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

Re: Society of Actuaries (SOA) Valuation Basic Tables (VBT) Key Decision Areas

Dear Chair Hemphill:

The American Council of Life Insurers (ACLI) appreciates the opportunity to provide feedback on the LATF exposure of the SOA's VBT considerations which were first shared at the 2026 NAIC Spring National Meeting in San Diego, California. We would also like to take this time to thank members of the SOA for their work in creating the Key Decision Areas slide deck for interested party consideration.

Following the review of our membership, ACLI presents the following considerations and questions for NAIC and SOA review:

General Commentary

- ACLI is concerned that the proposed timeline for this effort may be aggressive and could benefit from a more deliberate pace.
- As will be elaborated in the sections below, to the extent additional splits are introduced, we recommend the creation of an aggregate table to provide a baseline for reasonability and possible use when deemed more appropriate for the business.

Exposure Years

- ACLI does not have any issues with including data from 2018-19 provided that it is credible. However, it may also be prudent to confirm whether the mortality in those years was abnormally elevated or low relative to prior years to ensure we aren't selecting an inappropriate period.
- We also believe that the recommendation of using data through 2019, with 2023 used as a test table, is a reasonable solution. An additional consideration could be to include 2023 to expand the number of years in the development of the table.

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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 275 member companies represent 94 percent of industry assets in the United States.

Level of Granularity

- Our members expressed concerns about the credibility of data after sorting if the tables are split. Actuaries will tend to use percentages of the table so it may be better to create one table with more credibility and then allow percentages to apply.
- Were converted policies removed from the studies? If not, what was the rationale behind including them?
- Is the level of granularity going to account for the timing of introduction of accelerated underwriting? This timing may have an impact on term experience.
- How would post-level term (PLT) mortality get captured, if the industry is heavily skewed towards certain level periods of experience? For example, if the majority of duration 22 experience is comprised of PLT mortality 2 years after 20-year level periods, this could create some unexpected sloping patterns.
- As noted in General Commentary, if the preference is to create separate tables, ACLI would prefer to have an aggregate table created to be able to assess reasonability.

Face Band Split

- For permanent plans, splits of <\$100K and \$100K+ are reasonable, considering that smaller policies are consistent with "final expense" type products that may indicate higher mortality. For Term plans, a split of 3 different bands is reasonable, to reflect small policies (<\$100K), medium policies (<\$500k or \$1M) and large policies (\$1M+).
- It is also possible that the driver of the mortality differences described in this section of the exposure are not driven by the face value amount and are instead caused by other factors such as the type of underwriting companies use at that level. For example, \$100,000 face value is historically when companies historically started using fluid collection but the split of when this takes place has shifted over time. As such, \$100,000 may not always be an appropriate split.
- Once again, companies may also come up with their own percentages of the VBT table to use and if their underwriting differs from industry practice then their percentages could certainly vary based on the tables.

Risk Class Structure

- We do not have a strong position on this question but will note that companies' specific underwriting practices may result in difference in experience on risk class structure.
- Varying by risk class structure may mean very different things for different companies, so we would be interested in how those differences would be addressed when aggregating data.
- For these reasons, ACLI would recommend creation of an aggregate table in addition to the risk class structure split if LATF decides to include it.

Juvenile Risks

- When considering causes of death at different age ranges, it is important to note that mortality does not always increase with age. Examples include:
 - Risky behavior for males 18-35; this risk tends to decrease over time
 - Risk of childbirth in early adulthood vs. 35+ are different
- There is a risk of minimal credibility at the juvenile ages, so we would prefer that an aggregate table still be created. If separate tables are created, it may introduce discontinuities versus the "adult" table. Who companies consider as juveniles may also differ (e.g., 16 versus 18), so the mix

of UW may have differed at times. Therefore, a more appropriate action could be to develop the ultimate table using all data, then determine how select factors should differ for juveniles versus adults for a particular block of business.

Thank you once again for the opportunity to provide this feedback and we look forward to additional dialogue soon with LATF regulators, NAIC staff, and representatives from the SOA.

Sincerely,

 *B. Banerji* Colin Masterson

cc: Scott O'Neal, NAIC