**Life Actuarial (A) Task Force/ Health Actuarial (B) Task Force**

**Amendment Proposal Form\***

1. Identify yourself, your affiliation, and a very brief description (title) of the issue.

**Identification:**

Rachel Hemphill, Ph.D., FSA, FCAs, MAAA, Texas Department of Insurance

**Title of the Issue:**

Update for more recent Term-to-100 lapse study.

2. Identify the document, including the date if the document is “released for comment,” and the location in the document where the amendment is proposed:

VM-20 Section 9.D.5

January 1, 2024 NAIC Valuation Manual

3. Show what changes are needed by providing a red-line version of the original verbiage with deletions and identify the verbiage to be deleted, inserted, or changed by providing a red-line (turn on “track changes” in Word®) version of the verbiage. (You may do this through an attachment.)

1. For a universal life policy that guarantees coverage to remain in force as long as the secondary guarantee requirement is met and during projection periods in which the cash surrender value is zero or minimal, industry experience, for purposes of complying with Section 9.A.6, shall be the *Lapse Experience Under Term-to-100 Insurance Policies* published by the Canadian Institute of Actuaries in December 2021. During projection periods in which the cash surrender value of such policy is zero or minimal, the assumption shall grade from credible company experience to the rates in the *Lapse Experience Under Term-to-100 Insurance Policies* published by the Canadian Institute of Actuaries in December 2021 in five projection years from the last duration where substantially credible experience is available.

4. State the reason for the proposed amendment? (You may do this through an attachment.)

A more recent version of the CIA Term-to-100 study is available, at <https://www.cia-ica.ca/app/themes/wicket/custom/dl_file.php?p=38215&fid=34433>.

For the study, the CIA notes that there is less data overall, but substantially more data after the 25th policy year. They also note that lapse rates are uniformly lower after the first duration.

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| **Dates:** Received | Reviewed by Staff | Distributed | Considered |
| 3/27/24 | S.O. |  |  |
| **Notes:** 2024-04 | | | |