**Life Actuarial (A) Task Force/ Health Actuarial (B) Task Force**

**Amendment Proposal Form\***

1. Identify yourself, your affiliation and a very brief description (title) of the issue.

**Identification:**

Rachel Hemphill, FSA, FCAS, MAAA, Ph.D.

**Title of the Issue:**

Add guidance on consistency of HMI and FMI rates.

2. Identify the document, including the date if the document is “released for comment,” and the location in the document where the amendment is proposed:

VM-20 Section 9.C.2.h

January 1, 2023 NAIC Valuation Manual

3. Show what changes are needed by providing a red-line version of the original verbiage with deletions and identify the verbiage to be deleted, inserted or changed by providing a red-line (turn on “track changes” in Word®) version of the verbiage. (You may do this through an attachment.)

See attached.

4. State the reason for the proposed amendment? (You may do this through an attachment.)

For the last two years, the SOA has been restricted in the form of the historical and future mortality improvement rates that they are able to recommend, as the *Valuation Manual* pairs the industry future mortality improvement with both company-specific historical mortality improvement as well as industry historical mortality improvement. Therefore, the SOA’s future mortality improvement recommendation has not been able to assume a specific treatment of any considerations, such as COVID, in the historical mortality improvement.

Rather than continuing this restricted form of recommendations, this APF proposes to require that companies ensure that they are applying historical mortality improvement rates that are consistent with any considerations specifically identified by the SOA, adopted by LATF, and published along with the mortality improvement factors (e.g., COVID).

Also, because mortality improvement may be negative, the requirement should be that HMI “shall” be applied to the company mortality rates not “may” be applied.

\* This form is not intended for minor corrections, such as formatting, grammar, cross–references or spelling. Those types of changes do not require action by the entire group and may be submitted via letter or email to the NAIC staff support person for the NAIC group where the document originated.

NAIC Staff Comments:

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| --- | --- | --- | --- |
| **Dates:** Received | Reviewed by Staff | Distributed | Considered |
| 7/20/23, 8/14/23 | SO |  |  |
| **Notes:** 2023-09 | | | |

**VM-20 9.C.2.h**

h. Mortality improvement shall not be incorporated beyond the valuation date in the company experience mortality rates. However, historical mortality improvement from the central point of the underlying company experience data to the valuation date shall be incorporated. The company shall ensure that any specific considerations adopted by the Life Actuarial (A) Task Force and published on the SOA website, at [link/reference to SOA site TBD] are reflected in the development of the company’s historical mortality improvement assumption.

**Guidance Note:** Mortality improvement may be positive or negative (i.e., deterioration).