life Actuarial (A) Task Force.

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