Reserve Category Definitions

The Accumulation Reserve Category contains contracts with greater disintermediation risk than reinvestment risk as of the valuation date.

The Payout Reserve Category contains contracts with greater reinvestment risk than disintermediation risk as of the valuation date.

Guidance Note: Contracts with a material cash surrender value, a reasonable expectation of a future material cash surrender value, or with material withdrawal or acceleration options, should be in the Accumulation Reserve Category. Reasonable grouping of contracts is allowed. Appropriate documentation within the VM-31 Actuarial Report of the determination process is a required component of this principle-based approach.