Reserve Category Definitions

The Accumulation Reserve Category contains contracts with supporting assets such that there is greater disintermediation risk and other risks associated with policyholder behavior, than reinvestment and longevity risks as of the valuation date.

The Payout Reserve Category contains contracts with supporting assets such that there is greater reinvestment and longevity risks, than disintermediation risk and other risks associated with policyholder behavior as of the valuation date.

Guidance Note

Reasonable grouping of contracts is allowed. The determination process shall not incorporate the effect on reserves of categorization decisions and shall be documented in the VM-31 Actuarial Report.