April 21, 2021

VM-22 Subgroup Agenda

1. Request regulator volunteers to recommend modifications to VM-20(5)(A), quoted below.  Note this language requires products to be part of an integrated risk management process (IRMP) in order to be aggregated within a Reserve Category.  [10 minutes]

“In determining the stochastic reserve, the company shall determine the number and composition of subgroups for aggregations purposes in a manner that is consistent with how the company manages risks across products with significantly different risk profiles, and that reflects the likelihood of any change in risk offsets that could arise from the distributional shifts between product type due to, for example, differing policyholder behavior.  If a company is managing the risks of two or more products with significantly different risk profiles as part of an integrated risk management process, then the products may be combined into the same subgroup for aggregation purposes.”

1. Views/ideas related to a floor on the Stochastic Reserve (if Standard Projection Amount is determined to be for disclosure).  [25 minutes]
2. Formulate definitions for Deferred and Payout Reserve Categories, including transitions. [25 minutes]

Future topics in planned order

Liability Elements

Hedging Requirements

Other Texas letter comments