

**MEMORANDUM**

TO: Life Actuarial (A) Task Force

FROM: NAIC Legal Division  
Daniel Schelp—Chief Counsel, Regulatory Affairs

RE: Comparison of Model #822 to VM-30 for Accreditation Purposes

DATE: January 18, 2023

---

Both the *Standard Valuation Law* (#820) and the *Actuarial Opinion and Memorandum Regulation* (#822) are currently part of the NAIC's *Liabilities and Reserves Accreditation Standard*. Model #820 provides that the *Valuation Manual* should be adopted uniformly by the states. It came to the attention of the Financial Regulation Standards and Accreditation (F) Committee that there is substantial overlap between the significant elements of Model #822 and the *Valuation Manual* with respect to actuarial opinions; i.e., VM-01 "Definitions for Terms in Requirements" and VM-30 "Actuarial Opinion and Memorandum Requirements." The Committee requested that the Life Actuarial (A) Task Force review the accreditation standard for Model #822 to determine whether VM-01 and VM-30 meet the necessary actuarial opinion requirements of Model #822. This would permit Model #822 to be removed from the accreditation standards, with the *Valuation Manual* standing alone as the accreditation standard for actuarial opinions.

To help facilitate this discussion by the Task Force, the NAIC Legal Division has prepared the following comparison of the significant accreditation elements of Model #822 with VM-01 & VM-30 to determine whether state adoption of the *Valuation Manual* is substantially similar to Model #822 for accreditation purposes:

***Actuarial Opinion and Memorandum Regulation (#822)***

**v. Scope provisions similar to those in Section 3?**

Section 1A(1) "Scope" of VM-30 provides, as follows: "The following provisions contain the requirements for the actuarial opinion of reserves and for supporting actuarial memoranda in accordance with Section 3 of Model #820, and are collectively referred to as Actuarial Opinion and Memorandum (AOM) requirements." In addition, Section 3B of Model #820 is applicable to all actuarial opinions filed after the operative date of the *Valuation Manual*. Section III of the Introduction to the *Valuation Manual* provides:

### **III. Actuarial Opinion and Report Requirements**

Requirements regarding the annual actuarial opinion and memorandum pursuant to Section 3 of Model #820 are provided in VM-30, Actuarial Opinion and Memorandum Requirements. The requirements in VM-30 are applicable to all annual statements with a year-ending date on or after the operative date of the Valuation Manual. Existing actuarial opinion and memorandum requirements continue to apply to all annual statements with a year-ending date before the operative date of the Valuation Manual.

Unlike the reserving requirements under VM-20, there is no small company exemption applicable to the actuarial opinion and memorandum requirements. Therefore, VM-30 should apply to all applicable actuarial opinions filed after the operative date of the *Valuation Manual*. It is the opinion of the NAIC Legal Division that VM-30 meets the requirements of this significant element.

#### **w. Definitions similar to Section 4?**

Section 1A(1) of VM-30 provides for the definition of “Actuarial Opinion”, while VM-01 contains the definitions of “Actuarial Standards Board” and “Annual Statement.” VM-01 also provides for the definition of “Appointed Actuary” that is similar to Section 5C of Model #822, and the definition of “Qualified Actuary” that is similar to Section 5B. Section 2B of VM-30 then provides for the definition of “Asset Adequacy Analysis” that meets the standards of Section 5D of Model #822. It is the opinion of the NAIC Legal Division that VM-01 and VM-30 meet the requirements of this significant element.

#### **x. General Requirements similar to Section 5?**

Section 2 of VM-30 provides general requirements under Model #822 for Section 5A “Submission of Statement of Actuarial Opinion”; Section 5C “Appointed Actuary”; Section 5D “Standards for Asset Adequacy Analysis”; and Section 5E “Liabilities Covered” of Model #822. VM-01 then provides for the general requirements for the definition of “Qualified Actuary” under Section 5B of Model #822. However, it should be noted that Section 2A(1) of VM-30 does not provide that the commissioner may grant an extension for submission of the statement of actuarial opinion similar to Section 5A(2) of Model #822. It is the opinion of the NAIC Legal Division that VM-01 and VM-30 meet the requirements of this significant element.

#### **y. Provisions for statement of actuarial opinion based on an asset adequacy analysis similar to Section 6?**

Section 2A(1) of VM-30 provides for the General Requirements for Submission of Statement of a Life Actuarial Opinion, while Section 3A of VM-30 provides for Statement of Actuarial Opinion Based on an Asset Adequacy Analysis similar to Section 6 of Model #822. It should be noted that the Alternate Option(s) to the requirements of Section 6B(6)(c) set forth in Section 6F of Model #822 permitting the commissioner to accept the valuation of a foreign insurer are not fully addressed in VM-30. However,

Section 3A(7)(c) of VM-30 does provide alternative language for use in such situations. It is the opinion of the NAIC Legal Division that VM-30 meets the requirements of this significant element.

**z. Provisions for description of an actuarial memorandum including an asset adequacy analysis similar to Section 7?**

Section 3B of VM-30 provides for a Description of the Actuarial Memorandum, Including an Asset Adequacy Analysis similar to Section 7 of Model #822. It is the opinion of the NAIC Legal Division that VM-30 meets the requirements of this significant element.

**aa. Provisions for regulatory asset adequacy issues summary similar to Section 7?**

Section 3B(13) of VM-30 provides for a Regulatory Asset Adequacy Issues Summary similar to Section 7C of Model #822. It is the opinion of the NAIC Legal Division that VM-30 meets the requirements of this significant element.