

PROJECT HISTORY - 2016

SEPARATE ACCOUNTS FUNDING GUARANTEED MINIMUM BENEFITS UNDER GROUP CONTRACTS MODEL REGULATION (#200)

1. Description of the Project, Issues Addressed, etc.

Revisions were made to the *Separate Accounts Funding Guaranteed Minimum Benefits Under Group Contracts Model Regulation (#200)* to modify the valuation methodology. Definitions were added for the following terms: “Treasury-based spot rate”; “index spot rate”; “blended spot rate”; and “prudent estimate.” Section 5B(5) and Section 5C were revised to provide further definition. Section 5B(6)(g) was added to expand the plan of operations requirements for pooled funds contracts and to provide further guidance. The modification to Section 7F(1) and the addition of Section 7F(3) clarify and strengthen the valuation requirements for pooled fund contracts. Section 10G(4) was revised to expand the actuarial memorandum requirements related to withdrawal risks.

2. Name of Group Responsible for Drafting the Model and States Participating

The Life Actuarial (A) Task Force was responsible for the revisions to the text.

States Participating:

David Mattax, Chair (represented by Mike Boerner)	Texas	Bruce R. Ramge (represented by Rhonda Ahrens)	Nebraska
Mary Taylor, Vice Chair (represented by Pete Weber)	Ohio	Richard J. Badolato (represented by Felix Schirripa)	New Jersey
Dave Jones (represented by Perry Kupferman)	California	Maria T. Vullo (represented by William Carmello)	New York
Katharine L. Wade (represented by Tricia Dave)	Connecticut	John D. Doak (represented by Frank Stone)	Oklahoma
Nick Gerhart (represented by Mike Yanacheak)	Iowa	Todd E. Kiser (represented by Tomasz Serbinowski)	Utah
Mike Rothman (represented by Fred Andersen)	Minnesota	Jacqueline K. Cunningham (represented by Ern Johnson)	Virginia
John M. Huff (represented by William Leung)	Missouri		

3. Project Authorized by What Charge and Date First Given to the Group

The revisions to the model were authorized in 2016 by the following charge to the Task Force: “Provide recommendations and changes, as appropriate, to other reserve and nonforfeiture requirements to address issues and provide actuarial assistance and commentary to other NAIC committees relative to their work on actuarial matters.”

4. A General Description of the Drafting Process (e.g., drafted by a subgroup, interested parties, the full group, etc.). Include any parties outside the members that participated.

The revisions to Model #200 were drafted by the American Academy of Actuaries (Academy) at the request of the Task Force. After reviewing the proposed revisions, the Task Force exposed the revisions for a public comment period. No comments were received. The Task Force adopted the proposed revisions on its Oct. 13, 2016, conference call. The revised model was then forwarded to the Life Insurance and Annuities (A) Committee. The Committee adopted the revisions on its Oct. 19, 2016, conference call.

All drafts were distributed to more than 100 interested parties and posted on the NAIC website. Numerous interested parties participated in the drafting process, including the American Council of Life Insurers (ACLI) and the Academy.

5. A General Description of the Due Process (e.g., exposure periods, public hearings or any other means by which widespread input from industry, consumers and legislators was solicited)

The Task Force met at each national meeting and held interim meetings and conference calls starting in December 2015 until adopting the revisions on its Oct. 13, 2016, conference call. Prior to adoption, the revisions were exposed for a public comment period. No comments were received.

6. A Discussion of the Significant Issues (e.g., items of some controversy raised during the due process and the group's response)

The revisions to Model #200 were necessitated by the 2015 adoption of similar revisions to the *Synthetic Guaranteed Investment Contracts Model Regulation* (#695). The products subject to the two regulations differ only in that, under Model #695, the group annuity contract or other agreement establishes the insurer's obligations by reference to a segregated portfolio of assets that is not owned by the insurer.

7. Any Other Important Information (e.g., amending an accreditation standard)

None.