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October 24, 2023

Ben Slutsker

Chair, NAIC Valuation Manual (VM)-22 (A) Subgroup (Subgroup)

Re: VM-22 Subgroup Standard Projection Amount (SPA) Proposal

Dear Chair Slutsker:

The American Council of Life Insurers (ACLI) appreciates the opportunity to submit comments on the VM-22 Subgroup's Standard Projection Amount (SPA) proposal. Our feedback is broken up into sections for General Feedback and Feedback by specific section of the exposure.

General Feedback:


- The requirements are unclear for contracts that pass the stochastic exclusion testing, but still calculate a deterministic reserve (DR) under PBR. ACLI recommends that in these instances an SPA is not calculated.
- Clarification is needed on how the requirements would be applied to products without Cash Surrender Value or Account Value (e.g.: payout annuity contracts). ACLI proposes structuring the requirements into two main sections: one for Deferred Annuity and another one for Payout Annuity/products without a cash surrender value. Under the current structure, several Payout Annuity items would be "not applicable".
- Are the GPAV calculation requirements only applicable to Deferred Annuity? If the answer is yes, then we are not sure about the applicability of sections 6.C.3.h.ii, 6.C.3.h.iii and 6.C.3.h.iv and would request further guidance from regulators.

Feedback by Section:

- Section 6.A.1.a – We request clarification on whether this implies that the SPA would be calculated separately between the Accumulation and Payout category, or if aggregation is allowed between the two for the purposes of calculating the SPA.
- Section 6.B.6 Replace “Section 4.a.4.a” with “Section 4.a.4.b”
- Section 6.C.4.c – ACLI believes there is a missing word in this section. Section 6.C.4.e has similar language but specifies “non-lifetime”; adding the qualifier of “lifetime” before guaranteed living benefits in 6.C.4.c would clarify that section doesn’t apply to non-lifetime.
- Section 6.C.11 Is part a) intended to apply to FIA and b) to all other products?

Thank you very much and we look forward to future discussions on this matter.

Sincerely,

 *B. Banerji*      *Colin Masterson*

cc: Scott O’Neal, NAIC