

Amendment Proposal Form* (NAIC Research Division)

1. Identify yourself, your affiliation and a very brief description (title) of the issue.

William Weller, Consultant to AHIP
2. Identify the document, including the date if the document is “released for comment,” and the location in the document where the amendment is proposed:

VM-30 Actuarial Opinion and Memorandum Requirements – Draft dated 9/22/08.
3. Show what changes are needed by providing a red-line version of the original verbiage with deletions and Identify the verbiage to be deleted, inserted or changed by providing a red-line (turn on “track changes” in Word®) version of the verbiage. (You may do this through an attachment.)

Definitions

Definitions already in the Standard Valuation Law Model (section VM- 05 of the Manual) are applicable to this section. Definitions in section VM-01 of the Manual are also applicable to this section. Additional definitions specific to this section are below.

4. State the reason for the proposed amendment? (You may do this through an attachment.)

There should be no need to reproduce definitions and there should be **no** different definitions of the same term in the Manual.

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NAIC Staff Comments:

Dates: Received	Reviewed by Staff	Distributed	Considered
5/6/08	JLE		Table 8/27/08
Notes:			

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1. Identify yourself, your affiliation and a very brief description (title) of the issue.

John Bruins, ACLI

2. Identify the document, including the date if the document is “released for comment,” and the location in the document where the amendment is proposed:

VM30- Draft 9/22/08 Table Column 2.

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**Principles-Based ~~Valuation~~ Reserves
(2)**

4. State the reason for the proposed amendment? (You may do this through an attachment.)

The consistent reference has been to Principle-Based Reserves – we don’t understand the addition or significance of the word ‘Valuation’..

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NAIC Staff Comments:

Dates: Received	Reviewed by Staff	Distributed	Considered
8/21/08	JLE		Table 8/27/08
Notes: Add a footnote defining “Principle-Based Reserve”			

Amendment Proposal Form* (NAIC Research Division)

1. Identify yourself, your affiliation and a very brief description (title) of the issue.

John Bruins, ACLI Clarify what is subject to Standards of Practice

2. Identify the document, including the date if the document is “released for comment,” and the location in the document where the amendment is proposed:

VM30- Draft 9/22/08 Section B2.

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B.2 Standards for Asset Adequacy Analysis
 1. The asset adequacy analysis must conform to the Standards of Practice as promulgated from time to time by the Actuarial Standards Board and to any additional standards under these AOM requirements, which standards are to form the basis of the statement of actuarial opinion in accordance with these AOM requirements.

 2. The asset adequacy analysis must be based on methods of analysis as are deemed appropriate for such purposes by the Actuarial Standards Board.

4. State the reason for the proposed amendment? (You may do this through an attachment.)

Is it just the Asset Adequacy that is subject to Standards of Practice, or do the Standards of Practice apply to all Statements of Opinion? The SVL says that the Opinion needs to be based on the SOP.

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NAIC Staff Comments:

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8/21/08	JLE		
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1. Identify yourself, your affiliation and a very brief description (title) of the issue.

Mike Boerner, Texas Department of Insurance

Issue: VM-30 contains alternative actuarial opinion options to the requirement in C.1.8.(c). These alternatives are not believed to be needed given the uniformity in reserve requirements intended by the changes in the SVL and the Valuation Manual process.

2. Identify the document, including the date if the document is “released for comment,” and the location in the document where the amendment is proposed:

VM-30, “Actuarial Opinion and Memorandum Requirements” – 9/22/08 draft.

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Changes to lines 366 – 424:

- ~~12. If allowed by the commissioner, the opining actuary may use one of the following as an alternative to the requirements of C.1.8.c:~~

Drafting Note: Identify the default statement? Make it the first statement.

~~a. A statement that the reserves “meet the requirements of the insurance laws and regulations of the State of [state of domicile] and the formal written standards and conditions of this state for filing an opinion based on the law of the state of domicile.” If the commissioner chooses to allow this alternative, a formal written list of standards and conditions shall be made available. If a company chooses to use this alternative, the standards and conditions in effect on July 1 of a calendar year shall apply to statements for that calendar year, and they shall remain in effect until they are revised or revoked. If no list is available, this alternative is not available.~~

~~b. A statement that the reserves “meet the requirements of the insurance laws and regulations of the State of [state of domicile] and I have verified that the company’s request to file an opinion based on the law of the state of domicile has been approved and that any conditions required by the commissioner for approval of that request have been met.” If the commissioner chooses to allow this alternative, a formal written statement of such allowance shall be issued no later than March 31 of the year it is first effective. It shall remain valid until rescinded or modified by the commissioner. The rescission or modifications shall be issued no later than March 31 of the year they are first effective. Subsequent to that statement being issued, if a company chooses to use this alternative, the company shall file a request to do so, along with justification for its use, no later than April 30 of the year of the opinion to be filed. The request shall be deemed approved on October 1 of that year if the commissioner has not denied the request by that date.~~

~~c. A statement that the reserves “meet the requirements of the insurance laws and regulations of the State of [state of domicile] and I have submitted the required comparison as specified by this state.”~~

~~i. If the commissioner allows this alternative, a formal written list of products (add to the table in Item (ii) below) for which the required comparison must be provided will be published by the commissioner. If a company chooses to use this alternative, the list in effect on July 1 of a calendar year shall apply to statements for that calendar year, and it shall remain in effect until it is revised or revoked. If no list is available, this alternative is not available.~~

~~ii. If a company desires to use this alternative, the appointed actuary shall provide a comparison of the gross nationwide reserves held to the gross nationwide reserves that would be held under NAIC codification standards. Gross nationwide reserves are the total reserves calculated for the total company in force business directly sold and assumed, indifferent to the state in which the risk resides, without reduction for reinsurance ceded. The information provided shall be at least:~~

(1) Product Type	(2) Death Benefit or Account Value	(3) Reserves Held	(4) Codification Reserves	(5) Codification Standard

~~iii. The information listed shall include all products identified by either the state of filing or any other states subscribing to this alternative.~~

~~iv. If there is no codification standard for the type of product or risk in force or if the codification standard does not directly address the type of product or risk in force, the appointed actuary shall provide detailed disclosure of the specific method and assumptions used in determining the reserves held.~~

~~v. The commissioner shall keep the comparison provided by the company confidential to the same extent and under the same conditions as the actuarial memorandum.~~

~~123.~~ Notwithstanding the above, a commissioner may reject an opinion based on the laws and regulations of the state of domicile and require an opinion based on the laws of this state. If a company is unable to provide the opinion within sixty (60) days of the request or such other period of time determined by the commissioner after consultation with the company, the commissioner may contract an independent actuary at the company's expense to prepare and file the opinion.

4. State the reason for the proposed amendment? (You may do this through an attachment.)

The reason for this amendment is to eliminate the actuarial opinion alternatives to C.1.8.(c) from VM-30. These alternatives appear to have been in place due to non-uniformity in reserve requirements which the SVL changes and the Valuation Manual process are intended to address.

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NAIC Staff Comments:

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8/21/08	JLE		
Notes: Survey the states to determine if the alternative language is used.			

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