

LIFE ACTUARIAL (A) TASK FORCE

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Life Actuarial (A) Task Force
Columbus, Ohio
August 10-11, 2026

The Life Actuarial (A) Task Force met in Columbus, OH, Aug. 10-11, 2026. The following Task Force members participated: Amanda Crawford, Chair, represented by Rachel Hemphill (TX); Scott A. White, Vice Chair, represented by Craig Chupp (VA); Heather Carpenter represented by Sharon Comstock (AK); Ricardo Lara represented by Thomas Reedy (CA); Joshua Hershman represented by Wanchin Chou (CT); Doug Ommen represented by Mike Yanacheak (IA); Ann Gillespie represented by Matt Cheung (IL); Holly W. Lambert represented by Scott Shover (IN); Vicki Schmidt represented by Nicole Boyd (KS); Marie Grant represented by Nour Benchaaboun (MD); Julia Dreier represented by Fred Andersen and Ben Slutsker (MN); Angela L. Nelson represented by William Leung (MO); Susan Ochs represented by David Wolf (NJ); Ned Gaines represented by Maile Campbell (NV); Kaitlin Asrow represented by William B. Carmello (NY); Judith L. French represented by Matt Elston (OH); TK Keen represented by Joshua Blakey (OR); Michael Humphreys represented by Steve Boston (PA); Carter Lawrence represented by Eric Scott (TN); and Jon Pike represented by Tomasz Serbinowski (UT).

1. Adopted its July 30, June 18, June 11, May 21, May 14, May 7, April 30, April 16, and April 9 Meeting Minutes and the Report of the Longevity Risk (E/A) Subgroup

The Task Force met July 30, June 18, June 11, May 21, May 14, May 7, April 30, April 16, and April 9. During these meetings the Task Force took the following action: 1) exposed revisions to the Financial Analysis Handbook and Financial Condition Examiners Handbook regarding Valuation Manual (VM)-21, Requirements for Principle-Based Reserves for Variable Annuities; VM-22, Requirements for Principle-Based Reserves for Non-Variable Annuities; VM-31, PBR Actuarial Report Requirements for Business Subject to a Principle-Based Valuation; Actuarial Guideline LIII—Application of the Valuation Manual for Testing the Adequacy of Life Insurer Reserves (AG 53), Actuarial Guideline LV—Application of the Valuation Manual for Testing the Adequacy of Reserves Related to Certain Life Reinsurance Treaties (AG 55), and the generator of economic scenarios (GOES) for a 30-day public comment period ending Aug. 28; 2) adopted amendment proposal form (APF) 2025-14, which clarifies the scope of variable annuity contracts in the payout phase under VM-21, and VM-22; 3) adopted APF 2026-04, which clarifies that references to the 2017 Commissioners' Standard Ordinary (CSO) Tables in the *Valuation Manual* mean the loaded version of the tables unless specified otherwise; 4) adopted APF 2026-05, which outlined editorial changes to correct minor typos, incorrect section references, and other straightforward revisions items in the *Valuation Manual*; 5) adopted APF 2025-18, which clarifies the applicability of VM-22 to deposit-type contracts; 6) adopted APF 2025-20, which addresses VM-22 aggregation across reserving categories; 7) adopted the group annuity experience collection company selection memo, which describes the process for the inclusion of companies for the group annuity experience collection; 8) tabled APF 2026-01 pending American Academy of Actuaries (Academy) analysis on spreads and defaults; 9) adopted APF 2026-03, which was a technical clarification to the standard projection amount (SPA) assumption for surrenders in VM-22; 10) adopted APF 2026-02, which revises VM-21 and VM-22 to reflect that interest maintenance reserves (IMRs) are attributable to groups of policies or contracts rather than to groups of assets; 11) disbanded the Variable Annuities Capital and Reserve (E/A) Subgroup; 12) referred a request to the Academy's Life Reserves Work Group to review the VM-20, Requirements for Principle-Based Reserves for Life Products, defaults and spreads methodology; 13) adopted its Spring National Meeting minutes (see *NAIC Proceedings – Spring 2026, Life Actuarial (A) Task Force*); and 14) adopted APF 2024-12, which establishes a statistical plan for collecting group annuity mortality experience data and designates the NAIC as the experience reporting agent.

Hemphill reported that the Task Force met July 16 and July 9 in regulator-to-regulator session, pursuant to paragraph 3 (specific companies, entities, or individuals) of the NAIC Policy Statement on Open Meetings to
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discuss reviews of company-specific illustration data and a company presentation requesting the use of international mortality tables.

The Task Force reviewed the report of the Longevity Risk (E/A) Subgroup, which met July 28, June 9, and April 9. During these meetings, the Subgroup took the following action: 1) adopted its June 9 and April 9 minutes; and 2) adopted structural and instructional changes to LR025-A of the *2026 Life and Fraternal Risk-Based Capital Forecasting and Instructions for Companies* (Forecasting and Instructions) for longevity reinsurance; and 3) heard an Academy presentation on its proposed 2026 work plan to develop longevity reinsurance C-2 capital factors intended for 2027 life risk-based capital (RBC).

Chupp made a motion, seconded by Chou, to adopt the Task Force's July 30 (Attachment One), June 18 (Attachment Two), June 11 (Attachment Three), May 21 (Attachment Four), May 14 (Attachment Five), May 7 (Attachment Six), April 30 (Attachment Seven), April 16 (Attachment Eight), and April 9 (Attachment Nine) minutes, and the report of the Longevity Risk (E/A) Subgroup (Attachment Ten) and its July 28 (Attachment Eleven) minutes. The motion passed unanimously.

2. Adopted the Report of the VM-22 (A) Subgroup

Slutsker provided a status update on the VM-22 (A) Subgroup which met May 20. During this meeting the Subgroup took the following action: 1) adopted APF 2025-18, which clarifies that not all deposit-type contracts are in scope of VM-22; and 2) adopted APF 2025-20, which addresses VM-22 aggregation across reserving categories. Slutsker exposed APF 2025-19 which addresses the valuation of guaranteed payment streams, settlement options, and annuitizations arising from host contracts issued before the operative date of principle-based reserving (PBR) for a 45-day public comment period ending Sept. 24.

Slutsker made a motion, seconded by Reedy, to adopt the VM-22 (A) Subgroup report and May 20 minutes (Attachment Twelve). The motion passed unanimously.

3. Discussed Comments Received on VM-22 In-Force Application

Slutsker said that a range of options were considered by the VM-22 (A) Subgroup regarding the application of VM-22 to in-force blocks of business. Ultimately, the Subgroup decided to proceed with allowing for optional application with guardrails. Slutsker said that a list of questions on the guardrails to allow optional VM-22 application had been exposed at the NAIC Spring National Meeting, including: 1) what types of criteria should be utilized to explain the reserve impact and drivers resulting from VM-22 in-force application; 2) whether in-force application should be offered on a one-time basis or if companies could implement at future points; 3) how testing should be designed to understand aggregation impacts with business already valued under VM-22 requirements; 4) what requirements could be put into place to address regulator concerns with asset allocation between pre-PBR and PBR blocks of business; 5) how AG 53 asset documentation can be utilized in disclosures and evaluation criteria; and 6) how the Valuation Analysis (E) Working Group should be involved in the review process.

Bruce Friedland (Academy) walked through the Academy's comment letter, stating that the Academy felt that: 1) flexibility should be allowed for attribution analyses to explain the results and drivers and that the reporting should be provided at the onset of the application to VM-22 and on an ongoing basis through the VM-31 reports; 2) allowing VM-22 in-force application on a one time basis would help regulatory comparability across companies but could be a large burden on regulators and may limit the number of companies that ultimately adopt VM-22 for their in-force business; 3) aggregation benefits of implementing multiple in-force blocks of business into VM-22 should be determined both on a standalone basis to illustrate the individual aggregation benefit of each block and also on a comprehensive basis to illustrate the overall aggregation benefit; 4) disclosures should be provided to ensure that opportunistic asset allocations and asset double-counting do not occur; 5) AG 53 descriptions of

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both assets used in the VM-22 valuation and not used in the VM-22 valuation may be helpful as disclosures; and 6) that the Academy does not have a specific comment on how the Valuation Analysis (E) Working Group should be involved in the VM-22 in-force review process.

Responding to the Academy's position on the criteria for explaining the reserve impact, Reedy disagreed with initially allowing flexibility in the attribution analyses. Reedy said that more prescriptive attribution analyses can allow regulators to achieve greater comparability across companies. Reedy asked Friedland whether the Academy felt that changes in reinsurance plans should be included in the VM-22 in-force disclosures. Friedland said that he felt it would make sense to include that information if it was material to the decision to move in-force business onto VM-22. Hemphill asked Reedy whether he supported ongoing disclosures in addition to disclosures at the time the in-force business is implemented onto VM-22. Reedy said he supported ongoing disclosures, at least initially, to get regulators comfortable with the in-force VM-22 implementations. Hemphill said that while one-time analysis may be less labor-intensive for companies and regulators, more limited ongoing analysis could be necessary in understanding the true impact of implementing VM-22 for in-force business as companies refine their models over time.

Cheung asked if there would be asset adequacy testing (AAT) implications for companies that implement VM-22 for in-force business and experience a decrease. Hemphill said a significant change in AAT reserves would necessitate additional disclosures. Friedland noted challenges in comparing VM-22 in-force blocks of business to AAT given that AAT is performed on an aggregate basis. Cheung said it would still be good to understand the AAT reserve impact from a VM-22 in-force implementation, and Hemphill suggested that perhaps some impact analysis could be provided in place of companies producing full AAT results, to understand if lowering reserves by applying VM-22 to in-force business could increase or create AAT reserves.

Brian Bayerle (American Council of Life Insurers—ACLI) walked through the ACLI's comment letter, noting that there were a lot of details to be worked through. Bayerle said that one of the ACLI's key requests was not to make unnecessarily prescriptive requirements while recognizing that regulators need appropriate disclosures to review the VM-22 in-force implementations. Regarding the exposure questions, Bayerle noted that: 1) additional analyses need only be provided at the time that blocks of business are implemented in VM-22, companies should demonstrate the appropriateness of assumptions for blocks of business being implemented in VM-22, and companies should demonstrate the adequacy of reserves for blocks of business in-scope that are not being implemented in VM-22; 2) companies should be allowed to implement blocks of business into VM-22 over time to manage operational issues, transition to new asset portfolios, and allow for both companies and regulators to learn from the process and improve over time; 3) testing on aggregation should avoid duplicative requirements where other frameworks address the relevant considerations; 4) existing AAT and PBR requirements should be necessary to give regulators the information they need to ensure that asset allocations are appropriate; 5) AG 53 asset descriptions for assets with higher net yield could be added to VM-31 reporting while already leveraging information currently required under VM-31, Section 3.F.4; and 6) analysis performed by the Valuation Analysis (E) Working Group of in-force VM-22 implementations could be appropriate for situations involving material reserve changes, novel issues, or other circumstances needing additional regulatory review.

Slutsker asked what the ACLI's position is on the impacts to AAT reserves after the VM-22 in-force implementations is. Bayerle said its comment letter touched on that by recommending demonstrations of reserve adequacy for blocks of business not planned to be implemented in VM-22. Additionally, Bayerle said that for companies that implement the vast majority of their in-scope in-force business onto VM-22, any small remainder could be exempt from additional disclosures subject to a materiality threshold. Bayerle also recommended potential exclusion testing to limit disclosures for less risky business. Reedy pointed out that substantial regulatory resources would be needed to review disclosures as companies are preparing to implement VM-22 for in-force business. Bayerle noted that regulatory resources were an important consideration given the likelihood that

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numerous companies will want to implement VM-22 for their in-force business and that expediting regulators ability to perform appropriate review would be critical to the process.

Regarding the types of disclosures, Slutsker suggested focusing on the Academy's suggestion of reserve comparisons pre- and post-VM-22, attribution analyses of the changes, key risk metrics, and sensitivity testing. Andersen said that one helpful practice when reviewing AG 55 reporting has been for companies to provide narrative explanations of reserve changes alongside numerical values. Bayerle asked what components the narrative should apply to. Andersen responded that narratives should be provided to support attribution analyses and identify the key drivers of changes in reserves. Hemphill supported the Academy's suggested disclosures and recommended perhaps four years to provide enhanced disclosures with attribution analyses specific to the in-force VM-22 business to understand the full impact of the in-force VM-22 application as companies updated methods and assumptions over time. Reedy said that ongoing analyses would be helpful to regulators and could also be helpful for companies seeking to release reserves.

Slutsker noted concerns about the heavy lift for companies in providing ongoing disclosures of their in-force VM-22 implementations, as well as the associated regulatory resources required to review those disclosures. Slutsker said that he supported a 2031 deadline for companies to move in-force blocks onto VM-22. Hemphill said it was reasonable to set a 2031 deadline, noting that it would be burdensome for regulators to continue reviewing VM-22 in-force implementations and to assess the impact on the industry if the timeline is left open. Bayerle noted that the 2031 timeframe was aggressive, given the demands on regulators' resources, and that staggering the implementations would reduce strain over a relatively short period. Hemphill said that reviewing VM-22 in-force implementations around the same time or shortly after initial VM-22 prospective filings were reviewed would lead to efficiency gains for regulators. Yanacheak asked what would happen if a hard deadline were set and whether it would lead to additional offshore reinsurance transactions. Slutsker said that the reinsurance issue would need to be tackled in coordination with other groups at the NAIC and that the *Valuation Manual* could later be amended if the deadline did not work as anticipated. Yanacheak said he had concerns about reserves being reduced dramatically and the need to explain the reasonability of that change to insurance consumers and the general public.

Slutsker exposed a request for revised language to the *Valuation Manual* to incorporate the application of VM-22 to include in-force contracts for an 81-day public comment period ending Oct. 30.

4. Exposed APF 2026-06

Slutsker introduced APF 2026-06, which modifies VM-22 to address the reserving treatment for guaranteed income contracts (GICs), funding agreements, and stable value contracts and said that comment letters had been received from the Academy and ACLI on a respective set of questions. Friedland noted that many of the criteria the Academy had recommended were included in the latest APF 2026-06 language, but noted two points for the Task Force to consider: 1) on the criteria for synthetic GICs (SGICs), the Academy recommended "Contain contractual provisions that materially limit tail risk or pass back risk to the contract holder..." rather than requiring that contractual provisions do both; and 2) the "moderately adverse" concept is not defined outside of VM-30, Actuarial Opinion and Memorandum Requirements. Bayerle summarized the ACLI's comments as recommending that VM-A, Appendix A - Requirements and VM-C, and Appendix C – Actuarial Guidelines remain the default standards for the products in question.

Slutsker exposed APF 2026-06 for a 180-day public comment period ending Feb. 5, 2027.

5. Received a Report on the Work of the Life Insurance and Annuities Illustrations (A) Working Group

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Slutsker said that state insurance regulators have identified concerns with double-digit returns in perpetuity being provided in annuity illustrations at the point of sale. To address these concerns, the Life Insurance and Annuities Illustrations (A) Working Group was formed. After illustrations from the top 24 carriers were reviewed, and two paths forward were identified: 1) pursue a stopgap measure to address immediate illustration issues; and 2) consider opening the *Annuity Disclosure Model Regulation* (Model #245). On recent calls of the Working Group, a consensus has developed on several key issues: 1) illustration length should be reduced to shorter periods where appropriate; 2) existing disclosures should be enhanced rather than providing new disclosures; and 3) hypothetical returns for indices that have existed only for a short time should not be provided. Additional discussions will take place at the Working Group on non-guaranteed elements, supplemental scenarios, and the stop-gap solution.

6. Exposed Conceptual Document on Asset Portfolio Segmentation between PBR and Pre-PBR Lines of Business.

Slutsker said that state insurance regulators are concerned that companies could engage in opportunistic asset allocations between PBR and pre-PBR lines of business, thereby artificially reducing reserve requirements. Slutsker walked through a conceptual document that outlined a potential set of requirements and disclosures to address regulators' concerns, noting that this would apply to VM-20, VM-22, VM-30, and VM-31 to ensure consistency across AAT and PBR models. Slutsker said that the main disclosures would be provided in an Excel spreadsheet.

Hemphill exposed the asset selection conceptual document for a 30-day public comment period ending Sept. 10.

7. Adopted the Report of the GOES (E/A) Subgroup

Scott O'Neal (NAIC) walked through a presentation (Attachment Thirteen) that highlighted comments from the ACLI on the exposure of the GOES model governance framework and outlined proposed next steps for the adoption of revisions to the GOES model governance framework. Hans Avery (ACLI) provided additional context for the ACLI's recommendation to add "Overview" and "Key Metrics" sections to the GOES model governance framework, stating that the overview section would define operational issues and the key metrics section would help track them. O'Neal asked whether the key metrics section could be tracked alongside the existing Model Findings Inventory, and Avery agreed it would be a good place to store the metrics. Hemphill agreed that an overview section could be useful.

Regarding the ACLI's request for files posted on the GOES scenario website to only be removed after a public exposure, O'Neal said that he discussed with Conning, and they have no intention to pull down previously posted files at this time, and therefore, they should be able to support the ACLI's suggestion from an operational standpoint. O'Neal noted the potential for confusion about retaining erroneous files on the GOES scenario website and suggested utilizing the GOES SharePoint site. Hemphill agreed with the concern about the company's potential later accidental use of erroneous files. Yanacheak said that, ideally, it would not be too easy to mistakenly download erroneous files and not too challenging to obtain them when desired for control purposes. O'Neal proposed NAIC committee support make additional revisions based on the discussion to the GOES model governance framework before an additional exposure, to which Hemphill agreed, and no other participants objected to.

O'Neal noted that a proposed GOES software update had been exposed alongside demonstrations that illustrated that the scenario results did not change without, and no interested parties had commented on the exposure. Yanacheak directed NAIC committee support and Conning to move forward with the software update.

Yanacheak made a motion, seconded by Chou, to adopt the GOES Subgroup report. The motion passed unanimously.

8. Adopted the Report of the Experience Reporting (A) Subgroup

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Angela McNabb (NAIC) delivered a presentation (Attachment Fourteen) on the NAIC's life and group annuity experience data collections. O'Neal said that the majority of life experience collection participants had improved their processes over time and were submitting high-quality data to the NAIC according to the deadlines stated in the *Valuation Manual*. However, O'Neal said that there was a small minority of companies that were delayed in getting good data to the NAIC, which has resulted in delays in delivering the experience to the Society of Actuaries (SOA). O'Neal said that the NAIC was working directly with those companies and their domestic state insurance regulators to obtain the experience data and that the NAIC would continue to work to ensure that the SOA can receive the experience data in an appropriate timeframe.

Andersen made a motion, seconded by Yanacheak, to adopt the Experience Reporting (A) Subgroup report. The motion passed unanimously.

9. Exposed the 2026 VM-20 HMI and FMI Rates

Marianne Purushotham (SOA) walked through a presentation (Attachment Fifteen) on the SOA's work on the 2026 historical and future mortality improvement (HMI and FMI) rates. Hemphill asked why the younger attained ages showed the least improvement or the greatest deterioration in the HMI, yet the greatest improvement in the FMI. Purushotham said that the low HMI for younger ages was driven by the historical data and the SOA general population data with socio-economic splits that included the COVID-19 pandemic. The Social Security Administration (SSA) data used for the FMI indicated greater improvement among younger ages. Those effects combined to imply that younger age groups experienced a significant upward trend in mortality following the COVID-19 epidemic. Purushotham also noted that the younger ages tended to have the fewest claims, which led to additional year-to-year volatility for those ages.

Chupp noted that last year's methodology graded HMI and FMI rates to zero at the older ages and asked what the practice would be for this year's assumption. For this year's HMI and FMI assumptions, Purushotham said that they graded starting from age 80 to zero improvement at age 92. Hemphill suggested including a slide illustrating the difference between the current recommendation and the previous year's HMI and FMI assumptions, to which Purushotham agreed. Bayerle asked whether those under 20 would see a deterioration in mortality, which Purushotham confirmed.

Hemphill exposed the SOA's HMI and FMI recommendation for a 21-day public comment period ending Sept. 3.

10. Exposed the SOA's Request for Feedback on the Development of a New VBT Mortality Table

Mary Bahna-Nolan (SOA) delivered a presentation (Attachment Sixteen) on the SOA's progress in developing a new Valuation Basic Table (VBT) for use in VM-20. Bahna-Nolan said that one key decision was utilizing the 2018 and 2019 exposure year data and validating with 2023 data while ignoring the years exposed to the COVID-19 pandemic. The SOA is also recommending the development of term and non-term product tables with splits between preferred, non-preferred, and residual risk classes. Carmello asked what year the effects of COVID-19 were expected to wear off. Bahna-Nolan said that there is more analysis to be done, but her group started to see the effects of COVID-19 wearing off in 2022 before reverting to pre-COVID-19 levels in 2023.

Bahna-Nolan discussed an unusual relationship between the experience when reviewed by amount vs. count where spikes occur in the experience when viewed by amount. Bahna-Nolan said that this was likely due to random volatility from sporadic high face amount claims, which can lead the model to putting too much weight on those higher claims and putting too much volatility into the table. To address that issue, Bahna-Nolan said that the SOA is reviewing different caps on face amount to strike the right balance. Hemphill noted a spike in the

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duration 10 mortality rates and asked Bahna-Nolan if they were aware of the cause. Bahna-Nolan said her group did not yet have an answer but said that they were seeing the duration 10 spike across different ages.

Hemphill exposed the SOA VBT deck for a 14-day public comment period ending Aug. 25.

