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

Re: Amendment Proposal Form (APF) 2026-03 (VM-22 SPA Dynamic Lapse Updates)

Dear Chair Hemphill:

The American Council of Life Insurers (ACLI) appreciates the opportunity to provide feedback on APF 2026-03 which was exposed out of the LATF session of the 2026 NAIC Spring National Meeting in San Diego, California and aims to clarify calculation mechanics in the VM-22 Standard Projection Amount dynamic lapse formula, specifically in the Market Factor and Rate Factor formulas.

While the proposed changes do align with our previous interpretation of the formulas, we would like to suggest some additional edits. In the blue commentary, “mathematical convention” is referenced that percentages are typically expressed as decimals. However, the proposal requires carrying the resulting Market Factor, expressed as whole percentage points rather than a decimal, into the Rate Factor calculation. ACLI suggests the following change to divide the Market Factor by 100 to allow the Market Factor to be input as a decimal as well. This will have the advantage of both the Market Factor and Rate Factor to consistently be decimals.

$$\begin{aligned} \text{Market Factor} &= -1.25 \times [100 \times (CR - MR)]^x / 100 \\ \text{Rate Factor} &= \text{Market Factor} \times \text{Max}(0, 1 - 5 \times (1 - CSV/AV)) + 100 \end{aligned}$$

Thank you once again for the chance to submit these comments and we look forward to further discussion soon at the Task Force level.

Sincerely,

cc: Scott O’Neal, NAIC