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Rachel Hemphill

Chair, NAIC Life Actuarial (A) Task Force (LATF)

Re: APF 2024-07 (VM-21 SPA Updates)

Dear Chair Hemphill:

The American Council of Life Insurers (ACLI) appreciates the opportunity to provide comments on APF 2024-07 which was re-exposed for public comment by LATF following the initial proposal by the NAIC Variable Annuities Capital and Reserve (E/A) Subgroup. Along with the proposed Valuation Manual (VM) changes to update VM-21 Standard Projection Amount (SPA) assumptions, LATF also asked interested parties to contemplate several cover page questions regarding potential implementation challenges and language options within the new proposed VM-21 Section 6.C.6.f.

Regarding the first cover page question, our members did not anticipate major issues with implementation and therefore do not desire a delay in the implementation of this APF. For the second question, a member indicated to us anecdotally that what their company experienced was on the lower end of the options provided by regulators (under or just around 2%), so in accordance with our previously submitted comment letter, we believe 2% should be chosen as the full surrender rate.

While we do not have any specific feedback related to the shock full surrender rate, consistent with our prior comments we support treating that rate as a standalone assumption (that is, at the specified rate rather than compare to the stochastic shock lapse assumption). All current standard projection assumptions are fully prescribed, creating a benchmark used to identify outliers in accordance with the original desire for the standard projection. We recommend maintaining consistency with the current approach for prescribed assumptions and defining a lapse rate without reference to company assumptions.

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Thank you once again for the opportunity to submit this feedback and we look forward to further discussion and a future session of LATF.

Best,

Handwritten signature of B. Banerjee in cursive script.

Colin Masterson

cc: jfrasier@naic.org