11. Heard an Update from the Academy Council on Professionalism and Education

Tricia Matson (Academy) provided an overview of the Academy's professionalism structure and introduced Laura Hanson (Actuarial Standards Board—ASB), Shawna Ackerman (Actuarial Board for Counseling and Discipline—ABCD), and Maryellen Coggins (Committee on Qualifications—COQ). Coggins said that work was underway to review the United States Qualifications Standards (USQS) and improve: 1) the specific standards; 2) the structure and clarity of the standards; and 3) the alignment of the USQS with Actuarial Standard of Practice (ASOP) 41 on communications. Hanson provided an update on ASOPs that are currently being reviewed and/or revised and noted that a new ASOP was being developed on the pricing of reinsurance or similar risk transfer transactions involving life insurance, annuities, or long-duration health benefits. Ackerman discussed the functions of the ABCD, including to responding to requests for guidance and producing the "Up to Code" articles.

12. Heard an Update from the Academy Life Practice Council

Matson said the Academy had recently hired Seong-min Eom, who would focus on engaging with its stakeholders. Eom highlighted upcoming VM-22 resources produced by the Academy, including a practice note that will help with assumption setting. Eom also discussed that the PBR Bootcamp, previously provided in person, would be transformed into a series of webinars.

13. Exposed the Academy Letter on the Review of the VM-20 Spread and Default Methodology

Kristin Gustafson (Academy) said that the Academy was asked by the Task Force to evaluate the existing methodology used in VM-20 to determine asset spread and default assumptions. Gustafson said that the methodology remains appropriate. While the methodology was developed in 2009, Gustafson said it uses a series of formulae that are applied to regularly updated data. Gustafson said that the Academy did have a recommendation to review the reinvestment guardrail, noting that allocating fixed-income reinvestment to 100% public, non-callable corporate bonds may be too prescriptive and not reflective of actual company practices.

Cheung asked whether the margins associated with the defaults were reviewed and determined to be reasonable for a long-term projection. Hemphill asked a related question on whether the default margins are appropriate for both individual assets and portfolios of assets. Gustafson said that the Academy would get back to the Task Force with the answers to those questions. Slutsker noted that a previous NAIC analysis showed that, across different confidence thresholds, the default margins had a limited impact. Slutsker pondered whether there was a liquidity charge not being addressed in PBR or AAT that could be missing.

Hemphill also questioned the applicability of the same default margins to both public and private assets. Jason Kehrberg (Academy) said that its review did not include an endorsement of the default and spread methodology for use on private assets. Carmello suggested that the Task Force should not try to be overly precise about the guardrails or spread methodologies, noting a concern about lowering reserve requirements without reflecting appropriate risk in the models.

Hemphill exposed the Academy VM-20 default and spread methodology review letter for a 30-day public comment period ending Sept. 10.

14. Heard an Update from the SOA on its Recent Research Initiatives

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Dale Hall (SOA) provided an update on the upcoming experience study completion dates and practice research papers. Hall discussed the SOA's experience data collection efforts and mentioned several annuity studies that could be relevant to assumptions needed for VM-22. Additionally, Hall highlighted papers on complex assets and international reinsurance that may be of particular interest for the Task Force.

15. Exposed the 2027 GRET Recommendation

Hall and Yutaro Seki (SOA) presented (Attachment Seventeen) on the 2027 generally recognized expense table (GRET) recommendation. Hemphill asked for expense study results for the acquisition per policy factor before the cap was applied and before combining the prior niche marketing and other distribution channels.

Hemphill exposed the 2027 GRET recommendation for a 30-day public comment period ending September 10.

16. Heard an Update on AG 53 Reports

Andersen delivered a presentation (Attachment Eighteen) on state insurance regulators' review of AG 53 reports. Andersen noted that the focus for 2026 year-end would be: 1) reviewing cliff risk associated with structured assets that is often unmodelled or otherwise accounted for; 2) unmodelled illiquidity risks; and 3) level 3 asset risk. Regarding cliff risk, Andersen said that enhanced modeling or additional disclosures are necessary to illustrate that companies understand the risk associated with structured assets. Andersen said that liquidity risk also needs to be accounted for where scenarios exist where a less liquid asset would be sold at a significant discount. Andersen also noted concerns with the amount of judgement that was necessary to value level 3 assets and the potential for overvaluation. Carmello said that New York addressed overly optimistic asset return assumptions in its domestic companies' AAT by capping investment returns to a flat spread over a U.S. Treasury rate. Carmello also said that, in certain situations, they asked companies to divest particular assets that they felt were not appropriate to back reserves. Andersen said that caps on net spreads have been discussed previously and may be revisited at later date.

17. Heard an Update on AG 55 Reports

Andersen delivered a presentation (Attachment Nineteen) that provided a status update on state insurance regulators' reviews of AG 55 reports, along with proposed next steps for AG 55 reporting. Andersen said that every AG 55 report was reviewed by state insurance regulators and deep dives into offshore reinsurance transactions were performed. Many annuity blocks had lower reserves after reinsurance transactions, which Andersen said state insurance regulators did not find surprising. The most common reasons listed by companies for the reserve decreases included: 1) the expected return assumptions from assets allowed in other jurisdictions are greater than the US statutory discount rate; and 2) the expected policyholder behavior assumptions in other jurisdictions were allowed to be less efficient than is assumed under US statutory regulations. Andersen said that the dynamic could change now that VM-22 is in place for non-variable annuities.

Andersen said that regulators had some concerns about companies may have some early indication that an asset is not performing but are delaying accounting for the impairment. This issue is magnified when assets are held offshore under different regulations. Andersen said that in addition to reserve levels, regulators are concerned with the amount of capital available to support policyholder liabilities after reinsurance transactions. For next steps, Andersen said that state insurance regulators would have continued discussions with companies and would be preparing a guidance document for year-end 2026.

Having no further business, the Life Actuarial (A) Task Force adjourned.

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Life Actuarial (A) Task Force
Virtual Meeting
July 30, 2026

The Life Actuarial (A) Task Force met July 30, 2026. The following Task Force members participated: Amanda Crawford, Chair, represented by Rachel Hemphill (TX); Scott A. White, Vice Chair, represented by Craig Chupp (VA); Mark Fowler represented by Sanjeev Chaudhuri (AL); Ricardo Lara represented by Ahmad Kamil and Thomas Reedy (CA); Joshua Hershman represented by Wanchin Chou (CT); Doug Ommen represented by Mike Yanacheak (IA); Ann Gillespie represented by Matt Cheung (IL); Holly W. Lambert represented by Scott Shover (IN); Marie Grant represented by Nour Benchaaboun (MD); Grace Arnold represented by Fred Andersen and Ben Slutsker (MN); Angela L. Nelson represented by William Leung (MO); Susan Ochs represented by David Wolf (NJ); Ned Gaines represented by Maile Campbell (NV); Kaitlin Asrow represented by William B. Carmello (NY); Judith L. French and Matt Elston (OH); Glen Mulready represented by Kate Yang (OK); TK Keen represented by Joshua Blakey (OR); Michael Humphreys represented by Steve Boston (PA); Carter Lawrence represented by Eric Scott (TN); and Jon Pike represented by Tomasz Serbinowski (UT).

1. Heard a Presentation from the SOA on HMI and FMI

Marianne Purushotham (Society of Actuaries—SOA) presented an update (Attachment One-A) on the SOA's preliminary thinking on the 2026 historical mortality improvement (HMI) and future mortality improvement (FMI) scales for *Valuation Manual* (VM)-20, Requirements for Principle-Based Reserves for Life Products. Purushotham said the purpose of this discussion was to obtain preliminary feedback from Task Force members and interested parties and that the SOA will present a preliminary recommendation and request exposure at the Summer National Meeting. Hemphill noted that the updated HMI and FMI rates must be adopted by the Task Force and posted by the SOA by the end of September each year.

Purushotham reviewed the current HMI methodology that uses the most recent 10-year insured historical data available (2013–2023) and bridges two gap years to the valuation year. Purushotham then described a new method under consideration for 2026 that uses a new SOA tool drawing on Centers for Disease Control and Prevention (CDC) and general-population census data through 2025 to calculate the gap years directly. Purushotham said the new method produces a large increase in mortality improvement at certain ages. Because the historical component is similar between the two methods, the difference reflects the gap-year data, which shows unusually strong mortality improvement in 2023 through 2025 associated with recovery from COVID-19 health and opioid-related mortality. Purushotham said the SOA is leaning toward retaining the prior long-term averaging method for the 2026 scale to avoid artificial year-to-year reserve volatility and will continue to evaluate the new method for the 2027 scale.

Purushotham said the FMI methodology will not change for 2026. The scale grades from the HMI level over the first 10 years to a long-term rate and holds that level for years 10 through 15, and then grades

to zero by year 20. Purushotham said the FMI considerations include GLP-1 drugs, rising cancer incidence at younger ages, and environmental and health-care impacts.

Hemphill said the HMI and FMI assumptions must fit together and that it makes sense to avoid the reserve volatility a COVID-type deterioration-and-recovery cycle would introduce. Asaf Gal (MetLife) asked about the long-term FMI improvement level, and Purushotham said the approximately 1% annual improvement reflects all causes of death, not GLP-1 drugs alone. Spencer Peterson (Thrivent) asked whether a phased or graded transition could be used. Purushotham said the SOA discussed a graded approach but deferred it to 2027 because the new method may introduce inherent volatility. Hemphill concluded the discussion on HMI and FMI, noting that the future exposure will include the rates in Excel.

2. Exposed Updates to the *Financial Analysis Handbook* and *Financial Condition Examiners Handbook*

Hemphill said that the Task Force had received referrals from the Financial Analysis Solvency Tools (E) Working Group and the Financial Examiners Handbook (E) Technical Group to consider updating the *Financial Analysis Handbook* and the *Financial Condition Examiners Handbook*, respectively, for the latest updates to the *Valuation Manual* and actuarial guidelines. Hemphill said NAIC committee support drafted updates to reflect changes including VM-22, Requirements for Principle-Based Reserves for Non-Variable Annuities, VM-21, Requirements for Principle-Based Reserves for Variable Annuities, VM-31, PBR Actuarial Report Requirements for Business Subject to a Principle-Based Valuation, *Actuarial Guideline LIII—Application of the Valuation Manual for Testing the Adequacy of Life Insurer Reserves* (AG 53), and *Actuarial Guideline LV—Application of the Valuation Manual for Testing the Adequacy of Reserves Related to Certain Life Reinsurance Treaties* (AG 55).

Scott O’Neal (NAIC) said both handbooks previously focused on VM-20 and that the most extensive edits build out new sections addressing VM-21 and VM-22. O’Neal said additional sections capture the AG 53 and AG 55 processes and highlight enhancements to VM-31 reporting requirements.

Hemphill encouraged state insurance regulators to review the guidance with their state financial analysts and examiners. Hemphill exposed the proposed revisions to the *Financial Analysis Handbook* and *Financial Condition Examiners Handbook*, along with the associated referrals, for a 30-day public comment period ending Aug. 28.

3. Reported Regulator-to-Regulator Sessions

Hemphill disclosed that the Task Force met July 16 and July 9 in regulator-to-regulator session, pursuant to paragraph 3 (specific companies, entities, or individuals) and paragraph 6 (consultations with NAIC staff members related to NAIC technical guidance) of the NAIC Policy Statement on Open Meetings. Hemphill said that the July 16 session included committee support advice and a review of company-specific illustration data, and the July 9 session included a company presentation that requested the use of international mortality tables. Hemphill noted that the Task Force also plans to meet in regulator-to-regulator session at the Summer National Meeting.

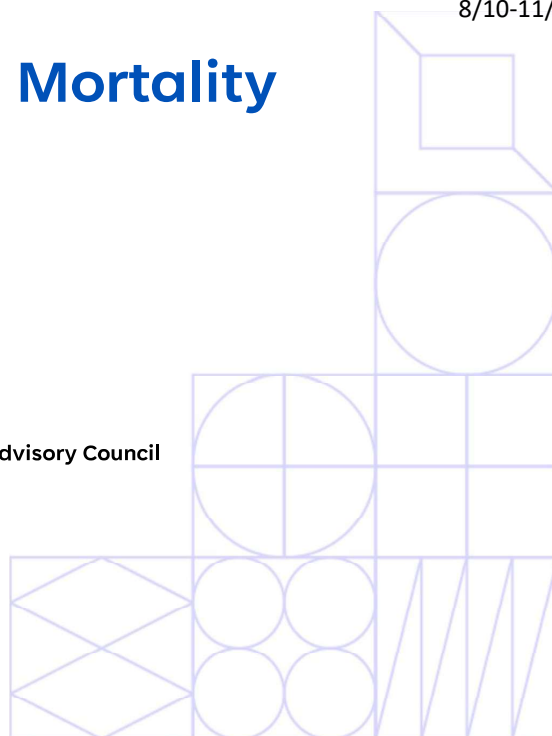
Having no further business, the Life Actuarial (A) Task Force adjourned.

2026 HMI and FMI VM20 Mortality Improvement Scale

Preliminary Recommendation

July 30, 2026

Life MI Subgroup of the SOA Mortality and Longevity Oversight Advisory Council



Presentation Disclaimer

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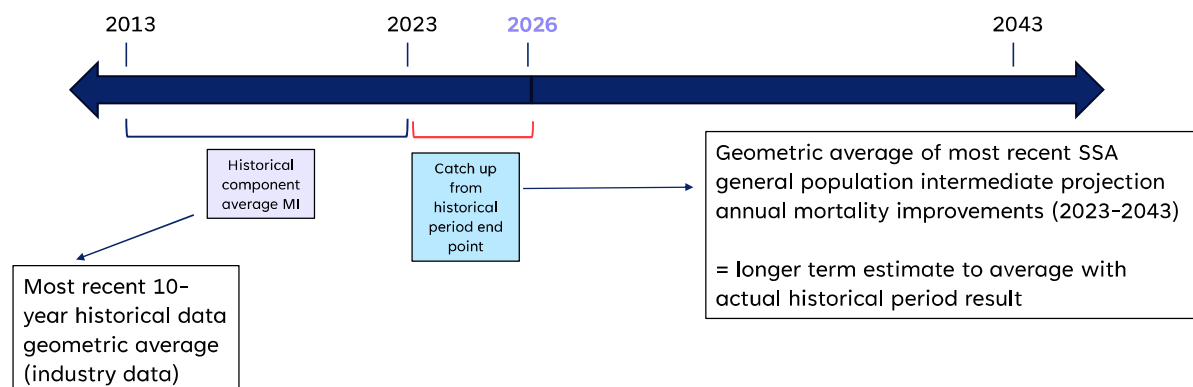
Agenda

- Review Current HMI Scale Recommendation
- Review Current FMI Scale Recommendation
- Next steps

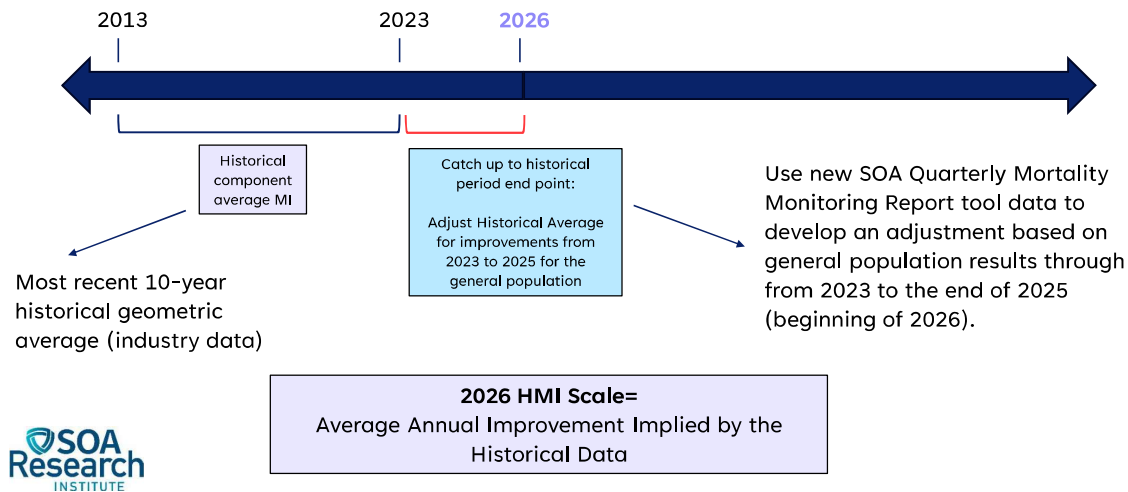


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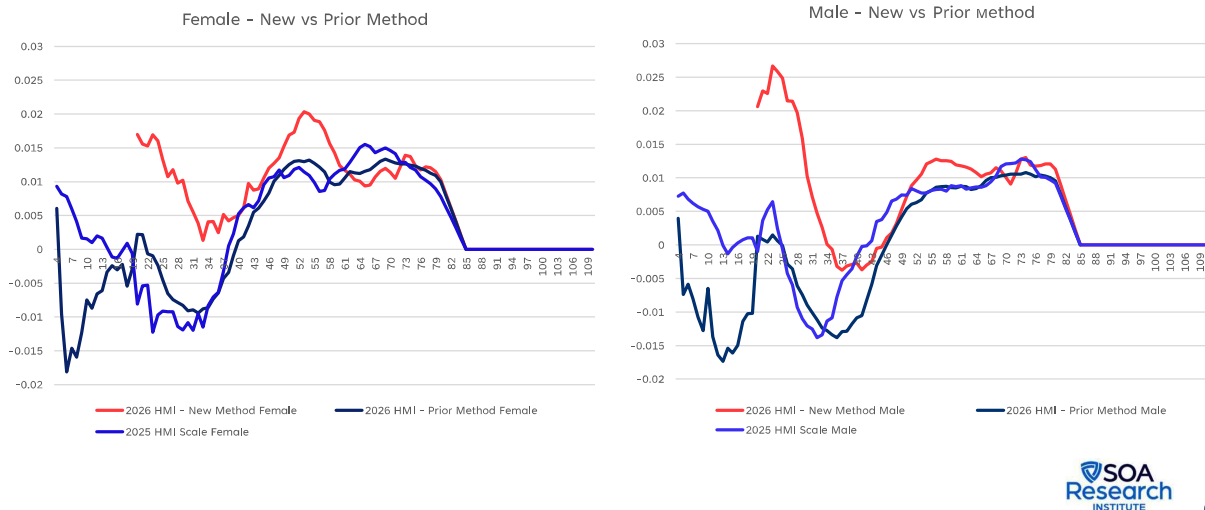
VM20 HMI Scale Methodology Valuation Year 2026 (2025 and Prior Method)



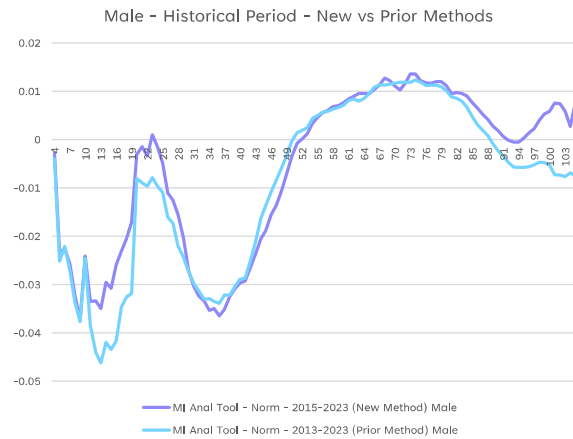
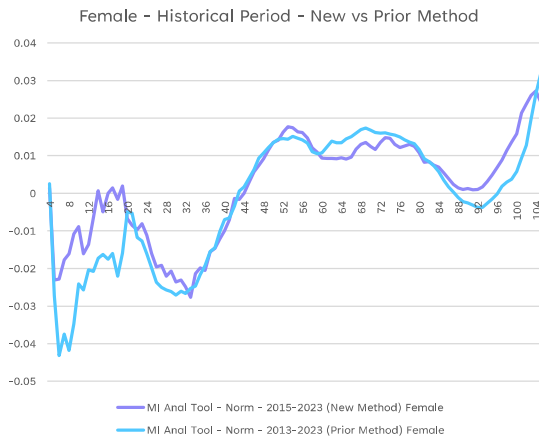
VM20 HMI Scale Methodology Valuation Year 2026 (New Proposed Method)



2026 HMI Recommendation – Unsmoothed Scale

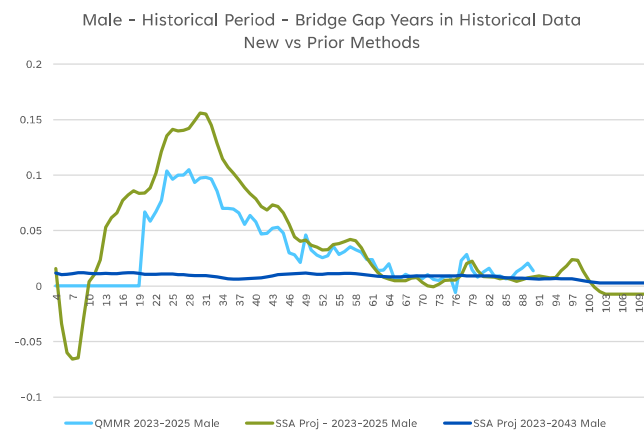
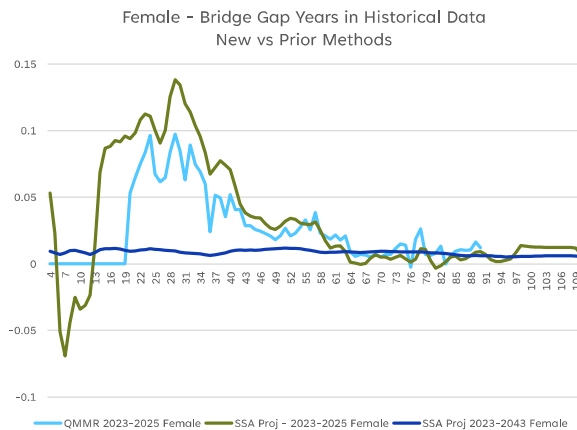


