ACLI
Financial Security for Life

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

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

Re: APF 2025-12 (VM-22 Standard Projection Amount (SPA) Disclosures and Credibility)

Dear Chairs Hemphill and Slutsker:

The American Council of Life Insurers (ACLI) appreciates the opportunity to provide feedback on APF 2025-12 which was put out for public comment via Subgroup Chair Exposure following discussion at LATF.

Overall, ACLI is supportive of the proposed changes aimed at modifying the requirements associated with the disclosure-only nature of the SPA in the new VM-22 for non-variable/fixed annuities. After review of this amendment by our members, we did identify an editorial change that we would recommend to improve the clarity of the proposal. Specifically, we find the wording in the 3rd paragraph of Section 3.C below to be difficult to understand, particularly the highlighted double negative.

VM-22 Section 3.C

C. The Additional Standard Projection Amount

The additional standard projection amount is determined by applying the standard projection method defined in Section 6.

Where an Additional Standard Projection Amount is indicated, the company should strengthen the assumptions and/or margins used for the SR or DR until an ASPA would no longer be indicated, unless the Company can show that the difference between the SR or DR and the SPA can be attributed to differences between the assumptions prescribed for the SPA and the company assumptions, for assumptions where the company assumption is based on company experience data that is reliable, relevant, and credible.

However, the SPA disclosure is not a safe harbor. An ASPA not being indicated does not imply that the company does not need to strengthen the assumptions and/or margins used for the SR or DR. The Company should have robust support for the development of all company assumptions and margins.

If an ASPA is not indicated, subject to the requirements in this subjection, the additional standard projection amount is only required for disclosure purposes pursuant to VM-31.

We would suggest rewording the 3rd paragraph as follows:

- *However, the SPA disclosure is not a safe harbor. An ASPA not being indicated does not automatically imply that ~~the company does not need to strengthen~~ the assumptions and/or margins used for the SR or DR are appropriate. The Company should have robust support for the development of all company assumptions and margins.*

Thank you once again for the opportunity to provide our thoughts and we look forward to additional discussion soon as we get closer to VM-22 implementation.

Sincerely,

Colin Masterson

cc: Amy Fitzpatrick, NAIC