

## NAIC VM-22 Drafting Discussion Log

#	Topic	Description	Date	Tier	Outcome
1	VM-22 Scope and Definitions	Keep current definitions for what is in-scope or focus only on non-variable annuities out of scope	4/13/2022	1	Openness to use Section II of the Valuation Manual to determine scope rather than relying on definitions; ACLI to provide potential draft wording
2	Reserving categories and aggregation	Determine Option 1 or Option 2 from exposed reserve category definitions	4/13/2022	1	Preliminary vote to pursue Option 1
3	Small Company Exemption	Fixed Annuity PBR exemption, similar to life PBR exemption for smaller carriers?	4/13/2022	1	Voted to pursue a "Fixed Annuity PBR Exemption"; ACLI to propose a set of potential draft criteria for the exemption
4	Reinvestment Guardrail	Keep VM-20/VM-21 mix, Academy mix, TX mix, or other? Wait until field test for final decision?	4/27/2022	1	Wait until observing impact in field testing results before voting on a reinvestment mix guardrail
5	Principles & Risks Across VM Chapters	Build one section in the Valuation Manual for principles that apply to VM-20, VM-21, and VM-22	4/27/2022	2	Openness to interested party proposals for a common "principles" section, but will focus on working through other VM-22 decisions before exploring
6	General Assumptions Section	Add a section to the VM-22 draft on general considerations and requirements for assumption	4/27/2022	2	Will include a proposed general assumptions section ("Section 13") from Texas, to be consistent with a recent APF adoption on VM-21
7	Transition Period	Permit 1) early adoption and 2) retrospective adoption to the start of the 3-year transition period?	4/27/2022	2	Decided to not pursue early adoption; VM-22 will say silent on retrospective adoption to start of transition period, similar to VM-20
8	Minimum Error for Index Credit Hedges	What should be the minimum breakage expense (i.e., error) for modeling hedges supporting index credits?	5/11/2022	2	Will wait until seeing field testing results before minimum threshold
9	Longevity Reinsurance	How should longevity reinsurance be defined and treat negative reserves/recurring premiums?	5/11/2022	2	Academy presented on longevity reinsurance and will provide a refined definition; New Jersey will provide a proposal for reserving requirements
10	Categories for VM-31 Disclosures	What level of granularity should be required for disclosing PBR reserves for product groups in VM-31?	5/11/2022	2	Will wait until seeing field testing results before determining granularity of disclosures
11	Exclusion Test: SPIA contracts	Allow SPIAs to have the option of PBR vs. pre-PBR valuation without an exclusion test?	6/1/2022	2	
12	Exclusion Test: PRT Certification Method	Allow PRT contracts to use the Certification Method for exclusion testing?	6/1/2022	2	
13	Exclusion Test: Grouping	Group between products with significantly different risk profiles?	6/1/2022	2	
14	Exclusion Test: Future Premiums	For the stochastic exclusion ratio test, determine whether to include future premiums	6/1/2022	2	
15	Exclusion Test: Deterministic Reserve	To pass the deterministic test, does the company need to pass or disclose 16 scenarios with baseline mortality?	6/1/2022	2	
16	Working Reserve	Use a working reserve concept to serve as a floor for contracts without cash surrender value?	TBD	2	
17	PRT Mortality	Permit PRT mortality with limited credibility to follow a third-party provider instead of an industry table?	TBD	2	
18	Import Reinsure Wording from VM-20	Import VM-20 wording on incorporating contractual or additional characteristics for modeling reinsurance?	TBD	2	
19	Fair Value Certification	Include fair value certification, similar to existing VM-21 requirement?	TBD	2	

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#	Topic	Description	Date	Tier	Outcome
20	Allocation Method	Determine Option 1 or Option 2? Wait until observing field test results before deciding?	TBD	2	
21	Grouping for Fund Value Depletion	Appropriate reserving category for deferred annuities with GMWBs/GMIBs that have depleted fund value	TBD	2	
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