2026 HMI – Difference in Historical Component



- Prior method used 10 year look back and then weighted with SSA Intermediate Projection
- Periods of look back – 2013 vs 2015

2026 HMI – Difference in Catch Up Adjustment

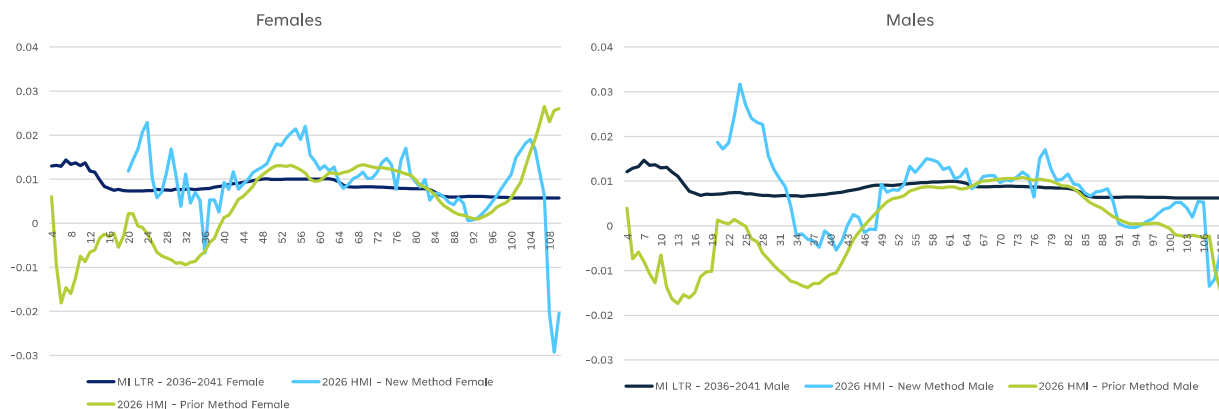


Difference between new method and prior method:

New Method = Estimate the final 2 years (2023 to end of 2025) using general population results directly

Prior Method = Average the historical result (10-year average) with a long-term average projection (SSA Int)

2026 FMI Recommendation



FMI:

- Starting in 2026 at HMI Scale
- Grades to MI LTR in 2036
- Remains at MI LTR until 2041
- Then grades to FMI=0 at year 20 (2046)

Draft: 7/22/26

Life Actuarial (A) Task Force
Virtual Meeting
June 18, 2026

The Life Actuarial (A) Task Force met June 18, 2026. The following Task Force members participated: Amanda Crawford, Chair, represented by Rachel Hemphill (TX); Scott A. White, Vice Chair, represented by Craig Chupp (VA); Heather Carpenter represented by Sharon Comstock (AK); Mark Fowler represented by Sanjeev Chaudhuri (AL); Ricardo Lara represented by Ahmad Kamil and Thomas Reedy (CA); Joshua Hershman represented by Wanchin Chou (CT); Doug Ommen represented by Mike Yanacheak (IA); Ann Gillespie represented by Matt Cheung (IL); Holly W. Lambert represented by Scott Shover (IN); Marie Grant represented by Nour Benchaaboun (MD); Grace Arnold represented by Fred Andersen and Ben Slutsker (MN); Angela L. Nelson represented by William Leung (MO); Eric Dunning represented by Michael Muldoon (NE); Susan Ochs represented by Seong-min Eom (NJ); Ned Gaines represented by Maile Campbell (NV); Kaitlin Asrow represented by William B. Carmello (NY); Judith L. French and Matt Elston (OH); Glen Mulready represented by Kate Yang (OK); TK Keen represented by Joshua Blakey (OR); Michael Humphreys represented by Steve Boston (PA); Carter Lawrence represented by Eric Scott (TN); and Jon Pike represented by Tomasz Serbinowski (UT).

1. Heard a Presentation from the SOA on HMI and FMI

Marianne Purushotham (Society of Actuaries—SOA) walked through a presentation (Attachment Two-A) covering the status of the development of the 2026 mortality improvement (MI) scales for use in *Valuation Manual* (VM)-20, Requirements for Principle-Based Reserves for Life Products. Purushotham reviewed the current historical mortality improvement (HMI) methodology, which uses a 10-year geometric average of insured experience drawn from the mandatory NAIC mortality experience collection and the Social Security Administration (SSA) trustees' report intermediate projections to bridge the gap between the end of the NAIC data and the valuation year. Purushotham then presented a proposed change for the 2026 scale. The 10-year historical insured component (through 2023) would be retained, but the bridge would be developed from the SOA's *Quarterly Mortality Monitoring Report* (QMMR). The SOA is evaluating two options for using the QMMR data: 1) applying general population MI directly as a proxy for insured MI in the gap years; and 2) developing a relationship-based adjustment factor that uses the historical relationship between insured and general population MI to translate QMMR results into an insured-equivalent estimate.

Purushotham stated that the proposed future mortality improvement (FMI) methodology will not change for 2026. Factors under consideration for the FMI assumption include recent opioid-related death trends, obesity and GLP-1 impacts, cancer incidence increases at younger ages, and potential health care policy effects. She noted that Medicaid impacts are expected to affect the general population more than the insured population, while a future pandemic or widespread infectious disease event could affect the insured population materially. Purushotham then outlined the schedule: An initial HMI and FMI recommendation will be presented and exposed during a July Task Force meeting, and the final recommendation and request for approval of the 2026 scale will occur at the Summer National Meeting in August. The goal is publication on the SOA website within one to two weeks of the August meeting. Hemphill asked when the underlying rates would first be released in spreadsheet form. Purushotham confirmed that both the slide-based recommendation and an Excel spreadsheet of preliminary rates will be released together at the July exposure, with the possibility of an updated presentation and spreadsheet at the August meeting if comments warrant revisions.

Reedy reinforced the importance of the accelerated timeline, stating that September publication creates pressure to incorporate the updated tables into models in a controlled manner, and that August adoption would help. Purushotham confirmed that she is targeting publication by the end of August or early September.

Asaf Gal (MetLife) asked about the older ages where the general population MI exceeds insured MI, and credibility is high. Purushotham noted that potential explanations, such as life-settlement market effects, have been considered, but there is no actuarial judgment basis for a large upward adjustment. For the 2025 scale, insured MI was graded to zero at age 85, and a similar approach is anticipated for 2026. Dan Jackson (Athene) asked how the SOA analysis compares with pension-side mortality improvement approaches, such as the retirement plan (RP)-2014 and the SOA's mortality improvement model (MIM) tool. Purushotham stated that the FMI methodology is consistent with the MIM tool approach but uses a shorter long-term horizon because the *Valuation Manual* requires MI to grade to zero by the 20th year of the valuation projection.

Hemphill asked Task Force members if they had any objections to the SOA's proposed methodology for developing the HMI and FMI assumptions. Hearing no objections, Hemphill said that the Task Force supported the SOA's methodology for the development of the HMI and FMI assumptions.

2. Received an Update on AG 55 Reporting Reviews

Andersen walked through a presentation (Attachment Two-B) that provided an update on initial reviews of filings submitted under *Actuarial Guideline LV—Application of the Valuation Manual for Testing the Adequacy of Reserves Related to Certain Life Reinsurance Treaties* (AG 55). Andersen said that AG 55 was adopted in 2025 to evaluate the adequacy of reserves supporting a block of business after a reinsurance transaction has been executed. Andersen noted that the NAIC received filings from approximately 80 U.S. ceding companies covering more than 100 treaties. Andersen then discussed common issues identified across the filings that will be communicated to in-scope companies through the Valuation Analysis (E) Working Group, and that may inform a guidance document for year-end 2026 reviews. Andersen said that approximately half of the companies submitted an attribution analysis. Where one was not provided, the Working Group will request either the template or a narrative explanation of the key drivers of reserve decreases. Andersen said that where affiliated or offshore captive transactions produced no reserve reduction, follow-up will inquire about the motive for the transaction and request confirmation of the reserve held by the reinsurer.

Andersen noted that policyholder behavior affecting liability duration must be appropriately tested where companies use non-traditional or less-liquid investment strategies. He flagged low-interest-rate scenarios with low lapses, up-interest-rate scenarios with higher lapses, multi-year guaranteed annuity renewal-rate sensitivity, and guaranteed lifetime withdrawal benefit election-rate sensitivity on fixed indexed annuities as areas of focus. Director French asked whether Andersen could share observations on the substance of the filings. Andersen responded that filing quality has been varied, but that companies are generally taking AG 55 seriously and providing substantial information. Andersen said that two main drivers of reserve decreases emerged in the attribution analyses received: 1) companies investing in higher-yielding assets relative to the corporate-bond-index discount rate embedded in U.S. statutory standards; and 2) policyholder behavior where observed behavior departs from the prior statutory assumption that 100% of policyholders elect the most valuable option. Andersen said that nearly all filers performed robust cash flow testing that motivated the guideline, and that follow-ups will focus on the less-conservative assumption sets. Andersen said that a draft guidance document will be ready for discussion at the Summer National Meeting, with finalization targeted by the end of September, consistent with prior actuarial guideline guidance documents.

Having no further business, the Life Actuarial (A) Task Force adjourned.

2026 HMI and FMI VM20 Mortality Improvement Scale

Review Initial HMI Scale Recommendation

June 18, 2026

Life MI Subgroup of the SOA Mortality and Longevity Oversight Advisory Council



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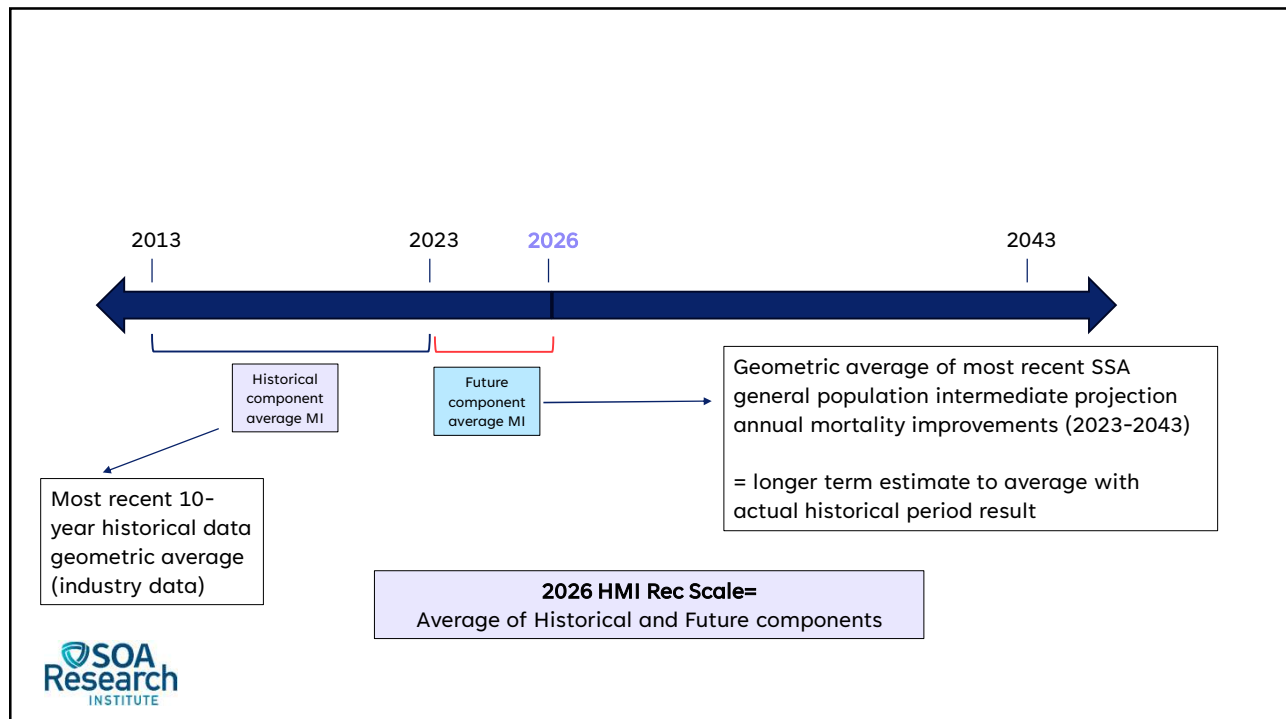
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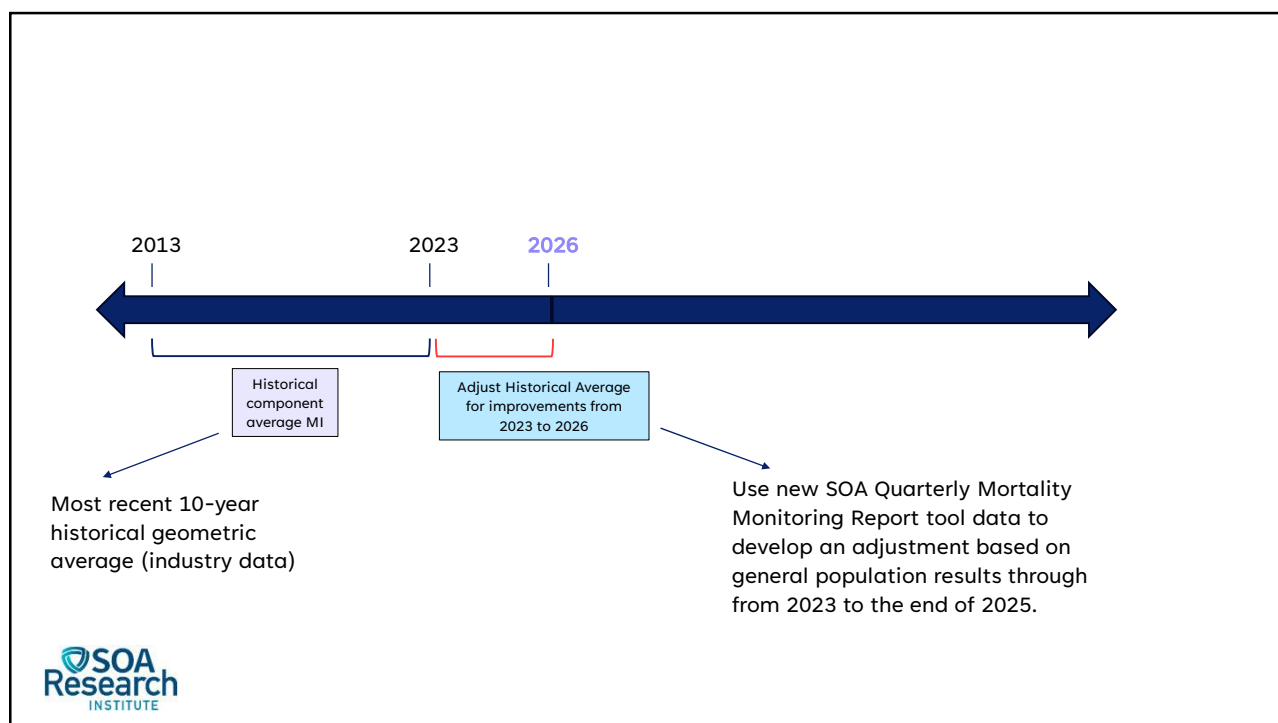
Agenda

- Review current methodology for HMI scale updates
- Review proposed adjustment for 2026 scale work to bring industry data to current valuation year (2023 to 2026)
- Next steps

3



4



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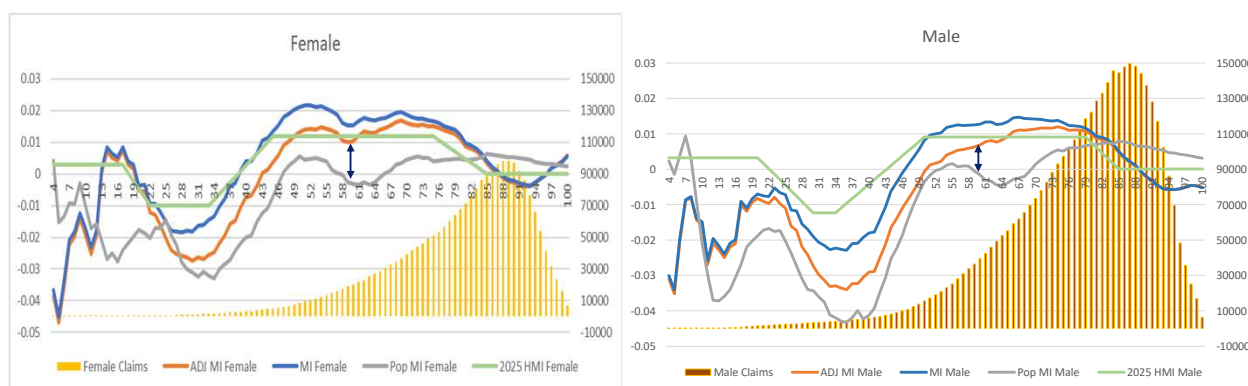
Adjustment – Based on General Population Data 2023-2025

Options under consideration:

- Use general population mortality improvement between 2023 and 2025 as proxy for insured improvement
- Use general population mortality improvement between 2023 and 2025 adjusted for past relationship between insured and general population

6

VM51 Insured Historical Data (Mortality Improvement) 2013-2023



Insured Data:
Normalized by Face Amount Band
Fully underwritten only

General Population Data:
Mean based on general population by
socioeconomic decile



7

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Next Steps

- Develop preliminary recommendation for adjustment of historical industry data to the end of 2025
- Develop FMI initial recommendation

Some considerations for FMI

- Recent trends in opioid-related deaths
- GLP-1 impacts
- Cancer incidence at younger ages
- Impact of changes in health care



8

8



Actuarial Guideline 55 Initial Guidance Concepts

Fred Andersen, FSA, MAAA

6/18/2026



AG 53 provides uniform guidance for the asset adequacy testing applied to life insurers and is effective for reserves reported with respect to the Dec. 31, 2022, and subsequent annual statutory financial statements. A statement of actuarial opinion on the adequacy of the reserves and assets supporting reserves after the operative date of the Valuation Manual is required under Section 38 of the NAIC Standard Valuation Law (#820) and VM-30 of the Valuation Manual. Section 14A of Model #820 provides that actuarial opinions and related documents, including an asset adequacy analysis, are confidential information, while Section 14B provides that such confidential information may be shared with other state regulatory agencies and the NAIC. The asset adequacy analyses required under AG 53 reviewed in the preparation of this report were shared with the Valuation Analysis (E) Working Group and the NAIC in accordance with these requirements and continue to remain confidential in nature.

1

AG 55 Review Activities

- Actuarial Guideline 55 was adopted in 2025
 - Main purpose: identify adequacy of post-reinsurance reserve
- First round of annual submissions were received in 2025
 - Around 80 ceding companies, 100 treaties represented in filings
- Today:
 - Summarize common issues
 - Topics for upcoming or recent inquiries from VAWG / domestic regulators
 - Potential topics for 2026 AG 55 guidance document

AG 55 Common Issues

- Explanation of drivers of reserve reduction (if attribution analysis is not provided)
- Provide reason(s) for affiliated reinsurance transaction if little or no reserve reduction
- Confirmation of reserve held by reinsurer from reinsurer's financial statement
- Assumption information
 - Combo interest rate scenario / policyholder behavior sensitivities
 - Low interest scenario / lower lapses than assumed, projection period length
 - Up interest scenario / higher lapses than assumed
 - MYGA renewal rates or GLWB elections different than assumed
 - Note: high net asset return assumption – can refer to AG 53
- Excess capital available in addition to alternative run starting asset amount?

Draft: 7/19/26

Life Actuarial (A) Task Force
Virtual Meeting
June 11, 2026

The Life Actuarial (A) Task Force met June 11, 2026. The following Task Force members participated: Amanda Crawford, Chair, represented by Rachel Hemphill (TX); Scott A. White, Vice Chair, represented by Craig Chupp (VA); Heather Carpenter represented by Sharon Comstock (AK); Mark Fowler represented by Sanjeev Chaudhuri (AL); Ricardo Lara represented by Ahmad Kamil and Thomas Reedy (CA); Joshua Hershman represented by Wanchin Chou (CT); Doug Ommen represented by Mike Yanacheak (IA); Ann Gillespie represented by Matt Cheung (IL); Holly W. Lambert represented by Scott Shover (IN); Vicki Schmidt represented by Nicole Boyd (KS); Marie Grant represented by Nour Benchaaboun (MD); Grace Arnold represented by Fred Andersen and Ben Slutsker (MN); Angela L. Nelson represented by William Leung (MO); Ned Gaines represented by Maile Campbell (NV); Kaitlin Asrow represented by William B. Carmello (NY); Judith L. French represented by Matt Elston (OH); TK Keen represented by Joshua Blakey (OR); Michael Humphreys represented by Steve Boston (PA); Carter Lawrence represented by Eric Scott (TN); and Jon Pike represented by Tomasz Serbinowski (UT).

1. Adopted APF 2025-14

Hemphill introduced amendment proposal form (APF) 2025-14, which clarifies the scope of variable annuity contracts in the payout phase under *Valuation Manual* (VM)-21, Requirements for Principle-Based Reserves for Variable Annuities, and VM-22, Requirements for Principle-Based Reserves for Non-Variable Annuities. She said that one comment letter had been received from the American Council of Life Insurers (ACLI). Hemphill said that the ACLI comment suggested clarifications to the APF 2025-14 cover page but did not propose changes to the language being adopted. The comment also suggested adding tables to clarify the scope. Hemphill said that while clarifying tables was not a bad idea, the Task Force was under a time crunch to adopt items for the 2027 *Valuation Manual*, and re-exposing the APF would risk delaying adoption. She recommended that a separate APF for clarifying tables could be submitted for the 2028 *Valuation Manual*.

