**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, PhD, FSA, FCAS, MAAA

 **Title of the Issue:**

Remove references to RBC in VM-20 and VM-21 that are inconsistent with the purpose, scope, and intended use of RBC and be consistent with improvements made in related Sections of the VM-22 draft.

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 8.C.17 and VM-21 Section 1.C.3

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.)

**VM-20 Section 8.C.17:**

17. In setting any margins required by Section 8.C.15 and Section 8.C.16 to reflect potential uncertainty regarding the receipt of cash flows from a counterparty, the company shall take into account the ratings or other available information related to the probability of the risk of default by the counterparty, as well as any security or other factor limiting the impact on cash flows.

**VM-21 Section 1.C.3 (remove entire section, and renumber subsequent Section 1.C.4 to 1.C.3):**

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

A couple existing references to RBC in VM-20 and VM-21 are inconsistent with the RBC Preamble’s description of the purpose, scope, and intended use (as well as confidentiality) of RBC.

Related to the VM-21 change, the “risk not necessarily reflected” is proposed to be removed in the VM-22 draft, as it was not necessary to have in addition to the “risks reflected” and “risks not reflected” sections. The “risks reflected” in VM-21 Section 1.C.1 already specifically states they are those “Directly related to the contracts falling under the scope of these requirements or their supporting assets.”

Note that there are no cross-references to VM-21 Section 1.C.3 or 1.C.4 that need to be updated as a result of this change.

|  |  |  |  |
| --- | --- | --- | --- |
| **Dates:** Received | Reviewed by Staff | Distributed | Considered |
| 10/24 | SO |  |  |
| **Notes:** 2023-11 |