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Rachel Hemphill

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

Re: Re-Exposure of APF 2021-08 (VM-51 Data Call Lag Reduction)

Dear Ms. Hemphill:

The American Council of Life Insurers (ACLI) appreciates the opportunity to submit comments on the re-exposure of APF 2021-08 on reducing the VM-51 Data Call Lag reduction from two years to one year. ACLI is generally supportive of this change though we have some concerns about the timing of the switch and the impact it could have on industry.

For many companies, the data needed for the data call is not finalized until sometime around mid-August. With the current timeline, this would only give companies around six weeks to generate submissions. This is a problem that could be exacerbated even further if the companies have to submit on behalf of additional legal entities and subsidiaries within their organization. The short timeline between IBNR and the submission date could also reduce the quality of data submitted by companies which is antithetical to the primary goal of the APF.

To ensure that companies are given ample time to collect and package data in a manner in line with the desires of regulators, ACLI proposes that the IBNR date be moved to March 31st instead of June 30th.

Additionally, there is an additional sentence that allows the NAIC to extend the deadline if deemed necessary. It is not clear if this applies to only the last or all the deadlines. ACLI would suggest revising this language to apply to all the deadlines.

These suggested edits are redlined in VM-51 Section 2.D (in part) from the proposed APF language:

American Council of Life Insurers | 101 Constitution Ave, NW, Suite 700 | Washington, DC 20001-2133

The American Council of Life Insurers (ACLI) is the leading trade association driving public policy and advocacy on behalf of the life insurance industry. 90 million American families rely on the life insurance industry for financial protection and retirement security. ACLI's member companies are dedicated to protecting consumers' financial wellbeing through life insurance, annuities, retirement plans, long-term care insurance, disability income insurance, reinsurance, and dental, vision and other supplemental benefits. ACLI's 280 member companies represent 94 percent of industry assets in the United States.

Given an observation calendar year of 20XX, the calendar year method requires reporting of experience data as follows:

- i. Report policies in force during or issued during calendar year 20XX.
- ii. Report terminations that were incurred in calendar year 20XX and reported before ~~July~~ April 1, 20XX+1. However, exclude rescinded policies (e.g., 10-day free look exercises) from the data submission.

For any reporting calendar year, the data call will occur during the second quarter, and the data is to be submitted according to the requirements of the Valuation Manual in effect during that calendar year. Data submissions must be made by Sept. 30 of the reporting calendar year. Corrections of data submissions must be completed by Feb. 28 of the year following the reporting calendar year. The NAIC may extend ~~either of these this~~ deadlines if it is deemed necessary.

Thank you once again for consideration of our comments and we are looking forward to continued conversations with LATF on this topic.

Sincerely,

A handwritten signature in cursive script that reads "B Bonfedi Colin Masterson". The signature is written in dark ink on a white background.

cc: Scott O'Neal, NAIC