Brian Bayerle (ACLI) said that the ACLI appreciated the consideration of the editorial correction on the cover letter. Bayerle said that after submitting the comment, the ACLI identified another APF that could also benefit from a similar table, as well as in VM-20, Requirements for Principle-Based Reserves for Life Products, where a pre-VM-20 policy has a rider that becomes a base policy after VM-20 is operative. Bayerle said that it might make sense to develop one APF that broadly covers all of the pre- and post-operative data cases across all *Valuation Manual* chapters, which would clarify scope across the board. Bayerle said the ACLI was comfortable not including the table now and was happy to take the lead on drafting the broader APF and working with regulators on its development. Hemphill thanked Bayerle and expressed appreciation for any drafting work on tables or other updates that improve clarity in the *Valuation Manual*.

Cheung made a motion, seconded by Reedy, to adopt APF 2025-14 (Attachment Three-A). The motion passed unanimously.

2. Adopted APF 2026-04

Hemphill introduced APF 2026-04, which clarifies that references to the 2017 Commissioners' Standard Ordinary (CSO) Tables in the *Valuation Manual* mean the loaded version of the tables unless specified otherwise. Hemphill noted that while most practitioners would have interpreted the reference as meaning the loaded version, the language could be clearer. Hemphill also said that NAIC committee support identified a correction: The *Valuation*

Manual currently states that the table is included in the proceedings of the NAIC, which is not the case. The reference is updated to point to where the table is available on the Society of Actuaries (SOA) website.

Chupp made a motion, seconded by Benchaaboun, to adopt APF 2026-04 (Attachment Three-B). The motion passed unanimously.

3. Adopted APF 2026-05

Hemphill introduced APF 2026-05, which is an editorial APF prepared by NAIC committee support to correct minor typos, incorrect section references, and other straightforward editorial items in the *Valuation Manual*.

Elston made a motion, seconded by Chupp, to adopt APF 2026-05 (Attachment Three-C). Hemphill attributed the motion to Ohio and the second to Virginia but noted uncertainty about who spoke first. The motion passed unanimously.

4. Adopted APF 2025-18 and APF 2025-20

Hemphill introduced APF 2025-18 and APF 2025-20, noting that APF 2025-18 clarifies the applicability of VM-22 to deposit-type contracts and that APF 2025-20 addresses VM-22 aggregation across reserving categories.

Reedy made a motion, seconded by Slutsker, to adopt APF 2025-18 (Attachment Three-D) and APF 2025-20 (Attachment Three-E). The motion passed unanimously.

5. Adopted the Group Annuity Experience Collection Company Selection Memo

Hemphill said that the group annuity experience collection company selection memo had been prepared by NAIC committee support to describe the process for the inclusion of companies for the group annuity experience collection. After a 21-day exposure, Hemphill said that no written comments had been received.

Slutsker made a motion, seconded by Leung, to adopt the group annuity company selection memo (Attachment Three-F). The motion passed unanimously.

Having no further business, the Life Actuarial (A) Task Force adjourned.

Attachment Three-A
Life Actuarial (A) Task Force
8/10-11/26

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:

Matt Cheung, Illinois Department of Insurance

Title of the Issue:

Clarify that variable annuities in payout phase, either after annuitization or account value depletion, can be reserved for as a variable annuity under VM-21 with domiciliary commissioner approval. If reserved for under VM-21, the Standard Projection Amount requirements apply to these contracts. This also clarifies the discount rates to use for VA's in payout phase that are reserved for as payout annuities under VM-V.

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:

- 2026 Valuation Manual, Section II Reserve Requirements Subsection 2: Annuity Products
- 2026 Valuation Manual, VM-21 Requirements Section 6.C.9
- 2026 Valuation Manual, VM-V Section 1.B

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.)

See attached.

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

There is a diversity of practice currently of how variable annuities in payout are reserved for, and this APF serves to clarify that they can either be treated as variable annuities (which is the same treatment they had prior to annuitization/account value depletion, with domiciliary commissioner approval), or as fixed annuities.

Dates: Received	Reviewed by Staff	Distributed	Considered
2/11/26	SO		

Notes: APF 2025-14

5/7/26 changes highlighted in green

Subsection 2: Annuity Products

- A. This subsection establishes reserve requirements for all contracts classified as annuity contracts as defined in SSAP No. 50 in the AP&P Manual.
- B. Minimum reserve requirements for variable annuity (VA) contracts and similar business, specified in VM-21, Requirements for Principle-Based Reserves for Variable Annuities, shall be those provided by VM-21. The minimum reserve requirements of VM-21 are considered PBR requirements for purposes of the Valuation Manual, and therefore are applicable to VM-G.
- C. Minimum reserve requirements for non-variable annuity contracts issued prior to 1/1/2026 are those requirements as found in VM-A, VM-C, and VM-V as applicable, with the exception of the minimum requirements for the valuation interest rate for single premium immediate annuity contracts, and other similar contracts, issued after Dec. 31, 2017, including those fixed payout annuities emanating from host contracts issued on or after Jan. 1, 2017, and on or before Dec. 31, 2017. The maximum valuation interest rate requirements for those contracts and fixed payout annuities are defined in VM-V, Statutory Maximum Valuation Interest Rates for Formulaic Reserves.

Minimum reserve requirements for non-variable annuity contracts issued on 1/1/2026 and later are those requirements as found in VM-22, with the exception of Preneed Annuities, Guaranteed Investment Contracts, Synthetic Guaranteed Investment Contracts, Funding Agreements, and other Stable Value Contracts which shall follow the requirements found in VM-A, VM-C, and VM-V. Minimum reserve requirements for fixed payout annuities resulting from the exercise of settlement options or annuitizations of host contracts, as well as fixed income payment streams attributable to guaranteed living benefits associated with deferred annuity contracts with guaranteed living benefits once the contract funds are exhausted, are those requirements as found in VM-22, with the exception that, with the permission of the domiciliary commissioner, the company may use the same maximum valuation interest rate used to value payment streams in accordance with the guidance applicable to the host contract. The minimum reserve requirements of VM-22 are considered PBR requirements for purposes of the Valuation Manual, and therefore are applicable to VM-G.

~~VA contracts in payout phase, regardless of how they are administered, can be reserved for under VM-21 with domiciliary commissioner approval.~~

VA contracts in payout phase administered as fixed payout contracts can be reserved for under VM-21 with domiciliary commissioner approval notification, if not rejected by the domiciliary commissioner.

VM-21: Requirements for Principles-Based Reserves for Variable Annuities

Section 6: Requirements for the Additional Standard Projection Amount

C. Prescribed Assumptions

9. Mortality

The mortality rate for a contract holder with age x in year $(2012 + n)$ shall be calculated using the following formula, where q_x denotes mortality from the 2012 IAM Basic Mortality Table multiplied by the appropriate factor (F_x) from Table 6.9 and $G2_x$ denotes mortality improvement from Projection Scale G2:

$$q = q \cdot (1 - G2) \cdot F$$

Table 6.9

Attained Age (x)	F _x for VA with GLB <u>and</u> <u>VA in payout phase</u>		F _x for VA without GLB and with roll-up GDB		F _x for All Other	
	Male	Female	Male	Female	Male	Female
<=52	100%	95%	160%	150%	110%	105%
53	99%	95%	160%	152%	110%	106%
54	98%	95%	160%	154%	110%	107%
55	97%	95%	160%	156%	110%	108%
56	96%	95%	160%	158%	110%	109%
57	95%	95%	160%	160%	110%	110%
58	93.5%	93.5%	160%	160%	109%	109%
59	92%	92%	160%	160%	108%	108%
60	90.5%	90.5%	160%	160%	107%	107%
61	89%	89%	160%	160%	106%	106%
62	88%	88%	160%	160%	105%	105%
63	89%	88%	160%	159%	105%	104%
64	90%	88%	160%	158%	105%	103%
65	91%	88%	160%	157%	105%	102%
66	92%	88%	160%	156%	105%	101%
67	93%	88%	160%	155%	105%	100%
68	95%	90%	160%	154%	107%	101.5%
69	97%	92%	160%	153%	109%	103%
70	99%	94%	160%	152%	111%	104.5%
71	101%	96%	160%	151%	113%	106%
72	103%	98%	160%	150%	115%	108%
73	103.5%	99.5%	158%	149%	115%	109%
74	104%	101%	156%	148%	115%	110%
75	104.5%	102.5%	154%	147%	115%	111%
76	104.5%	103.5%	152%	146%	115%	112%
77	105%	105%	150%	145%	115%	113%
78	106.5%	106.5%	147%	143%	115%	113.5%

79	108%	108%	144%	141%	115%	114%
80	109.5%	109.5%	141%	139%	115%	114.5%
81	111%	111%	138%	137%	115%	114.5%
82	113%	113%	135%	135%	115%	115%
83	113%	113%	132%	132%	114.5%	114.5%
84	113%	113%	129%	129%	114%	114%
85	113%	113%	126%	126%	113.5%	113.5%
86	113%	113%	123%	123%	113.5%	113.5%
87	113%	113%	120%	120%	113%	113%
88	113%	113%	119%	119%	113%	113%
89	113%	113%	118%	118%	113%	113%
90	113%	113%	117%	117%	113%	113%
91	113%	113%	113%	116%	113%	113%
92	113%	113%	115%	115%	113%	113%
93	112.5%	112.5%	114%	114%	112.5%	112.5%
94	112%	112%	113%	113%	112%	112%
95	111.5%	111.5%	112%	112%	111.5%	111.5%
96	111%	111%	111%	111%	111%	111%
97	110%	110%	110%	110%	110%	110%
98	109%	109%	109%	109%	109%	109%
99	108%	108%	108%	108%	108%	108%
100	107%	107%	107%	107%	107%	107%
101	106%	106%	106%	106%	106%	106%
102	105%	105%	105%	105%	105%	105%
103	103.0%	103.0%	103.0%	103.0%	103.0%	103.0%
104	101.0%	101.0%	101.0%	101.0%	101.0%	101.0%
>=105	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%

VM-V

A. Purpose and Scope

1. These requirements define for single premium immediate annuity contracts and other similar contracts, certificates and contract features the statutory maximum valuation interest rate that complies with Model #820. These are the maximum interest rate assumption requirements to be used in the CARVM and for certain contracts, the CRVM. These requirements do not preclude the use of a lower valuation interest rate assumption by the company if such assumption produces statutory reserves at least as great as those calculated using the maximum rate defined herein.

2. The following categories of contracts, certificates and contract features, whether group or individual, including both life contingent and term certain only contracts, directly written or assumed through reinsurance, with the exception of benefits arising from variable annuities valued under VM-21 and all contracts not passing the SET covered by Sections 1 through 13 of VM-22, are covered by VM-V:
- a. Immediate annuity contracts issued after Dec. 31, 2017;
 - b. Deferred income annuity contracts issued after Dec. 31, 2017;
 - c. Structured settlements in payout or deferred status issued after Dec. 31, 2017;
 - d. Fixed payout annuities resulting from the exercise of settlement options or annuitizations of host contracts issued after Dec. 31, 2017;
 - e. Fixed payout annuities resulting from the exercise of settlement options or annuitizations of host contracts issued during 2017, for fixed payouts commencing after Dec. 31, 2018, or, at the option of the company, for fixed payouts commencing after Dec. 31, 2017;
 - f. Supplementary contracts, excluding contracts with no scheduled payments (such as retained asset accounts and settlements at interest), issued after Dec. 31, 2017;
 - g. Fixed income payment streams, attributable to contingent deferred annuities (CDAs) issued after Dec. 31, 2017, once the underlying contract funds are exhausted;
 - h. Fixed income payment streams attributable to guaranteed living benefits associated with deferred annuity contracts issued after Dec. 31, 2017, once the contract funds are exhausted; and
 - i. Certificates with premium determination dates after Dec. 31, 2017, emanating from non-variable group annuity contracts specified in Model #820, Section 5.C.2, purchased for the purpose of providing certificate holders benefits upon their retirement.

Guidance Note: For Section 2d, Section 2e, Section 2f and Section 2h above, there is no restriction on the type of contract that may give rise to the benefit.

**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.

Rachel Hemphill, TDI

Clarify 2017 CSO refers to the Loaded version of the tables unless Unloaded tables are specifically referenced.

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:

January 1, 2026 Edition of the *Valuation Manual* – VM-M Section 1.H.1

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.)

See attached.

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

Clarity, as the SOA posts both loaded and unloaded versions of the 2017 CSO to their website.

* This form is not intended for minor corrections, such as formatting, grammar, cross-references or spelling. Those types of changes do not require action by the entire group and may be submitted via letter or email to the NAIC staff support person for the NAIC group where the document originated.

NAIC Staff Comments:

Dates: Received	Reviewed by Staff	Distributed	Considered
4/27/26	S.O.		
Notes:			

VM-M Section 1.H.1

“2017 CSO Mortality Table” means that mortality table, consisting of separate rates of mortality for male and female lives, developed by the CSO Subgroup of the Joint Academy Life Experience Committee and SOA Preferred Mortality Oversight Group from the 2015 Valuation Basic Mortality Table developed by the joint group’s Valuation Basic Mortality Subgroup, and adopted by the NAIC in April 2016. The 2017 CSO Mortality Table is ~~included in the Proceedings of the NAIC (1st Quarter 2016)~~available at <https://mort.soa.org>. Unless the context indicates otherwise, the “2017 CSO Mortality Table” includes both the ultimate form of that table and the select and ultimate form of that table and includes both the smoker and nonsmoker mortality tables and the composite mortality tables. It also includes both the age-nearest-birthday and age-last-birthday bases of the mortality tables. Unless specified otherwise, the “2017 CSO Mortality Table” refers to the loaded version of the table.

**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.

Scott O’Neal and McKayla Doyle, NAIC

Editorial corrections to address reference errors and formatting inconsistencies.

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:

January 1, 2026 Edition of the *Valuation Manual* – VM-20 Section 7.F.3.b, VM-21 Section 7.C.9.b*, VM-21 Section 7.D.3.b, VM-21 Section 13, VM-22 Section 10.H.2, VM-31 Section 3.E.3, VM-31 Section 3.F.3.i, VM-50 Section 2.A*, VM-51 Section 2.E.*

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.)

See attached.

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

The APF corrects editorial inconsistencies across multiple sections of the *Valuation Manual*, including reference errors and formatting discrepancies, to ensure clarity, consistency, and technical accuracy.

*** These editorial corrections were made to the 2025 version of the *Valuation Manual* and carried forward in the 2026 version of the *Valuation Manual*.**

NAIC Staff Comments:

Dates: Received	Reviewed by Staff	Distributed	Considered
5/19/26	SO		
Notes: 2026-05			

VM-20 Section 7.F.3.b

- b. If the company models policy loans explicitly, the company shall:
 - i. Treat policy loan activity as an aspect of policyholder behavior and subject to the requirements of Section 9.D.
 - ii. For both the DR and the SR, assign loan balances either to exactly match each policy's utilization or to reflect average utilization over a model segment or sub-segments.
 - iii. Model policy loan interest in a manner consistent with policy provisions and with the scenario. In calculating the DR and SR, include interest paid in cash as a positive policy loan cash flow in that projection interval, per Section 74.BA.14.j, but do not include interest added to the loan balance as a policy loan cash flow. (The increased balance will require increased repayment cash flows in future projection intervals.)
 - iv. Model policy loan principal repayments, including those that occur automatically upon death or surrender. In calculating the DR and the SR, include policy loan principal repayments as a positive policy loan cash flow, per Section 74.BA.14.j.
 - v. Model additional policy loan principal. In calculating the DR~~deterministic~~ and SR, include additional policy loan principal as a negative policy loan cash flow, per Section 74.BA.1.j⁴ (but do not include interest added to the loan balance as a negative policy loan cash flow).
 - vi. Model any investment expenses allocated to policy loans and include them either with policy loan cash flows or insurance expense cash flows.

VM-21 Section 7.C.9.b*

- b. Calculate two sets of NSPs at each attained age:
 - i. One using 100% of the 1994 Variable Annuity MGDB Age Last Birthday (ALB) Mortality Table (with the aforementioned five-year age setback for females); and
 - ii. A second using either:
 - (a) The prudent estimate mortality if that has been established by the company.
 - (b) For companies that have not established a prudent estimate mortality assumption, the appropriate percentage of the 2012 IAM Basic Table with Projection Scale G2 ALB (as described in Section 11+12.B.3).

VM-21 Section 7.D.3.b

- b. Combine the mapped exposure to determine the expected long-term “volatility of current fund holdings.” This will require a calculation based on the expected long-term volatility for each fund and the correlations between the prescribed asset classes as given in the table “*Correlation Matrix for Prescribed Asset Classes*” in Section [76.D.4](#).

VM-21 Section 13

Section 13: Allocation of the Aggregate Reserve to the Contract Level

Section [32.F](#) states that the aggregate reserve shall be allocated to the contracts falling within the scope of these requirements. That allocation should be done for both the pre- and post-reinsurance ceded reserves.

VM-22 Section 10.H.2

- c. Model contract loan interest in a manner consistent with contract provisions and with the scenario. Include interest paid in cash as a positive contract loan cash flow in that projection interval, [per Section 4.A.1.i](#), but do not include interest added to the loan balance as a contract loan cash flow. (The increased balance will require increased repayment cash flows in future projection intervals.)
- d. Model contract loan principal repayments, including those that occur automatically upon death or surrender. Include contract loan principal repayments as a positive policy loan cash flow, [per Section 4.A.1.i](#).
- e. Model contract loan principal. Include additional contract loan principal as a negative contract loan cash flow, [per Section 4.A.1.i](#) (but do not include interest added to the loan balance as a negative policy loan cash flow).

VM-31 Section 3.E.3

	Post-Reinsurance-Ceded		Pre-Reinsurance-Ceded	
	Current Year (YYYY)	Prior Year (YYYY-1)	Current Year (YYYY)	Prior Year (YYYY-1)
Total VM-21 Reserve				
Stochastic Reserve (SR)				
- SR Amount				
- CTE 70 (best efforts)				
- CTE 70 (adjusted)				

- E Factor			N/A	8/10-11/26
Standard Projections				
- Additional Standard Projection Amount				
- Prescribed Projections Amount				
- Unbuffered Additional Standard Projection Amount				
- Unfloored CTE 70 (adjusted)				
- Unfloored CTE 65 (adjusted)				
Alternative Methodology (AM)				
- AM Reserve				
- AM Reserve (without floor)				
- Cash Surrender Value Floor				
- Reserve Floor under AG 33				
Phase-In Components				
Amortization Approach				
R1			N/A	N/A
R2			N/A	N/A
A			N/A	N/A
B			N/A	N/A
C = R1 – R2			N/A	N/A
D				
			N/A	N/A
Summary Statistics				
- Separate Account Value			N/A	N/A
- General Account Value			N/A	N/A
- Total Account Value			N/A	N/A
- Cash Surrender Value			N/A	N/A
- Contract Count			N/A	N/A
RBC Amount				
- CTE level used for C-3 RBC in LR027 (pre-tax)			N/A	N/A
- CTE level used for C-3 RBC under LR027 (post-tax)			N/A	N/A
- Effect of Phase-In			N/A	N/A
- Effect of Smoothing			N/A	N/A

	Post-Reinsurance-Ceded		Pre-Reinsurance-Ceded	
	Current Year (YYYY)	Prior Year (YYYY-1)	Current Year (YYYY)	Prior Year (YYYY-1)
Total VM-22 Reserve				
Modeled Reserve				
- DR Amount				
- SR Amount				
- CTE 70 (best efforts) for SR				
- CTE 70 (adjusted) for SR				

- E Factor for SR				
Standard Projections				
- Additional Standard Projection Amount				
- Prescribed Projections Amount				
- Unbuffered Additional Standard Projection Amount				
- Unfloored CTE 70 (adjusted)				
- Unfloored CTE 65 (adjusted)				
Summary Statistics				
- Separate Account Value			N/A	N/A
- General Account Value			N/A	N/A
- Total Account Value				
- Cash Surrender Value				
- Contract Count				

VM-31 Section 3.F.3.i

- i. Actual to Expected Analysis – Disclosure of the results of the most recently available actual to expected (without margins) analysis for the assumptions including Section 3.F.3.cd Expenses Other than Commissions, Section 3.F.3.de Partial Withdrawals, Section 3.F.3.fg Annuitization Benefits and Section 3.F.3.gh GMIB and GMWB Utilizations, including:
 - i. Definitions of the expected basis used in all actual-to-expected ratios shown.
 - ii. Comments addressing the conclusions drawn from the analysis.

VM-50 Section 2.A*

A. Statutory Authority

1. Model #820 provides the legal authority for the *Valuation Manual* to prescribe experience reporting requirements with respect to companies and lines of business within the scope of the model.
2. The statutes and regulations requiring data submissions generally apply to all companies licensed to sell life insurance, A&H insurance and deposit-type contracts. These companies must submit experience data as prescribed by the *Valuation Manual*.
3. Section 14A(5) of Model #820 defines the data to be collected to be confidential.

VM-51 Section 2.E*

Companies subject to reporting pursuant to the criteria stated in Section 2.C are required to complete the data forms in Appendix 1, Appendix 2 and Appendix 3 as appropriate, and also complete the Experience Data Elements and Formats as defined in Appendix 4.

The data should include policies issued as standard, substandard (optional) or sold within a preferred class structure. Preferred class structure means that, depending on the underwriting results, a policy could be issued in classes ranging from a best preferred class to a residual standard class. Policies issued as part of a preferred class structure are not to be classified as substandard.

Policies issued as conversions from term or group contracts should be included. For these converted policies, the issue date should be the issue date of the converted policy, and the underwriting field will identify them as issues resulting from conversion.

Generally, each policy number represents a policy issued as a result of ordinary underwriting. If a single life policy, the base policy on a single life has the policy number and a segment number of 1. On a joint life policy, each life has separate records with the same policy number. The base policy on the first life has a segment number of 1, and the base policy on the second life has a segment number of 2. Policies that cover more than two lives are not to be submitted.

Term/paid up riders or additional amounts of insurance purchased through dividend options on a policy issued as a result of ordinary underwriting are to be submitted. Each rider is on a separate record with the same policy number as the base policy and has a unique segment number. The details on the rider record may differ from the corresponding details on the base policy record. If underwriting in addition to the base policy underwriting is done, the coverage is given its own policy number.

Terminations (both death and non-death) are to be submitted. Terminations are to include those that occurred in the observation year and were reported by ~~June 30~~ March 31 of the year after the observation year.

Attachment Three-D
Life Actuarial (A) Task Force
8/10-11/26

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:

NAIC VM-22 (A) Subgroup

Title of the Issue:

Clarify VM-22 applicability to deposit-type contracts based on Academy proposed edits

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:

2026 Valuation Manual, VM-22 Sections 1.A and 2.A

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.)

VM-22, Section 1.A

Purpose

These requirements establish the minimum reserve valuation standard for non-variable annuity contracts as defined in Section II of the Valuation Manual, Subsection 2.C and for Deposit-Type Contracts falling under the scope of VM-22 Section 2.A. For all contracts encompassed by the Scope, these requirements constitute the Commissioners Annuity Reserve Valuation Method (CARVM) and, for some contracts and certificates, the Commissioners Reserve Valuation Method (CRVM).

VM-22, Section 2.A:

Scope

Applicable non-variable annuity contracts specified in VM Section II, Subsection 2 “Annuity Products”, Paragraphs C and D and applicable contracts in VM Section II, Subsection 3 “Deposit-Type Contracts” not otherwise excluded by VM Section II, Subsection 2.C are subject to VM-22 requirements.

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

Clarify that there are some deposit-type contracts that fall in scope of VM-22 requirements, though not all deposit-type contracts are in scope.

Dates: Received	Reviewed by Staff	Distributed	Considered
12/15/25	A.F.	12/17/25	
Notes: 2025-18. Exposed by VM-22 SG for a 90-day comment period ending 3/17/26.			

Attachment Three-E
Life Actuarial (A) Task Force
8/10-11/26

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:

NAIC VM-22 (A) Subgroup

Title of the Issue:

Remove criteria requirements of VM-22 Aggregation

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:

2026 Valuation Manual, VM-22 Section 3.F and VM-31 Section 3.F.14.j

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.)

See following page

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

Remove criteria for aggregate payout and deferred annuities in VM-22 and add a disclosure in VM-31 for the aggregation benefit.

Dates: Received	Reviewed by Staff	Distributed	Considered
12/15/25	A.F.	12/17/25	
Notes: 2025-20 Exposed by VM-22 SG for 90-day comment period ending 3/17/26.			

VM-22, Section 3.F.2:

2. The Payout Annuity Reserving Category and Accumulation Reserving Category may be aggregated. ~~only if they meet the following criteria:~~

- ~~a. The company manages the risks of the contracts within both categories in an integrated risk management process.~~
- ~~b. The contracts within both categories are managed within a single portfolio, or portfolios with the same ALM strategy.~~

~~Guidance Note:~~ ~~For the purposes of aggregating payout and accumulation reserving categories, the Subgroup plans to revisit whether to include prerequisites to permit aggregation, as well as which criteria and disclosures to focus on for such aggregation.~~

VM-31, Section 3.F.14.j:

- j. Aggregation – The following information on aggregation:
 - i. Disclosure of the impact of aggregation, that is, a comparison of serialtim calculations compared to aggregation permitted under VM-21 or VM-22, and discussion of the method used to determine the impact, pursuant to Section 6.A.1.a in VM-21 or VM-22.
 - ii. For VM-22, ~~support that the criteria in~~ to the extent the Payout Annuity Reserving Category and Accumulation Reserving Category are aggregated pursuant to VM-22 Section 3.F.2, provide a breakdown of reserve results (SR and CSV) for each Reserving Category, both pre- and post-reinsurance, along with case counts and face amounts.~~is met.~~
 - iii. To the extent that aggregation is done across multiple model segments, whether across reserving categories or within a reserving category, the methodology used to allocate the aggregation benefit across model segments shall be documented.

TO: Rachel Hemphill (TX), Chair, Life Actuarial (A) Task Force,
Craig Chupp (VA), Vice Chair, Life Actuarial (A) Task Force

FROM: Fred Andersen (MN), Chair, Experience Reporting (A) Subgroup
Seong-min Eom (NJ), Chair, Group Annuity Experience Reporting Drafting Group

DATE: March 23, 2026

RE: Financial Regulation Standards – As of March 2026 *Valuation Manual*

I. Background

NAIC staff submitted an initial draft of amendment proposal form (APF) 2024-12 in August 2024. The Experience Reporting (A) Subgroup directed the formation of a drafting group to review the APF and make refinements. Drafting group participants included Seong-min Eom who chaired the group, NAIC staff, SOA staff, the Chair of Society of Actuaries (SOA) Group Annuity Experience Committee, the American Academy of Actuaries, representatives of the American Council of Life Insurers (ACLI), and individual companies. Several draft iterations the APF were exposed before the current version was adopted by the Life Actuarial (A) Task Force (LATF) on April 9, 2026. All VM-50 and VM-51 references in this memo refer to the APF as adopted by LATF.

II. Executive Summary

VM-50 Section 2.B.2 designates the NAIC as the Experience Reporting Agent for the Statistical Plan for Group Annuity Mortality beginning Jan. 1, 2027. Based on the criteria stated in VM-51 Section 3.C, the NAIC has prepared a list of companies required to submit mortality experience data in 2027. A total of 36 companies were selected, representing 15 states of domicile as shown in Appendix A. This memorandum describes the selection process, the data collection timeline, and next steps for the selected companies.

It is important to note that the data collection requirements of VM-51 apply to all issue years of a company's business, and not just to business subject to principle-based reserving (PBR) under VM-22 or VM-V. Companies selected to submit mortality experience data in 2027 will be expected to continue reporting their experience in future years, barring circumstances justifying an exemption. This will help ensure consistency in reporting from year to year.

The list of companies selected is subject to change. Pursuant to VM-51 Section 3.C, exemptions may be granted by the Experience Reporting Agent where appropriate, following consultation with the domestic insurance regulator, based on achieving a minimum target level of approximately 90% of industry statutory reserves for the type of experience data being collected. Depending on the exemptions granted, additional companies may be selected in an effort to achieve the target level of

industry experience. However, any additional selections will be made prior to 9/30/2026, to provide newly selected companies sufficient notice to prepare for the data submission.

III. Company Selection Process

Companies were selected in accordance with the criteria stated in VM-51 Section 3.C, with an objective of achieving a minimum target level of approximately 90% of industry statutory reserves for in-scope business. The steps in the selection process are listed and described below.

1. **Collect Annual Statement Data:** Compile 2024 Annual Statement data necessary to select companies to participate in a group annuity survey developed by the APF drafting group. Data gathered includes Statutory Reserves, Certificates Inforce, Single Premium, and Income Payable. For those companies who are part of an NAIC affiliated group, the annual statement data was rolled up to the group level.
2. **Send Survey to Major Group Annuity Carriers:** Groups were then ordered according to each of the four metrics collected from the annual statement. Surveys were sent to all groups that ranked in the top 30 for at least two of the four metrics. Also surveyed were all groups that participated in either the most recent SOA or LIMRA group annuity study. Groups were instructed to complete a separate survey for each legal entity.
3. **Compile / Analyze Survey Responses:** Survey responses were aggregated and analyzed to determine which companies had business that was in-scope for the data collection. Follow up questions were sent to the companies that had included lines of business in the "Other" category to determine whether those products should be included.
4. **Order Companies based on Statutory Reserves:** Statutory reserves for in-scope products were summed up and the companies were ordered based on their total in-scope reserves. Statutory reserve was chosen as the selection criteria due to it being the most consistent and reliable response in the survey.
5. **Eliminate Lower Ranking Companies:** Companies with less than \$250 million of in-scope reserves were eliminated per the provision in VM-51 Section 3.C.
6. **Select Companies to Participate in Data Collection:** While analyzing the in-scope reserves reported in the survey, it was noted that reserves dropped significantly for companies that fell below \$500 million. As a result of this analysis, surveyed companies with more than \$500 million of in-scope reserves were selected.

IV. Limitations on the Company Selection Process

There are limitations on the ability of the Experience Reporting Agent to estimate the number of companies that should be selected to achieve a target level of 90% of industry statutory reserves for in-scope business. Specific limitations are outlined below.

A. Inability to identify items not in scope

VM-51 Section 3.B excludes the following items from the experience reporting requirements

1. Guaranteed Investment Contracts
2. Synthetic Guaranteed Investment Contracts
3. Funding Agreements
4. Stable Value Contracts
5. Pre-Need Annuities
6. Reinsurance assumed from a U.S. ceding company, unless the ceding company has requested the assuming company submit data. Note: longevity reinsurance assumed from a non-U.S. company is in-scope.

Limitation

Data gathered from the Annual Statement is not sufficiently granular to identify many of the items that are not in scope. The company selection process relied on the results of the survey that was sent out to companies (Step 2 above). It is not possible to determine in-scope reserves for those companies not surveyed. The companies selected represent approximately 99% of total statutory reserves for those companies surveyed. The threshold was set more conservatively than 90% to allow for additional reserves from companies not surveyed.

B. Exemptions

VM-51 Section 3.C states that exemptions may be granted by the Experience Reporting Agent where appropriate, following consultation with the domestic insurance regulator.

Limitation

It is unknown whether exemptions will be requested or granted.

C. Omission of Data

VM-50 Section 4.B.12 states that the Experience Reporting Agent will use its discretion regarding the omission of data from reports owing to the failure of an insurer company to respond adequately to unusual reasonability indications.

Limitation

It is unknown whether, or how much, data will need to be omitted.

V. Data Collection Timeline

VM-51 Section 3.D provides the timeline for data collection. The 2027 data call, covering observation year 2026, will occur during the second quarter of 2027. Initial data submissions are due Sept. 30, 2027. Corrections of data submissions must be completed by Feb. 28, 2028.

VI. Next Steps

Companies selected to submit mortality experience data in 2027 will be notified shortly. The NAIC plans to produce webinars to provide training on the VM-50 and VM-51 group annuity data collection requirements and process. The NAIC will also be publishing a Data Dictionary to provide additional guidance to companies regarding what is expected for each data element. These webinars and all additional resources will be located on the NAIC website.

Appendix A – Distribution of Companies by State of Domicile

<u>Domicile State</u>	<u>Number of Companies Selected</u>
CT	3
DE	1
IA	6
IN	2
MA	2
MD	1
MI	1
MN	2
MO	1
NE	3
NJ	1
NY	8
OH	2
TX	2
WI	1
Total	36

Draft: 7/11/26

Life Actuarial (A) Task Force
Virtual Meeting
May 21, 2026

The Life Actuarial (A) Task Force met May 21, 2026. The following Task Force members participated: Amanda Crawford, Chair, represented by Rachel Hemphill (TX); Scott A. White, Vice Chair, represented by Craig Chupp (VA); Heather Carpenter represented by Sharon Comstock (AK); Mark Fowler represented by Sanjeev Chaudhuri (AL); Ricardo Lara represented by Ahmad Kamil and Thomas Reedy (CA); Joshua Hershman represented by Wanchin Chou (CT); Doug Ommen represented by Mike Yanacheak (IA); Ann Gillespie represented by Matt Cheung (IL); Holly W. Lambert represented by Scott Shover (IN); Marie Grant represented by Nour Benchaaboun (MD); Grace Arnold represented by Fred Andersen and Ben Slutsker (MN); Angela L. Nelson represented by William Leung (MO); Susan Ochs represented by Seong-min Eom (NJ); Ned Gaines represented by Maile Campbell (NV); Kaitlin Asrow represented by William B. Carmello (NY); Judith L. French represented by Peter Weber (OH); Glen Mulready represented by Andy Schallhorn (OK); TK Keen represented by Tashia Sizemore and Joshua Blakey (OR); Michael Humphreys represented by Steve Boston (PA); and Carter Lawrence represented by Eric Scott (TN).

1. Exposed APF 2026-05

Hemphill said the Life Insurance and Annuities (A) Committee had instructed the Task Force to follow the standard *Valuation Manual* amendment proposal form (APF) process for editorial corrections to the *Valuation Manual*, even for straightforward corrections, in case there are unknown implications.

Scott O'Neal (NAIC) walked through the specific corrections made in APF 2026-05 across multiple sections of the *Valuation Manual*. Chupp asked whether it would be possible to not back out the changes already made to the 2026 *Valuation Manual* to avoid confusion for users. Yanacheak said that if the 2026 *Valuation Manual* is changed, it would be important for NAIC committee support to notify states that have already adopted it and that there is no benefit to having multiple versions of the 2026 *Valuation Manual*. Hemphill agreed, noting that Texas must adopt the *Valuation Manual* annually through a formal process. O'Neal said that NAIC committee support are now posting Task Force-adopted APFs to the NAIC website and that this editorial APF could be tracked there without backing out the changes from the 2026 *Valuation Manual*.

Chupp made a motion, seconded by Yanacheak, to expose APF 2026-05 for a 21-day public comment period ending June 10. The motion passed unanimously

2. Exposed APF 2025-18 and APF 2025-20

Hemphill said that APF 2025-18, which clarifies the applicability of VM-22, Requirements for Principle-Based Reserves for Non-Variable Annuities, to deposit-type contracts, and APF 2025-20, which addresses VM-22 aggregation across reserving categories, had both been adopted by the VM-22 (A) Subgroup on May 20. Hemphill said that both APFs needed to be exposed for 21 days at the Task Force level as part of the required approval process.

Slutsker provided background on the two APFs, noting that both are "day two follow-ups" from the initial VM-22 adoption. Regarding APF 2025-18, Slutsker said the APF clarifies that not all deposit-type contracts are required to meet VM-22 requirements and that only annuities meeting the descriptions in Section II of the *Valuation Manual* are in scope. Slutsker said the APF 2025-20 permits aggregation between payout- and accumulation-based annuity reserving categories, allowing immediate and deferred annuities to be aggregated with sufficiencies and

deficiencies offsetting each other when calculating the stochastic reserve. Slutsker said APF 2025-20 originally included conditions on when aggregation could be applied, but the VM-22 (A) Subgroup decided to remove the conditions and permit aggregation, while adding VM-31, Principle-Based Reserves (PBR) Actuarial Report Requirements for Business Subject to a Principle-Based Valuation, disclosure requirements for the financial impact of aggregation on a standalone basis. Slutsker said that no significant financial impacts are expected from either APF.

Slutsker made a motion, seconded by Reedy, to expose APF 2025-18 and APF 2025-20 for a 21-day public comment period ending June 10. The motion passed unanimously.

3. Discussed APF 2023-10

Hemphill provided background on APF 2023-10, which proposes revising the VM-20, Requirements for Principle-Based Reserves for Life Products, stochastic reserve discount rate from 105% of the one-year U.S. Treasury rate to the net asset earned rate (NAER) of the additional asset portfolio. Hemphill said the APF was originally proposed before the generator of economic scenarios (GOES) was implemented and was put on hold during GOES development. After the GOES was adopted for 2026, the APF was updated and re-exposed. Hemphill said there have been related discussions around C-3 Phase I and VM-22 discount rates and that concerns have been raised about how starting asset selection heavily affects the NAER. Hemphill noted that while VM-21, Requirements for Principle-Based Reserves for Variable Annuities, applies to all in-force business, VM-20 and VM-22 were adopted prospectively, initially covering a small segment of business.

Slutsker said that a significant issue has emerged across the VM-22 (A) Subgroup's discussions: the allocation of assets from the broader portfolio to PBR calculations, which has been described as "cherry picking assets." Slutsker said that companies can assign the lowest-yielding assets to non-PBR blocks and include the highest-yielding assets in PBR, but that this is not a simple issue to resolve because legitimate risk management practices should be reflected in PBR. Slutsker said there is broad agreement that the discount rate update is in the right direction, but it would lower reserves, and that related changes addressing asset selection guardrails should be implemented together across VM-20, VM-21, and VM-22. Slutsker proposed delaying adoption, targeting the 2028 *Valuation Manual*.

Hemphill said her understanding of the concern was that if APF 2023-10 were adopted without addressing the asset selection issue, reserves would decrease significantly, and then when guardrails were implemented, there would be another correction in the opposite direction. Cheung said he agreed with delaying but wanted to be specific about the rationale: the delay is due to the fact that part of this implementation would likely be reversed in the future as the asset selection issue is addressed. Slutsker agreed with Cheung and said the financial impacts of both changes would be significant. Slutsker said the Task Force should commit to the 2028 *Valuation Manual* as a deadline.

Chou asked for details on the financial impact of implementing the NAER methodology in VM-20. O'Neal said that NAIC model office testing, presented at the Spring National Meeting, showed a 7.7% decrease in the stochastic reserve for a universal life with secondary guarantees (ULSG) product when using the NAER discount rate methodology compared to 105% of the one-year Treasury rate. O'Neal said the conditional tail expectancy (CTE) 98 impact was more pronounced. O'Neal noted that the testing used a deterministic reserve NAER method rather than the additional invested assets approach currently proposed in APF 2023-10. Hemphill confirmed the significant decrease in reserves and noted that the capital impact was also significant. Slutsker emphasized the need for more formal impact analysis and said that whatever vetting standards are applied to the discount rate change should also be applied to the asset selection change.

Brian Bayerle (American Council of Life Insurers—ACLI) said there is no philosophical disagreement that the discount rate update is the right direction. Bayerle suggested that appropriate asset allocation could be addressed as a cover letter question at the Task Force level and that the asset selection discussion would be best handled at the Task Force rather than just the VM-22 (A) Subgroup, Bayerle suggested the Summer National Meeting as a potential milestone for an exposure and said the ACLI wishes to work with the Task Force to adopt this for the 2028 *Valuation Manual*. Hemphill asked Task Force members whether the asset selection discussion should be handled at the Task Force level rather than the VM-22 (A) Subgroup to avoid duplicative workstreams. Slutsker agreed this would make sense. Hemphill said that APF 2023-10 would not be adopted for the 2027 *Valuation Manual* but that work would continue. Hemphill said the asset selection discussion would be coordinated at the Task Force level for both VM-20 and VM-22, with materials targeted for the Summer National Meeting.

Having no further business, the Life Actuarial (A) Task Force adjourned.

Draft: 7/8/26

Life Actuarial (A) Task Force
Virtual Meeting
May 14, 2026

The Life Actuarial (A) Task Force met May 14, 2026. The following Task Force members participated: Amanda Crawford, Chair, represented by Rachel Hemphill (TX); Scott A. White, Vice Chair, represented by Craig Chupp (VA); Heather Carpenter represented by Sharon Comstock (AK); Mark Fowler represented by Sanjeev Chaudhuri (AL); Ricardo Lara represented by Ahmad Kamil and Thomas Reedy (CA); Joshua Hershman represented by Wanchin Chou (CT); Doug Ommen represented by Mike Yanacheak (IA); Vicki Schmidt represented by Nicole Boyd (KS); Marie Grant represented by Nour Benchaaboun (MD); Grace Arnold represented by Fred Andersen and Ben Slutsker (MN); Angela L. Nelson represented by William Leung (MO); Eric Dunning represented by Michael Muldoon (NE); Ned Gaines represented by Maile Campbell (NV); Susan Ochs represented by Seong-min Eom and David Wolf (NJ); Kaitlin Asrow represented by William B. Carmello (NY); Judith L. French represented by Peter Weber (OH); Glen Mulready represented by Andy Schallhorn (OK); TK Keen represented by Tashia Sizemore and Joshua Blakey (OR); Michael Humphreys represented by Steve Boston (PA); and Carter Lawrence represented by Eric Scott (TN).

1. Discussed APF 2026-01

Hemphill introduced amendment proposal form (APF) 2026-01, which revises the *Valuation Manual* (VM)-22, Requirements for Principle-Based Reserves for Non-Variable Annuities, reinvestment guardrail for pension risk transfer (PRT) business. She noted that a formal comment period had been held during which the Task Force exposed both a draft of APF 2026-01 and a principles document from the American Academy of Actuaries (Academy) on the application of an illiquidity premium. Hemphill said that a comment letter was received from the American Council of Life Insurers (ACLI).

Brian Bayerle (ACLI) spoke to the ACLI's comment letter, noting that the ACLI is supportive of many of the concepts raised in both APF 2026-01 and the Academy principles document. Bayerle said the Academy's principles on the illiquidity premium were strong and that it makes sense to consider introducing an illiquidity premium when it aligns with the types of liabilities that less liquid assets support. Bayerle said that while an illiquidity premium may make sense for PRT, other products with similar characteristics may also warrant an illiquidity premium. Bayerle raised the questions of whether: 1) the illiquidity premium cap should be fixed or dynamic depending on economic conditions; and 2) a larger illiquidity premium should be considered depending on liability characteristics. On the reinvestment guardrail credit quality difference introduced by the APF, Bayerle said the ACLI has conceptual openness but suggested that the guardrail should be based on liability characteristics rather than product type.

Hemphill then walked through the redline draft of APF 2026-01 included in the meeting materials. She noted that while APF 2026-01 was submitted by New Jersey, the redline draft represents multiple options: Some align with the New Jersey proposal, and others reflect suggestions from other state insurance regulators and interested parties. She noted that New Jersey had streamlined the reference to BBB-rated securities, increasing the reinvestment guardrail from 50 basis points (bps) to 80 bps.

Hemphill outlined the framework for a straw poll to gauge Task Force members' preferences on two dimensions. On scope, Option A would limit the changes to PRT only, while Option B would extend the changes to payout annuities without liability optionality. On the extent of changes, Option 1 would apply the additional illiquidity premium to the starting asset and reinvestment guardrails only, while Option 2 would apply the illiquidity premium to all assets, including both guardrail runs and company runs. She noted that Task Force members could

also choose “none” on either dimension. Hemphill said the straw poll would also provide an opportunity for Task Force members to comment on timing: whether something could be ready for the 2027 *Valuation Manual*, which would need to be wrapped up within approximately one month, or whether this was a longer project aimed at the 2028 *Valuation Manual*.

Hemphill provided a preface to the straw poll regarding the Task Force’s mandate. She said that during prior discussions, questions had been raised about whether the proposed changes should be viewed as a reinsurance policy change or an actuarial change, and some had cited policy reasons related to asset-intensive reinsurance and keeping PRT reserves onshore. Hemphill said that Task Force leadership had discussed this with leadership from the Life Insurance and Annuities (A) Committee and had received clear instruction that the Task Force should not be making reinsurance policy changes. Hemphill said that the Task Force should stay within its charge of maintaining *Valuation Manual* requirements at an appropriate, moderately adverse level and ensuring consistency across *Valuation Manual* chapters and products where appropriate. She added that if a proposal brought to the Task Force based on policy motivations pointed out something missing from the current principle-based reserving (PBR) framework, then there was room to take action, and any action taken should support consistent PBR reserves targeting a moderately adverse reserve level.

The straw poll was then conducted. Chupp said Virginia would vote for “none” on both dimensions but would be open to going beyond “none” if principles were introduced. Chaudhuri said Alabama preferred Option B and Option 2 and would be willing to push to 2028 if needed. Comstock said Alaska preferred Option A with no preference on the other options. Reedy said California was technically “none” per the options presented but was supportive of Option B and Option 1 on a longer timeline. Chou said Connecticut preferred Option B and Option 2. Hemphill reported that Matt Cheung from Illinois had emailed a preference for Option B and Option 1. Yanacheak said Iowa would go with Option B and Option 1. Boyd said Kansas preferred Option B and Option 1. Benchaaboun said Maryland would be none for both options.

Andersen said Minnesota favored Option A and Option 2. He said VM-22 was just adopted with a reinvestment guardrail that ended up in an actuarially appropriate place. Leung said Missouri preferred Option B on scope. However, on extent, Leung said he did not think the illiquidity premium should be applied on a product basis. Muldoon said Nebraska preferred Option B and Option 2 and was fine with going into 2028 if needed. Campbell said Nevada was “none” and “none” for a near-term vote but would be open to Option B and Option 2 for 2028.

Eom said New Jersey was now open to expanding the scope to all similar products (i.e., payout annuities without optionality). Eom said New Jersey supported Option 2. Carmello said New York was “none” and “none.” Weber said Ohio preferred Option A and Option 2, focusing on expediency and trying to get something done sooner rather than later for a single product line initially. Schallhorn said Oklahoma preferred Option B and Option 2 and that 2028 was fine. Boston said Pennsylvania would like to consider the ideas expressed by Virginia and California and would be open to Option B and either Option 1 or Option 2 under a longer-term project. Scott said Tennessee would abstain.

Hemphill summarized the straw poll results, noting that the results were diverse. She said the strongest theme she observed was a preference not to try to work the APF out over the next month but instead to coordinate with the Academy study on spreads and defaults. She noted a preference for Option B over Option A and said Option 1 and Option 2 were fairly split. She said she also saw a preference for working toward a 2028 deadline. Based on the straw poll results, Hemphill said she did not think it made sense for the Task Force to expose any option at this time. She proposed putting APF 2026-01 on hold pending the Academy study and following up with the Academy to get a better sense of the study timeline.

Eom agreed that this path forward would work and reiterated her hope that the Academy could complete the study so the Task Force could revisit the APF in time for the next *Valuation Manual* development cycle. Eom added that based on the Academy study, the APF could be revised and may not be exposed as is. Hemphill said the Task Force would follow up with the Academy after the meeting and would note that Option B appeared to be the larger preference, with both Option 1 and Option 2 having a decent amount of support. She expressed hope that the Academy study could bring the different views closer together.

Hemphill thanked Task Force members for participating in the straw poll and discussion and thanked New Jersey for the APF. She said the APF would be put on hold for now, and the Task Force would discuss it further after hearing from the Academy on spreads and defaults, coordinating the reconsideration with that study.

Having no further business, the Life Actuarial (A) Task Force adjourned.

Draft: 7/6/26

Life Actuarial (A) Task Force
Virtual Meeting
May 7, 2026

The Life Actuarial (A) Task Force met May 7, 2026. The following Task Force members participated: Amanda Crawford, Chair, represented by Rachel Hemphill (TX); Scott A. White, Vice Chair, represented by Craig Chupp (VA); Mark Fowler represented by Sanjeev Chaudhuri (AL); Heather Carpenter represented by Sharon Comstock (AK); Ricardo Lara represented by Ahmad Kamil and Thomas Reedy (CA); Joshua Hershman represented by Wanchin Chou (CT); Doug Ommen represented by Mike Yanacheak (IA); Ann Gillespie represented by Matt Cheung (IL); Holly W. Lambert represented by Scott Shover (IN); Vicki Schmidt represented by Nicole Boyd (KS); Marie Grant represented by Nour Benchaaboun (MD); Grace Arnold represented by Fred Andersen (MN); Angela L. Nelson represented by William Leung (MO); Susan Ochs represented by Seong-min Eom (NJ); Ned Gaines represented by Maile Campbell (NV); Kaitlin Asrow represented by William B. Carmello (NY); Judith L. French represented by Matt Elston (OH); Glen Mulready represented by Andy Schallhorn (OK); TK Keen represented by Tashia Sizemore (OR); Michael Humphreys represented by Steve Boston (PA); Carter Lawrence represented by Eric Scott (TN); and Jon Pike represented by Tomasz Serbinowski (UT).

1. Exposed APF 2025-14

Cheung walked through amendment proposal form (APF) 2025-14, which clarifies that variable annuities in the payout phase may be reserved for under *Valuation Manual* (VM)-21, Requirements for Principle-Based Reserves for Variable Annuities, with domiciliary commissioner notification or VM-22, Requirements for Principle-Based Reserves for Non-Variable Annuities.

Cheung made a motion, seconded by Reedy, to expose APF 2025-14 for a 21-day public comment period ending May 27. The motion passed unanimously.

2. Exposed the Group Annuity Experience Collection Company Selection Memo

Eom recapped APF 2024-12, which mandates a group annuity experience data collection to be used to develop more sound group annuity mortality tables that reflect the diverse mortality experience across the group annuity population. She noted that most group annuity products are from pension risk transfer (PRT) and that the underlying population experience varies by industry, collar type, and other demographic factors. Eom added that longevity reinsurance products are primarily based on non-U.S. pension plans and that this line of business is an emerging and expanding area with limited information. Eom said that the data call would provide the foundation for developing mortality assumptions that appropriately account for all of these dimensions.

Eom said that the NAIC, under VM-50, Experience Reporting Requirements, will serve as the experience reporting agent for group annuity mortality beginning Jan. 1, 2027, and has identified 36 companies across 15 domicile states to submit data. She noted three key points: 1) the collection covers all issue years of a company's group annuity business and is not limited to business subject to VM-22; 2) once selected, a company is expected to continue reporting in future years unless circumstances justify an exemption; and 3) the list is not final, as exemptions may result in additional companies being added, with any modifications finalized before the end of September 2026. Eom noted the minimum target coverage is approximately 90% of statutory reserves for in-scope business.

Angela McNabb (NAIC) walked through the company selection process. She noted that the selection process used 2024 annual statement data, as 2025 data was not available at the time, to identify companies for a survey developed by the drafting group. The data collected included statutory reserves, certificates in force, single premium, and income payable for both the general account and separate account. For companies that were part of an affiliated group, data was rolled up to the group level. Surveys were sent to groups ranking in the top 30 for at least two of the four metrics, and approximately 80 companies were surveyed, with responses received from all. Groups completed separate surveys for each legal entity.

McNabb said that once responses were received, the NAIC aggregated and analyzed them to determine which companies had in-scope business. She said that follow-up questions were sent to companies with write-ins in the “other” category to determine whether those products were in scope. Companies were ranked by in-scope statutory reserve at the company level. McNabb noted that VM-51, Experience Reporting Formats, automatically exempts companies with less than \$250 million of in-scope reserves. After applying that threshold, the NAIC observed a significant break at the \$500 million level, below which reserves dropped off considerably, and determined that \$500 million of in-scope reserves was an appropriate selection criterion.

McNabb identified limitations in the selection process: 1) the annual statement does not contain information at a granular enough level to identify out-of-scope products, and for non-surveyed companies, in-scope proportions cannot be determined; 2) VM-51 allows companies to request an exemption, subject to NAIC agreement and domestic state insurance regulator approval, and the number of requests is unknown; and 3) VM-50 allows the experience reporting agency to use its discretion regarding data omission, and rules-based validations may reject individual records or that company’s data entirely.

McNabb said data covering observation year 2026 will be collected during the second quarter of 2027, with initial submissions due Sept. 30, 2027, and corrections due Feb. 28, 2028. She said the NAIC is planning webinars to provide training on the data collection, requirements, and process. She noted that the NAIC will publish a data dictionary providing additional guidance for each data element, which she described as a living document that can be updated without a *Valuation Manual* amendment. McNabb said that additional materials outlining the rules-based validations will also be published, and companies will be notified as they become available. She also noted that because PRT is a fast-growing market, the NAIC will monitor for new entrants and may ask additional companies to join the data call in future years.

Hemphill made a chair exposure of the group annuity experience collection company selection memorandum for a 21-day public comment period ending May 27.

Having no further business, the Life Actuarial (A) Task Force adjourned.

Draft: 6/13/26

Life Actuarial (A) Task Force
Virtual Meeting
April 30, 2026

The Life Actuarial (A) Task Force met April 30, 2026. The following Task Force members participated: Amanda Crawford, Chair, represented by Rachel Hemphill (TX); Scott A. White, Vice Chair, represented by Craig Chupp (VA); Heather Carpenter represented by Sharon Comstock (AK); Ricardo Lara represented by Ahmad Kamil and Thomas Reedy (CA); Joshua Hershman represented by Wanchin Chou (CT); Doug Ommen represented by Mike Yanacheak (IA); Ann Gillespie represented by Matt Cheung (IL); Holly W. Lambert represented by Scott Shover (IN); Vicki Schmidt represented by Nicole Boyd (KS); Marie Grant represented by Nour Benchaaboun (MD); Grace Arnold represented by Fred Andersen and Ben Slutsker (MN); Angela L. Nelson represented by William Leung (MO); Eric Dunning represented by Michael Muldoon (NE); Susan Ochs represented by Seong-min Eom and David Wolf (NJ); Ned Gaines represented by Maile Campbell (NV); Kaitlin Asrow represented by Dwight Hazzard (NY); Judith L. French represented by Peter Weber (OH); TK Keen represented by Joshua Blakey (OR); Michael Humphreys represented by Steve Boston (PA); Carter Lawrence represented by Eric Scott (TN); and Jon Pike represented by Tomasz Serbinowski (UT).

1. Adopted APF 2026-03

Hemphill said that amendment proposal form (APF) 2026-03 is a technical clarification to the standard projection amount (SPA) assumption for surrenders in *Valuation Manual* (VM)-22, Requirements for Principle-Based Reserves for Non-Variable Annuities.

Leung made a motion, seconded by Slutsker, to adopt APF 2026-03 (Attachment Seven-A). The motion passed unanimously.

2. Adopted APF 2026-02

Hemphill introduced APF 2026-02, which revises VM-21, Requirements for Principle-Based Reserves for Variable Annuities, and VM-22 to reflect that interest maintenance reserves (IMRs) are attributable to groups of policies or contracts rather than to groups of assets. Hemphill said the IMR would be more appropriately attributed to contracts, as companies allocate IMR to model segments, and IMR is not tagged to specific assets. She emphasized that this was not new guidance but rather leveraged existing detailed guidance from VM-20, Requirements for Principle-Based Reserves for Life Products.

Boston noted a formatting issue with the lettering under VM-22 Section 4.A.7. Hemphill confirmed that this was a drafting error and asked Scott O'Neal (NAIC) whether this clerical correction could be included in the motion to adopt. O'Neal confirmed that the correction could be included in the motion for adoption.

Slutsker made a motion, seconded by Chupp, to adopt APF 2026-02 (Attachment Seven-B) with the clerical correction. The motion passed unanimously.

3. Disbanded the Variable Annuities Capital and Reserve (E/A) Subgroup

Hemphill discussed the disbanding of the Variable Annuities Capital and Reserve (E/A) Subgroup, noting that the Subgroup had completed significant work on variable annuity (VA) reform and the first update to the VM-21 SPA.

She noted that, unlike VM-22, which still has material items to address, VM-21 is in a position similar to VM-20, where ongoing work falls under the broad charges of the Task Force and the Life Risk-Based Capital (E) Working Group. Hemphill stated that a motion to disband requires a discussion of whether the Subgroup's charges had been met. Hemphill expressed gratitude to Weber and Cheung for their work on the Subgroup and acknowledged the contributions of all Subgroup members and interested parties.

Hemphill mentioned that APF 2025-14 was currently under consideration by the Subgroup for re-exposure after receiving a comment from the American Council of Life Insurers (ACLI). If the Subgroup were disbanded before another meeting, Hemphill said the re-exposure would occur at the Task Force level.

Cheung made a motion, seconded by Leung, to disband the Variable Annuities Capital and Reserve (E/A) Subgroup and state that the Subgroup's charges were achieved. The motion passed unanimously.

4. Discussed a Request to the Academy's Life Reserves Work Group to Review VM Default and Spread Methodology

Hemphill provided background on the default and spread methodologies in the *Valuation Manual*. She stated that the defaults were designed at a moderately adverse level and the spreads at roughly a best estimate level, which together produce a moderately adverse result. She noted that both methodologies were developed by the American Academy of Actuaries' (Academy's) Life Reserves Work Group (LRWG) in approximately 2009. She emphasized that the Task Force has a charge to monitor these components and that it is appropriate to request a review given the time period since the methodology was introduced. She stated there was no foregone conclusion about the outcome, and the Academy may affirm the current methodology or suggest changes.

Reedy and Cheung also voiced approval to review the methodology, given the timeframe, and noted industry comments received over the years regarding issues with the current framework. Campbell asked whether there is a list of current Academy activities for the Task Force to help gauge the added workload. Hemphill said she expected the Academy's response to address capacity and timeline, noting it is better to ask at 17 years than wait longer.

Connie Tang (Retired) supported the review, suggesting the Academy's Life Practice Council (LPC) could coordinate across groups—including C-1 and the Economic Scenario Subcommittees—for consistency. Hemphill agreed that coordination would likely make sense and stated the Task Force would discuss the matter officially with the Academy.

Hemphill noted that multiple Task Force members spoke in support of the request, and none opposed. She stated the Task Force would proceed with a formal request to the Academy and report back at a future meeting.

5. Exposed APF 2026-04

Hemphill introduced APF 2026-04 that clarifies that references to the 2017 Commissioners Standard Ordinary (CSO) mortality tables mean the loaded version unless the unloaded version is specifically referenced. She noted that the Society of Actuaries (SOA) develops both versions.

Chupp made a motion, seconded by Benchaaboun, to expose APF 2026-04 for a 21-day public comment period ending May 25. The motion passed unanimously.

Having no further business, the Life Actuarial (A) Task Force adjourned.

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.

Elaine Lam, California Department of Insurance
Ben Slutsker, Minnesota Department of Commerce

Clarify calculation mechanics in the VM-22 SPA dynamic lapse formula, specifically in the Market Factor and Rate Factor formulas.

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:

January 1, 2026 Edition of the *Valuation Manual* – VM-22 Section 6.C.5 Full Surrenders

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.)

See attached.

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

In the current VM-22 SPA dynamic lapse formula, in order to get the intended result, the Market Factor accepted percentage inputs (for CR, MR, BF) as whole numbers rather than decimals. For example, 5% was expected to be input as 5, instead of 0.05. This input format caused confusion due to inconsistency with mathematical convention where percentages are typically expressed as decimals (e.g., 5% is 0.05, not 5).

This APF updates the formula for Market Factor to accept decimal inputs for percentages rather than whole number inputs, which follows mathematical convention. The formula for Rate Factor also requires updating, to output a decimal percentage rather than a whole number percentage (which again follows mathematical convention), to be correctly input into the Total Lapse formula. In the end, the Total Lapse result will be unchanged.

Mechanically, to end up with the same result, the changes being proposed are to:

- multiply the decimal percentage inputs of the Market Factor by 100
- divide the Rate Factor by 100 to turn it into a decimal percentage output

(Footnote: CR = Crediting Rate; MR = Market Rate; BF = Buffer Factor)

A subsequent update to the APF puts “÷ 100” into the Market Factor rather than the Rate Factor. This has the advantage of both the Market Factor and Rate Factor to consistently be decimals.

* This form is not intended for minor corrections, such as formatting, grammar, cross-references or spelling. Those types of changes do not require action by the entire group and may be submitted via letter or email to the NAIC staff support person for the NAIC group where the document originated.

NAIC Staff Comments:

Dates: Received	Reviewed by Staff	Distributed	Considered
3/10/26	S.O.		
Notes: 2026-03			

W:\National Meetings\2010\...\TF\LHA\

VM-22 Section 6.C.5 – Full Surrenders

(proposed changes in red)

...

$$Total\ Lapse = (Base\ Lapse \times GMIR\ Factor + Rate\ Factor \times MVA\ Factor) \times ITM\ Factor$$

...

Rate Factor

$$Rate\ Factor = Market\ Factor \times Max(0, 1 - 5 \times (1 - CSV/AV))$$

...

Market Factor

$$\begin{aligned}
 Market\ Factor &= -1.25 \times [100 \times (CR - MR)]^X \div 100 && \text{if } CR \geq MR \\
 Market\ Factor &= 0 && \text{if } MR > CR \geq (MR - BF) \\
 Market\ Factor &= 1.25 \times [100 \times (MR - BF - CR)]^X \div 100 && \text{if } CR < (MR - BF)
 \end{aligned}$$

X = 2.0 during Surrender Charge Period, 2.5 at Shock, and 2.5 thereafter

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, Texas Department of Insurance

Title of the Issue:

Update VM-21 and VM-22 references to reflect IMR being attributed to a group of policies or contracts, not a group of assets.

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:

2026 Valuation Manual, VM-21 Sections 4.A.7 and 4.D.1.iii and VM-22 Sections 4.A.7 and 4.D.1.iii

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.)

See attached.

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

VM-21 and VM-22 refer to the IMR to be reflected as “attributable to the assets selected”.

VM-20, in contrast, refers to the IMR as being allocated to the model segment (e.g., see VM-20 Sections 4.A.1, 5.F, 7.D.7) with references such as “less the positive or negative PIMR balance at the valuation date allocated to the group of one or more policies being modeled”.

VM-20 also contains guidance on the allocation of IMR, while VM-21 and VM-22 do not.

This APF is to make VM-21 and VM-22 consistent with VM-20, and to add the guidance existing in VM-20 to VM-21 and VM-22. This will make it clear that the allocation of IMR is to the model segment, reflecting the policies or contracts.

Dates: Received	Reviewed by Staff	Distributed	Considered
Notes:			

VM-21 Section 4.A.7

7. Interest Maintenance Reserve (IMR)

The IMR shall be handled consistently with the treatment in the company's cash-flow testing, and the amounts should be adjusted to a pre-tax basis. The determination of the PIMR allocation is subject to the following:

- a. The amount of PIMR allocable to each model segment is the approximate statutory interest maintenance reserve liability that would have developed for the model segment, assuming applicable capital gains taxes are excluded. The allocable PIMR may be either positive or negative.
- b. In performing the allocation to each model segment, any portion of the total company IMR balance that is not admitted under statutory accounting procedures shall first be removed. The company shall use a reasonable approach to allocate the total company balance, after removing any non-admitted portion thereof, between PBR and non-PBR business and then allocate the PBR portion among model segments in an equitable fashion. Any negative IMR that is admitted must be fully allocated by line of business and cannot be allocated to surplus. In the case of negative PIMR, since a negative amount is being added when determining the starting asset amount, the amount of starting assets is reduced by the absolute value of the allocated amount of negative PIMR and the absolute value of the allocated amount of negative PIMR is then added in as the final step in calculating the scenario reserves.
- c. The company may use a simplified approach to allocate the PIMR, if the impact of the PIMR on the minimum reserve is minimal.

VM-21, Section 4.D.1

D. Projection of Assets

1. Starting Asset Amount

a. For the projections of accumulated deficiencies, the value of assets at the start of the projection shall be set equal to the approximate value of statutory reserves at the start of the projection plus the allocated amount of PIMR attributable to the assets selected. Assets shall be valued consistently with their annual statement values. The amount of such asset values shall equal the sum of the following items, all as of the start of the projection:

- i. All of the separate account assets supporting the contracts;
- ii. Any hedge instruments held in support of the contracts being valued; and
- iii. An amount of assets held in the general account equal to the approximate value of statutory reserves as of the start of the projections plus the allocated amount of PIMR attributable to the contracts being valued~~assets selected~~ less the amount in (i) and (ii).

VM-22 Section 4.A.7

7. Interest Maintenance Reserve (IMR)

The IMR shall be handled consistently with the treatment in the company's cash flow testing, and the amounts should be adjusted to a pre-tax basis. The determination of the PIMR allocation is subject to the following:

- d. The amount of PIMR allocable to each model segment is the approximate statutory interest maintenance reserve liability that would have developed for the model segment, assuming applicable capital gains taxes are excluded. The allocable PIMR may be either positive or negative.
- e. In performing the allocation to each model segment, any portion of the total company IMR balance that is not admitted under statutory accounting procedures shall first be removed. The company shall use a reasonable approach to allocate the total company balance, after removing any non-admitted portion thereof, between PBR and non-PBR business and then allocate the PBR portion among model segments in an equitable fashion. Any negative IMR that is admitted must be fully allocated by line of business and cannot be allocated to surplus. In the case of negative PIMR, since a negative amount is being added when determining the starting asset amount, the amount of starting assets is reduced by the absolute value of the allocated amount of negative PIMR and the absolute value of the allocated amount of negative PIMR is then added in as the final step in calculating the aggregate scenario reserves.
- æ.f. The company may use a simplified approach to allocate the PIMR, if the impact of the PIMR on the minimum reserve is minimal.

VM-22, Section 4.D.1.iii

- iii. The allocated amount of PIMR attributable to the contracts being valued~~assets selected~~.

Draft: 6/4/26

Life Actuarial (A) Task Force
Virtual Meeting
April 16, 2026

The Life Actuarial (A) Task Force met April 16, 2026. The following Task Force members participated: Amanda Crawford, Chair, represented by Rachel Hemphill (TX); Scott A. White, Vice Chair, represented by Craig Chupp (VA); Heather Carpenter represented by Sharon Comstock (AK); Mark Fowler represented by Sanjeev Chaudhuri (AL); Ricardo Lara represented by Ahmad Kamil and Elaine Lam (CA); Joshua Hershman represented by Wanchin Chou (CT); Doug Ommen represented by Mike Yanacheak (IA); Ann Gillespie represented by Matt Cheung (IL); Holly W. Lambert represented by Scott Shover (IN); Vicki Schmidt represented by Nicole Boyd (KS); Marie Grant represented by Nour Benchaaboun (MD); Grace Arnold represented by Fred Andersen and Ben Slutsker (MN); Angela L. Nelson represented by William Leung (MO); Susan Ochs represented by Seong-min Eom and David Wolf (NJ); Ned Gaines represented by Maile Campbell (NV); Kaitlin Asrow represented by Dwight Hazzard (NY); Judith L. French represented by Peter Weber (OH); TK Keen represented by Joshua Blakey (OR); Michael Humphreys represented by Steve Boston (PA); Carter Lawrence represented by Eric Scott (TN); and Jon Pike represented by Tomasz Serbinowski (UT).

1. Adopted its Spring National Meeting Minutes

Yanacheak made a motion, seconded by Benchaaboun, to adopt the Task Force's Spring National Meeting minutes (see *NAIC Proceedings – Spring 2026, Life Actuarial (A) Task Force*). The motion passed unanimously.

2. Re-Exposed APF 2026-03

Hemphill introduced amendment proposal form (APF) 2026-03, which clarifies the calculation of the *Valuation Manual* (VM)-22, Requirements for Principle-Based Reserves for Non-Variable Annuities. Brian Bayerle (American Council of Life Insurers—ACLI) spoke to the ACLI's comment letter that recommended a change to the calculation for clarity. Lam supported the change recommended by the ACLI.

Lam made a motion, seconded by Yanacheak, to re-expose APF 2026-03 with the ACLI's recommended edits for a seven-day public comment period ending April 22. The motion passed unanimously.

3. Discussed the SOA's VBT Decision Points

Hemphill said that the Task Force had heard a presentation from the Society of Actuaries (SOA) during the Spring National Meeting that requested feedback on its project to develop a new Valuation Basic Table (VBT) for use in the mortality assumption for VM-20, Requirements for Principle-Based Reserves for Life Insurance. Bayerle spoke to the ACLI's comment letter (Attachment Eight-A).

Mary Bahna-Nolan (SOA) provided clarification on the experience data used in the SOA's mortality study, including: 1) term conversions were not included; 2) term products in the post-level term period were not included; 3) experience from more recent issue years with accelerated underwriting was included, but there were challenges with identifying accelerated underwriting in the data; and 4) the juvenile experience was credible and distinct from the other experience. Bahna-Nolan also noted that the SOA's proposed timeline was aggressive but possible.

Hemphill asked the ACLI if it was comfortable with granular tables being produced if an aggregate table was produced. Bayerle confirmed the ACLI's desire for an aggregate table to be produced with distinct tables. Hemphill then asked if creating an aggregate table would cause the timeline to shift. Bahna-Nolan noted that there would be challenges creating something reasonable for an aggregate table given the distinct experience in the data, but she did not know how it would impact the timeline now.

Hazzard supported the SOA in developing an aggregate table in addition to the more granular tables. Leung asked what valuation concerns could arise from a delay in the adoption of new VBTs if the aggregate table creation caused a delay. Bahna-Nolan said it was hard to say that material misstatements are resulting from the continued use of the existing VBT tables, but that it was unlikely given the relatively heavy use by companies of their own experience. Leung said, given that, he supports the creation of an aggregate table. No Task Force members noted concerns with the creation of an aggregate table after Hemphill asked the group. Bahna-Nolan said that she had the direction needed from the Task Force to move forward on the VBT project.

Having no further business, the Life Actuarial (A) Task Force adjourned.



Brian Bayerle

Chief Life Actuary
202-624-2169

Colin Masterson

Sr. Policy Analyst
202-624-2463

April 10, 2026

Rachel Hemphill
Chair, NAIC Life Actuarial (A) Task Force (LATF)

Re: Society of Actuaries (SOA) Valuation Basic Tables (VBT) Key Decision Areas

Dear Chair Hemphill:

The American Council of Life Insurers (ACLI) appreciates the opportunity to provide feedback on the LATF exposure of the SOA's VBT considerations which were first shared at the 2026 NAIC Spring National Meeting in San Diego, California. We would also like to take this time to thank members of the SOA for their work in creating the Key Decision Areas slide deck for interested party consideration.

Following the review of our membership, ACLI presents the following considerations and questions for NAIC and SOA review:

General Commentary

- ACLI is concerned that the proposed timeline for this effort may be aggressive and could benefit from a more deliberate pace.
- As will be elaborated in the sections below, to the extent additional splits are introduced, we recommend the creation of an aggregate table to provide a baseline for reasonability and possible use when deemed more appropriate for the business.

Exposure Years

- ACLI does not have any issues with including data from 2018-19 provided that it is credible. However, it may also be prudent to confirm whether the mortality in those years was abnormally elevated or low relative to prior years to ensure we aren't selecting an inappropriate period.
- We also believe that the recommendation of using data through 2019, with 2023 used as a test table, is a reasonable solution. An additional consideration could be to include 2023 to expand the number of years in the development of the table.

American Council of Life Insurers | 300 New Jersey Avenue, NW, 10th Floor | Washington, DC 20001

The American Council of Life Insurers (ACLI) is the leading trade association driving public policy and advocacy on behalf of the life insurance industry. 90 million American families rely on the life insurance industry for financial protection and retirement security. ACLI's member companies are dedicated to protecting consumers' financial wellbeing through life insurance, annuities, retirement plans, long-term care insurance, disability income insurance, reinsurance, and dental, vision and other supplemental benefits. ACLI's 275 member companies represent 94 percent of industry assets in the United States.

Level of Granularity

- Our members expressed concerns about the credibility of data after sorting if the tables are split. Actuaries will tend to use percentages of the table so it may be better to create one table with more credibility and then allow percentages to apply.
- Were converted policies removed from the studies? If not, what was the rationale behind including them?
- Is the level of granularity going to account for the timing of introduction of accelerated underwriting? This timing may have an impact on term experience.
- How would post-level term (PLT) mortality get captured, if the industry is heavily skewed towards certain level periods of experience? For example, if the majority of duration 22 experience is comprised of PLT mortality 2 years after 20-year level periods, this could create some unexpected sloping patterns.
- As noted in General Commentary, if the preference is to create separate tables, ACLI would prefer to have an aggregate table created to be able to assess reasonability.

Face Band Split

- For permanent plans, splits of <\$100K and \$100K+ are reasonable, considering that smaller policies are consistent with "final expense" type products that may indicate higher mortality. For Term plans, a split of 3 different bands is reasonable, to reflect small policies (<\$100K), medium policies (<\$500k or \$1M) and large policies (\$1M+).
- It is also possible that the driver of the mortality differences described in this section of the exposure are not driven by the face value amount and are instead caused by other factors such as the type of underwriting companies use at that level. For example, \$100,000 face value is historically when companies historically started using fluid collection but the split of when this takes place has shifted over time. As such, \$100,000 may not always be an appropriate split.
- Once again, companies may also come up with their own percentages of the VBT table to use and if their underwriting differs from industry practice then their percentages could certainly vary based on the tables.

Risk Class Structure

- We do not have a strong position on this question but will note that companies' specific underwriting practices may result in difference in experience on risk class structure.
- Varying by risk class structure may mean very different things for different companies, so we would be interested in how those differences would be addressed when aggregating data.
- For these reasons, ACLI would recommend creation of an aggregate table in addition to the risk class structure split if LATF decides to include it.

Juvenile Risks

- When considering causes of death at different age ranges, it is important to note that mortality does not always increase with age. Examples include:
 - Risky behavior for males 18-35; this risk tends to decrease over time
 - Risk of childbirth in early adulthood vs. 35+ are different
- There is a risk of minimal credibility at the juvenile ages, so we would prefer that an aggregate table still be created. If separate tables are created, it may introduce discontinuities versus the "adult" table. Who companies consider as juveniles may also differ (e.g., 16 versus 18), so the mix

of UW may have differed at times. Therefore, a more appropriate action could be to develop the ultimate table using all data, then determine how select factors should differ for juveniles versus adults for a particular block of business.

Thank you once again for the opportunity to provide this feedback and we look forward to additional dialogue soon with LATF regulators, NAIC staff, and representatives from the SOA.

Sincerely,

A handwritten signature in cursive script, reading "Colin Masterson". The signature is written in dark ink on a white background.

cc: Scott O'Neal, NAIC

Draft: 6/4/26

Life Actuarial (A) Task Force
Virtual Meeting
April 9, 2026

The Life Actuarial (A) Task Force met April 9, 2026. The following Task Force members participated: Amanda Crawford, Chair, represented by Rachel Hemphill (TX); Scott A. White, Vice Chair, represented by Craig Chupp (VA); Heather Carpenter represented by Sharon Comstock (AK); Ricardo Lara represented by Ahmad Kamil (CA); Joshua Hershman represented by Wanchin Chou (CT); Doug Ommen represented by Mike Yanacheak (IA); Ann Gillespie represented by Matt Cheung (IL); Holly W. Lambert represented by Scott Shover (IN); Vicki Schmidt represented by Nicole Boyd (KS); Marie Grant represented by Nour Benchaaboun (MD); Grace Arnold represented by Fred Andersen and Ben Slutsker (MN); Angela L. Nelson represented by William Leung (MO); Susan Ochs represented by Seong-min Eom and David Wolf (NJ); Ned Gaines represented by Maile Campbell (NV); Kaitlin Asrow represented by William B. Carmello (NY); Judith L. French represented by Peter Weber (OH); Glen Mulready represented by Andy Schallhorn (OK); TK Keen represented by Joshua Blakey (OR); Michael Humphreys represented by Steve Boston (PA); Carter Lawrence represented by Eric Scott (TN); and Jon Pike represented by Tomasz Serbinowski (UT).

1. Adopted APF 2024-12

Angela McNabb (NAIC) introduced the Genworth comment letter that suggested adding an exclusion for all fixed annuity contracts that fall outside the scope of *Valuation Manual* (VM)-22, Requirements for Principle-Based Reserves for Non-Variable Annuities. She noted that the amendment proposal form's (APF's) scope is intended to define product types rather than establish a connection between the group annuity data collection and contracts subject to VM-22. For instance, VM-22 includes products, such as individual annuities and deferred group annuities, that are not included in the data collection. McNabb further explained that the existing list in the APF already aligns with the out-of-scope products identified in the VM, Section 2. Reserve Requirements, Subsection 2.C.

Receiving no feedback on the Genworth and NAIC comments, Andersen made a motion, seconded by Eom, to adopt APF 2024-12 (Attachment Nine-A). The motion passed unanimously.

Having no further business, the Life Actuarial (A) Task Force adjourned.

**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.

Seong-min Eom, NJ Division of Insurance
Pat Allison and Angela McNabb, NAIC

NAIC Collection of Group Annuity Mortality Experience
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-50
Section 2.B
Section 4.B

VM-51
Section 2 title
Section 2.C
Section 2.D
New Section 3: Statistical Plan for Group Annuity Mortality
Appendices 1-4
New Appendix 5: Group Annuity Mortality Data Elements and Format
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.)

See attachment.

Note:
The NAIC relied on the following SOA work product, parts of which were reproduced with permission and used to draft this amendment to the *Valuation Manual* for group annuitant mortality experience:
 - 2015 – 2018 Group Annuity Mortality Experience Report. Copyright 2022, The Society of Actuaries and Society of Actuaries Research Institute, Chicago, Illinois.
4. State the reason for the proposed amendment. (You may do this through an attachment.)

This amendment establishes a Statistical Plan for Group Annuity Mortality and designates the NAIC as the Experience Reporting Agent.

* This form is not intended for minor corrections, such as formatting, grammar, cross-references or spelling. Those types of changes do not require action by the entire group and may be submitted via letter or email to the NAIC staff support person for the NAIC group where the document originated.

NAIC Staff Comments:

Dates: Received	Reviewed by Staff	Distributed	Considered
10/25/24	SO		
Notes: APF 2024-12: Draft for 4 th exposure			

VM-50: Experience Reporting Requirements

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Section 1: Overview

A. Purpose of the Experience Reporting Requirements

The purpose of this section is to define the requirements pursuant to Section 13 of Model #820 for the submission and analysis of company data. It includes consideration of the experience reporting process, the roles of the relevant parties, and the intended use of and access to the data, and the process to protect the confidentiality of the data as outlined in Model #820.

B. PBR and the Need for Experience Data

The need for experience data includes but is not limited to:

1. PBR may require development of assumptions and margins based on company experience, industry experience or a blend of the two. The collection of experience data provides a database to establish industry experience tables or factors, such as valuation tables or factors as needed.
2. The development of industry experience tables provides a basis for assumptions when company data is not available or appropriate and provides a comparison basis that allows the state insurance regulator to perform reasonableness checks on the appropriateness of assumptions as documented in the actuarial reports.
3. The collection of experience data may assist state insurance regulators, reviewing actuaries, auditors and other parties with authorized access to the PBR actuarial reports to perform reasonableness checks on the appropriateness of principle-based methods and assumptions, including margins, documented in those reports.
4. The collection of experience data provides an independent check on the accuracy and completeness of company experience studies, thereby encouraging companies to establish a disciplined internal process for producing experience studies. Industry aggregate or sub-industry aggregate experience studies may assist an individual company for use in setting experience-based assumptions. As long as the confidentiality of each company's submitted results is maintained, a company may obtain results of a study on companies' submitted experience for use in formulating experience assumptions.
5. The collection of experience data will provide a basis for establishing and updating the

assumptions and margins prescribed by regulators in the *Valuation Manual*.

6. The reliability of assumptions based on company experience is founded on reliable historical data from comparable characteristics of insurance policies including, but not limited to, underwriting standards and insurance policy benefits and provisions. As with all forms of experience data analysis, larger and more consistent statistical samples have a greater probability of producing reliable analyses of historic experience than smaller or inconsistent samples. To improve statistical credibility, it is necessary that experience data from multiple companies be combined and aggregated.
7. The collection of experience data allows state insurance regulators to identify outliers and monitor changes in company experience factors versus a common benchmark to provide a basis for exploring issues related to those differences.
8. PBR is an emerging practice and will evolve over time. Research studies other than those contemplated at inception may be useful to improvement of the PBR process, including increasing the accuracy or efficiency of models. Because the collection of experience data will facilitate these improvements, research studies of various types should be encouraged.
9. The collection of experience data is not intended as a substitute for a robust review of companies' methodologies or assumptions, including dialogue with companies' actuaries.

Section 2: Statutory Authority and Experience Reporting Agent

A. Statutory Authority

1. Model #820 provides the legal authority for the *Valuation Manual* to prescribe experience reporting requirements with respect to companies and lines of business within the scope of the model.
2. The statutes and regulations requiring data submissions generally apply to all companies licensed to sell life insurance, A&H insurance and deposit-type contracts. These companies must submit experience data as prescribed by the *Valuation Manual*.
3. Section 14A(5) of Model #820 defines the data to be collected to be confidential.

B. Experience Reporting Agent

1. For the purposes of implementing the experience reporting required by state laws based on Section 13 of Model #820, an Experience Reporting Agent will be used for the purpose of collecting, pooling and aggregating data submitted by companies as prescribed by lines of business included in VM-51.
- ~~2. The NAIC is designated as Experience Reporting Agent for the Statistical Plan for Mortality beginning Jan. 1, 2020, and NAIC expertise in collecting and sorting data from multiple sources into a cohesive database in a secure and efficient manner, but the designation of the NAIC as Experience Reporting Agent does not preclude state insurance regulators from independently engaging other entities for similar data required under this *Valuation Manual* or other data purposes.~~

2. The NAIC is designated as Experience Reporting Agent for the following Statistical Plans:
 - a. Life Insurance Mortality, beginning Jan. 1, 2020
 - b. Group Annuity Mortality, beginning Jan. 1, 2027.
3. The designation of the NAIC as Experience Reporting Agent does not preclude state insurance regulators from independently engaging other entities for similar data required under this *Valuation Manual* or other data purposes.
4. The NAIC shall collect an annual fee from companies participating in the data collections.

Section 3: Experience Reporting Requirements

A. Statistical Plans

1. Consistent with state laws based on Section 13 of Model #820, the Experience Reporting Agent shall collect experience data based on statistical plans defined in the *Valuation Manual*.
2. Statistical plans are detailed instructions that define the type of experience data being collected (e.g., mortality; elective policyholder behavior, such as surrenders, lapses, premium payment patterns, etc.; and company expense data, such as commissions, policy expenses, overhead expenses etc.). The state insurance regulators serving on the Life Actuarial (A) Task Force and Health Actuarial (B) Task Force, or any successor body, will be responsible for prescribing the requirements for any statistical plan by applicable line of business. For each type of experience data being collected, the statistical plan will define the data elements and format of each data element, as well as the frequency of the collection of experience data. The statistical plan will define the process and the due dates for submitting the experience data. The statistical plan will define criteria that will determine which companies must submit the experience data. The statistical plan will also define the scope of business that is to be included in the experience data collection, such as lines of business, product types, types of underwriting, etc. Statistical plans are defined in VM-51 of the *Valuation Manual*. Statistical plans will be added to VM-51 of the *Valuation Manual* when they are ready to be implemented. Additional data elements and formats to be collected will be added as necessary, in subsequent revisions to the *Valuation Manual*.
3. Data must conform to common data definitions. Standard definitions provide for stable and reliable databases and are the basis of meaningful aggregated insurance data. This will be accomplished through a uniform set of suggested minimum experience reporting requirements for all companies.

B. Role and Responsibilities of the Experience Reporting Agent

1. Based on requirements of VM-51, the Experience Reporting Agent may design its data collection procedures to ensure it is able to meet these regulatory requirements. The Experience Reporting Agent will provide sufficient notice to reporting companies of changes, procedures and error tolerances to enable the companies to adequately prepare for

50-1

the data submission.

2. The Experience Reporting Agent will aggregate the experience of companies using a common set of classifications and definitions to develop industry experience tables.
3. The Experience Reporting Agent will seek to enter into agreements with a group of state insurance departments for the collection of information under statistical plans included in VM-51. The number of states that contract with the Experience Reporting Agent will be based on achieving a target level of industry experience prescribed by VM-51 for each line of business in preparing an industry experience table.
 - a. The agreement between the state insurance department(s) and the Experience Reporting Agent will be consistent with any data collection and confidentiality requirements included within Model #820 and the *Valuation Manual*. Those state insurance departments seeking to contract with the Experience Reporting Agent will inform the Experience Reporting Agent of any other state law requirements, including laws related to the procurement of services that will need to be considered as part of the contracting process.
 - b. Use of the Experience Reporting Agent by the contracting state insurance departments does not preclude those state insurance departments or any other state insurance departments from contracting independently with another Experience Reporting Agent for similar data required under this *Valuation Manual* or other data purposes.
4. The Life Actuarial (A) Task Force or Health Actuarial (B) Task Force will be responsible for the content and maintenance of the experience reporting requirements. The Life Actuarial (A) Task Force or Health Actuarial (B) Task Force or a working group will monitor the data definitions, quality standards, appendices and reports described in the experience reporting requirements to assure that they take advantage of changes in technology and provide for new regulatory and company needs.
5. To ensure that the experience reporting requirements will continue to be useful, the Life Actuarial (A) Task Force or Health Actuarial (B) Task Force will seek to review each statistical plan on a periodic basis at least once every five years. The Life Actuarial (A) Task Force or Health Actuarial (B) Task Force should have regular dialogue, feedback and discussion of this topic. In seeking feedback and engaging in discussions, the Life Actuarial (A) Task Force or Health Actuarial (B) Task Force shall include a broad range of data users, including state insurance regulators, consumer representatives, members of professional actuarial organizations, large and small companies, and insurance trade organizations.
6. The Experience Reporting Agent will obtain and undergo at least annual external audits to validate that controls with respect to data security and related topics are consistent with industry standards and best practices. The Experience Reporting Agent will provide a copy of any report prepared in connection with such an audit, upon a company's request. In the event of a material deficiency identified in the external audit or in the event of an identified

security breach affecting the Experience Reporting Data, the Experience Reporting Agent shall notify the NAIC, and the states that have directed the Experience Reporting Agent to collect this information, of the nature and extent of such an issue. In the event of an identified security breach affecting Experience Reporting Data, the Experience Reporting Agent shall also notify any insurer whose data was affected. Upon good cause shown, the Experience Reporting Agent will take reasonable actions to protect the data under its control, including that the data submission process may be suspended until the security issue has been remediated. If data submission is suspended under this section, the Experience Reporting Agent will work with the states that have directed collection to issue appropriate guidance modifying the requirements of VM 51, Section 2.D and/or Section 3.D. The term “good cause” shall mean that there is the chance of irreparable harm upon continuing the transmission of the data to the Experience Reporting Agent. Once the security issue has been remediated, the Experience Reporting Agent shall notify the NAIC and the states that have directed the Experience Reporting Agent to collect this information. The Experience Reporting Agent shall work in conjunction with the NAIC and the states that have directed the Experience Reporting Agent to collect this information to develop a revised data submission schedule for any deferred submissions. The revised schedule shall provide for reasonable timing for companies to provide such data.

Commented [AM1]: This was a correction added for the 4th exposure (3/2026).

C. Role of Other Organizations

The Experience Reporting Agent may ask for other organizations to play a role for one or more of the following items, including the execution of agreements and incorporation of confidentiality requirements where appropriate:

1. Consult with the NAIC (as appropriate) in the design and implementation of the experience retrieval process;
2. Assist with the data validation process for data intended to be forwarded to the SOA or other actuarial professional organizations to develop industry experience tables;
3. Analyze data, including any summarized or aggregated data produced by the Experience Reporting Agent;
4. Create initial experience tables and any revised tables;
5. Provide feedback in the development and evaluation of requests for proposal for services related to the reporting of experience requirement;
6. Create statutory valuation tables as appropriate and necessary;
7. Determine and produce additional industry experience tables or reports that might be suggested by the data collected;
8. Work with the Life Actuarial (A) Task Force or Health Actuarial (B) Task Force, in accordance with the *Valuation Manual* governance process, in developing new reporting formats and modifying current experience reporting formats;

9. Support a close working relationship among all parties having an interest in the success of the experience reporting requirement.

Section 4: Data Quality and Ownership

A. General Requirements

1. The quality, accuracy and consistency of submitted data is key to developing industry experience tables that are statistically credible and represent the underlying emerging experience. Statistical procedures cannot easily detect certain types of errors in reporting of data. For example, if an underwriter fails to evaluate the proper risk classification for an insured, then the “statistical system” has little chance of detecting such an error unless the risk classification is somehow implausible.
2. To ensure data quality, coding a policy, loss, transaction or other body of data as anything other than what it is known as is prohibited. This does not preclude a company from coding a transaction with incomplete detail and reporting such transactions to the Experience Reporting Agent, but there can be nothing that is known to be inaccurate or deceptive in the reporting. An audit of a company’s data submitted to the Experience Reporting Agent under a statistical plan in VM-51 can include comparison of submitted data to other company files.
3. When the Experience Reporting Agent determines that the cause of an edit exception could produce systematic errors, the company must correct the error and respond in a timely fashion, with priority given to errors that have the largest likelihood to affect a significant amount of data. When an error is found that has affected data reported to the Experience Reporting Agent, the company shall report the nature of the error and the nature of its likely impact to the Experience Reporting Agent. Retrospective correction of data subject to systematic errors shall be done when the error affects a significant amount of data that is still being used for regulatory purposes and it is reasonably practical to make the correction through the application of a computer program or a procedure applied to the entire data set without the need to manually examine more than a small number of individual records.

B. Specific Requirements

1. Once the data file is submitted by the company, the Experience Reporting Agent will perform a validity check of the data elements within each data record in the data file for proper syntax and verify that required data elements are populated. The Experience Reporting Agent will notify the company of all syntax errors and any missing data elements that are required. Companies are required to respond to the Experience Reporting Agent by submitting a corrected data file. The Experience Reporting Agent will provide sufficient notice to reporting companies of changes, procedures and error tolerances to enable the companies to adequately prepare for the data submission.
2. Each submission of data filed by a company with the Experience Reporting Agent shall be balanced against a set of control totals provided by the company with the data submission.
~~At a minimum, these control totals shall include applicable record counts, claim counts,~~

50-1

- ~~amounts insured and claim amounts.~~ Any submission that does not balance to the control totals shall be referred to the company for review and resolution.
- a. ~~Control totals for the Statistical Plan for Life Insurance Mortality shall include applicable record counts, claim counts, amounts insured, and claim amounts.~~
 - b. ~~Control totals for the Statistical Plan for Group Annuity Mortality shall include applicable certificate counts and annual income inforce.~~
3. Each company submitting experience data and each company on whose behalf data is being submitted as required in VM-51 will perform a reconciliation between its submitted experience data with its statistical and financial data, and provide an explanation of differences, to the Experience Reporting Agent.
 - a. ~~For the Statistical Plan for Life Insurance Mortality, the reconciliation must include policy count and insurance amount.~~
 - b. ~~For the Statistical Plan for Group Annuity Mortality, the reconciliation must include certificate counts, annual income inforce, and statutory reserves.~~
 4. **Third-Party Administration Reporting**
 - a. If a third-party administrator (TPA) that is not an insurance company or an insurance company not required to submit its direct data is submitting data on behalf of an insurance company, the reconciliation will consist of separate lines identifying each insurance company for whom this entity is submitting data.
 - b. If the TPA is an insurance company that is required to submit its direct data, the reconciliation must include separate lines identifying each additional company whose data is being submitted.
 - c. The reconciliation to company statistical and financial data for both the direct writer and the reinsurer or TPA must include lines indicating the amount of business that is being reported by the reinsurer or TPA. The NAIC will use this information to confirm that all in-scope business is reported and that there is no double counting of policies.
 5. Validity checks are designed to identify:
 - a. Improper syntax or incomplete coding (e.g., a numeric field that is not numeric, missing elements of a date field);
 - b. Data elements containing codes that are not contained within the set of possible valid codes;
 - c. Data elements containing codes that are contained within the set of possible valid codes but are not valid in conjunction with another data element code;
 - d. Required data elements that are not populated.
 6. Where quality would not appear to be significantly compromised, the Experience Reporting Agent may use records with missing or invalid data if such invalid or missing data do not involve a field that is relevant or would affect the credibility of the report. For companies with a body of data for a state, line of business, product type or observation period that fails to meet these standards, the Experience Reporting Agent will use its discretion, with regulatory disclosure of key decisions made, regarding the omission of the entire body of data or only including records with valid data. Completeness of reports is

Commented [AM2]: Moved this from Section 3 to a separate section.

desirable, but not at the risk of including a body of data that appears to have an unreasonably high chance of significant errors.

7. Errors of a consistent nature are referred to as “systematic.” Incorrect coding instructions can introduce errors of a consistent nature. Programming errors within the data processing system of ~~insurer~~ the insurance company can also produce systematic miscoding as the system converts data to the required formats for experience reporting. Most systematic errors will produce data that, when reviewed using tests designed to reveal various types of systematic errors, will appear unreasonable and likely to be in error. In addition, some individual coding errors may produce erroneous results that show up when exposures and losses are compared in a systematic fashion. Such checking often cannot, however, provide a conclusive indication that data with unusual patterns is incorrect. The Experience Reporting Agent will perform tests and look at trends using previously reported data to determine if systematic errors or unusual patterns are occurring.
8. The Experience Reporting Agent will undertake reasonability checks that include the comparison of aggregate and company experience for underwriting class and type of coverage data elements for the current reporting period to company and aggregate experience from prior periods for the purpose of identifying potential coding or reporting errors. When reporting instructions are changed, newly reported data elements shall be examined to see that they correlate reasonably with data elements reported under the old instructions.
9. At a minimum, reasonability checks by the Experience Reporting Agent will include:
 - a. An unusually large percentage of company data reported under a single or very limited number of categories;
 - b. Unusual or unlikely reporting patterns in a company’s data;
 - c. Claim amounts that appear unusually high or low for the corresponding exposures;
 - d. Reported claims without corresponding policy values and exposures;
 - e. Unreasonable loss frequencies or amounts in comparison to ranges of expectation that recognize statistical fluctuation;
 - f. Unusual shifts in the distribution of business from one reporting period to the next.
10. If a company’s unusual pattern under Section 4.B.~~98~~a, Section 4.B. ~~98~~.b or Section 4.B. ~~98~~.c is verified as accurate (that is, the reason for the apparent anomaly is an unusual mix of business), then it is not necessary that a similar pattern for the same company be reconfirmed year after year.
11. The Experience Reporting Agent will keep track of the results of the validity and reasonability checks and may adjust thresholds in successive reporting years to maintain a reasonable balance between the magnitude of errors being found and the cost to companies.

Commented [AM3]: This was a correction put in for the 4th exposure (03/2026).

12. Results that may indicate a likelihood of critical indications, as defined below, will be reported to the company with an explanation of the unusual findings and their possible significance. When the possible or probable errors appear to be of a significant nature, the Experience Reporting Agent will indicate to the company that this is a “critical indication.” “Critical indications” are those that, if not corrected or confirmed, would leave a significant degree of doubt whether the affected data should be used in reports to the state insurance regulator and included in industry databases. It is intended that Experience Reporting Agents will have reasonable flexibility to implement this under the direction of the state insurance regulators. Also, under the direction of the state insurance regulators, the Experience Reporting Agent may grade the severity of indications, or it may simply identify certain indications as critical. While companies are expected to undertake a reasonable examination of all indications provided to them, they are not required to respond to every indication except for those labeled by the Experience Reporting Agent as “critical.”
13. The Experience Reporting Agent will use its discretion regarding the omission of data from reports owing to the failure of an ~~insurer~~-insurance company to respond adequately to unusual reasonability indications. Completeness of reports is desirable, but not at the risk of including data that appears to have an unreasonably high chance of containing significant errors.
14. Companies shall acknowledge and respond to reasonability queries from the Experience Reporting Agent. This shall include specific responses to all critical indications provided by the Experience Reporting Agent. Other indications shall be studied for apparent errors, as well as for indications of systematic errors. Corrections for critical indications shall be provided to the Experience Reporting Agent or, when a correction is not feasible, the extent and nature of the error shall be reported to the Experience Reporting Agent.
15. The Experience Reporting Agent will calculate Actual to Expected (A/E) ratios for each company based on the records deemed acceptable after the data review process has been completed. An accredited actuary is required to review and sign off on the reasonableness of the A/E ratios. The company shall correct and resubmit their data if A/E ratios are found to be unreasonable.

C. Ownership of Data

1. Experience data submitted by companies to the Experience Reporting Agent will be considered the property of the companies submitting such data, but the recognition of such ownership will not affect the ability of state insurance regulators or the NAIC to use such information as authorized by state laws based on Model #820 or the *Valuation Manual*, or, in case of state insurance regulators, for solvency oversight, financial examinations and financial analysis.
2. The Experience Reporting Agent will be responsible for maintaining data, error reports, logs and other intermediate work products, and reports for use in processing, documentation, production and reproduction of reports provided to state insurance regulators in accordance with the *Valuation Manual*. The Experience Reporting Agent will

be responsible for demonstrating such reproducibility at the request of state insurance regulators or an auditor designated by state insurance regulators.

Section 5: Experience Data

A. Introduction

1. Using the data collected under statistical plans, as defined in the *Valuation Manual*, the Experience Reporting Agent produces aggregate databases as defined by this *Valuation Manual*. The Experience Reporting Agent, and/or other persons assisting the Experience Reporting Agent, will utilize those databases to produce industry experience tables and reports as defined in the *Valuation Manual*. In order to ensure continued relevance of reports, each defined data collection and resulting report structure shall be reviewed for usefulness at least once every five years since initial adoption or prior review.
2. Data compilations are evaluated according to four distinct, and often competing, standards: quality, completeness, timeliness and cost. In general, quality is a primary goal in developing any statistical data report. The priorities of the other three standards vary according to the purpose of the report.
3. The Experience Reporting Agent may modify or enlarge the requirements of the *Valuation Manual*, through recommendation to the Life Actuarial (A) Task Force or Health Actuarial (B) Task Force and in accordance with the *Valuation Manual* governance process for information to accommodate changing needs and environments. However, in most cases, changes to existing data reporting systems will be feasible only to provide information on future transactions. Requirements to submit new information may require that companies change their systems. Also, the Experience Reporting Agent may need several years before it can generate meaningful data meeting the new requirements with matching claims and insured amounts. The exact time frames for implementing new data requirements and producing reports will vary depending on the type of reports.

B. Design of Reports Linked to Purpose

Fundamental to the design of each report is an evaluation of its purpose and use. The Life Actuarial (A) Task Force and Health Actuarial (B) Task Force shall specify model reports responding to general regulatory needs. These model reports will serve the basic informational needs of state insurance regulators. To address a particular issue or problem, a state insurance regulator may have to request to the Life Actuarial (A) Task Force or Health Actuarial (B) Task Force that additional reports be developed.

C. Basic Report Designs

1. The Life Actuarial (A) Task Force or Health Actuarial (A) Task Force will designate basic types of reports to meet differing needs and time frames. Each statistical plan defined in VM-51 of the *Valuation Manual* will provide a detailed description of the reports, the frequency and time frame for the reports. Statistical compilations are anticipated to be the primary reports.

2. Statistical compilations are aggregate reports that generally match appropriate exposure amounts and transaction event amounts to evaluate the recent experience for a line of business. For example, a statistical compilation of mortality experience would match insurance face amounts exposed to death with actual death claims paid. Here the exposure amount is the total insurance face amount exposed to death, and the transaction event amounts would be the death claims paid. As another example, a statistical compilation of surrender experience would match total cash surrender amounts exposed to surrender with actual surrender amounts paid. Here the exposure amount is the total cash surrender amounts that could be surrendered, and the transaction event amounts would be the total surrender amounts actually paid. Statistical compilations can be performed for the industry or for the state of domicile.
3. In addition to statistical compilations, state insurance regulators can specify additional reports based on elements in the statistical plans in VM-51. State insurance regulators can also use statistical compilations and additional reports to evaluate non-formulaic assumptions.
4. The Life Actuarial (A) Task Force or Health Actuarial (B) Task Force will specify the reports to be provided to the professional actuarial associations to fulfill their roles as specified in Section 3.C of this VM-50. In general, the reports are expected to include statistical compilation at the industry level.
5. State insurance regulators can use the reports to review long-term trends. Aggregate experience results may indicate areas warranting additional investigation.

D. Supplemental Reports

1. For specific lines of business and types of experience data, state insurance regulators may request additional reports from the Experience Reporting Agent. State insurance regulators also may request custom reports, which may contain specific data or experience not regularly produced in other reports.
2. The regulator and the Experience Reporting Agent must negotiate time schedules for producing supplemental reports. The information in these reports is limited by the amount of data actually available and the manner in which it has been reported.

E. Reports to State Insurance Departments

The Experience Reporting Agent will periodically provide the following reports to state insurance departments:

1. A list of companies whose data is included in the compilation.
2. A list of companies whose data was excluded from the compilation because it fell outside of the tolerances set for missing or invalid data, or for any other reason.

Section 6: Confidentiality of Data

A. Confidentiality of Experience Data

1. The confidentiality of the experience data, experience materials and related information collected pursuant to the *Valuation Manual* is governed by state laws based on Section 14A(5) of Model #820. The following information is considered “confidential information” by state laws based on Section 14A(5) of the Model #820:

Any documents, materials, data and other information submitted by a company under Section 13 of [the Standard Valuation Law] (collectively, “experience data”) and any other documents, materials, data and other information, including, but not limited to, all working papers, and copies thereof, created or produced in connection with such experience data, in each case that include any potentially company-identifying or personally identifiable information, that is provided to or obtained by the commissioner (together with any “experience data,” the “experience materials”) and any other documents, materials, data and other information, including, but not limited to, all working papers, and copies thereof, created, produced or obtained by or disclosed to the commissioner or any other person in connection with such experience materials.

2. Nothing in the experience reporting requirements or elsewhere within the *Valuation Manual* is intended to, or should be construed to, amend or supersede any applicable statutory requirements, or otherwise require any disclosure of confidential data or materials that may violate any applicable federal or state laws, rules, regulations, privileges or court orders applicable to such data or materials.

B. Treatment of Confidential Information

1. Confidential information may be shared only with those individuals and entities specified in state laws based on Section 14B(3) of Model #820. Any agreement between a state insurance department and the Experience Reporting Agent will address the extent to which the Experience Reporting Agent is authorized to share confidential information consistent with state law.
2. The Experience Reporting Agent may be required to use confidential information in order to prepare compilations of aggregated experience data that do not permit identification of individual company experience or personally identifiable information. These reports of aggregated information, including those reports referenced in Section 5 of VM-50, are not considered confidential information, and the Experience Reporting Agent may make publicly available such reports. Reports using aggregate experience data will have sufficient diversification of data contributors to avoid identification of individual companies.
3. Consistent with state laws based on Section 14B(3) of the Model #820 and any agreements between a state insurance department and the Experience Reporting Agent, access to the confidential information will be limited to:
 - a. State, federal or international regulatory agencies;

- b. The company with respect to confidential information it has submitted, and any reports prepared by the Experience Reporting Agent based on such confidential information;
- c. The NAIC, and its affiliates and subsidiaries;
- d. Auditor(s) of the Experience Reporting Agent for purposes of the experience reporting function outlined in this VM-50; and
- e. Other individuals or entities, including contractors or subcontractors of the Experience Reporting Agent, otherwise assisting the Experience Reporting Agent or state insurance regulators in fulfilling the purposes of VM-50. These other individuals or entities may provide services related to a variety of areas of expertise, such as assisting with performing industry experience studies, developing valuation mortality tables, data editing and data quality review. These other individuals and entities shall be subject to the same standards as the Experience Reporting Agent with respect to the maintenance of confidential information.

VM-51: Experience Reporting Formats

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Section 1: Introduction

- A. The experience reporting requirements are defined in Section 3 of VM-50. The experience reporting requirements state that the Experience Reporting Agent will collect experience data based on statistical plans that are defined in VM-51 of the *Valuation Manual*. Statistical plans are to be added to VM-51 of the *Valuation Manual* when they are ready to be implemented.
- B. Each statistical plan shall contain the following information:
 1. The type of experience data to be collected (e.g., mortality experience; policy behavior experience, such as surrenders, lapses, conversions, premium payment patterns, etc.; and company expense experience, such as commission expense, policy issue and maintenance expense, company overhead expenses etc.);
 2. The scope of business to be included in the experience data to be collected (e.g., line(s) of business, such as individual or group, life, annuity or health; product type(s), such as term, whole life, universal life, indexed life, variable life, fixed annuity, indexed annuity, variable annuity, LTC or disability income; and type of underwriting, such as medically underwritten, simplified issue (SI), GI, accelerated, etc.);
 3. The criteria for determining which companies or legal entities must submit the experience data to be collected;
 4. The process for submitting the experience data to be collected, which will include the frequency of the data collection, the due dates for data collection and how the data is to be submitted to the Experience Reporting Agent;
 5. The individual data elements and format for each data element that will be contained in each experience data record, along with detailed instructions defining each data element or how to code each data element. Additional information may be required, such as questionnaires and plan code forms that will assist in defining the individual data elements that may be unique to each company or legal entity submitting such experience data elements;

6. The experience data reports to be produced.

Section 2: Statistical Plan for Life Insurance Mortality

A. Type of Experience Collected Under This Statistical Plan

The type of experience to be collected under this statistical plan is mortality experience.

B. Scope of Business Collected Under This Statistical Plan

1. The data for this statistical plan is the individual ordinary life line of business. Such business is to include direct written business issued in the U.S. All values should be prior to any reinsurance ceded except for the situation defined in VM-51 Section 2.B.2. Assumption reinsurance of an individual ordinary life line of business, where the assuming company is legally responsible for all benefits and claims paid, shall be included within the scope of this statistical plan. The ordinary life line of business does not include separate lines of business, such as SI/GI, worksite, individually solicited group life, direct response, final expense, preneed, home service, credit life, and corporate-owned life insurance (COLI)/bank-owned life insurance (BOLI)/charity-owned life insurance (CHOLI).
2. In the event a reinsurer or TPA is responsible for administering a block of business, the reinsurer or TPA may submit that block of business on behalf of the direct writer. In this case, the reinsurer or TPA must be identified in Appendix 4 Item 1 - Submitting Company ID, and the direct writer must be identified in Appendix 4 Item 2 - NAIC Company Code of Direct Writer.
 - a. As defined in VM-50 Section 4.B.43, the reconciliation to company statistical and financial data for both the direct writing company and all reinsurers and/or TPAs must include lines indicating the amount of business that is being reported by the reinsurers and/or TPAs. The Experience Reporting Agent will compare the reconciliations for all business submitted by the direct writer and any reinsurers and/or TPAs to ensure that all business is included and that there is no double counting of policies.
 - b. If an insurance company is required to submit its direct written business and it also has reinsurance assumed business, it should only submit the assumed business if asked to do so by the ceding company since some ceding companies may not have been selected for data submission.
3. The direct writing company is ultimately responsible for all the data submitted for its company.

C. Criteria to Determine Companies That Are Required to Submit Experience Data

The Experience Reporting Agent, under the direction of the Life Actuarial (A) Task Force, will select companies that are required to submit experience data. The selection of companies will be based on achieving a target level of approximately 85% of industry mortality experience in scope. Companies selected to submit mortality experience data are expected to continue reporting their experience in future years, barring circumstances justifying an exemption. The list of companies selected is subject to change. Additional companies may be selected to maintain the target level of industry experience. Any additional companies selected will be given sufficient notice to prepare for the data submission.

Companies with less than \$50 million of direct individual life premium shall be exempted from reporting experience data required under this statistical plan. This threshold for exemption shall be measured based on aggregate premium volume of all affiliated companies and shall be reviewed annually and be subject to change by the Experience Reporting Agent. At its option, a group of nonexempt affiliated companies may exclude from these requirements affiliated companies with less than \$10 million direct individual life premium provided that the affiliated group remains nonexempt.

Additional exemptions may be granted by the Experience Reporting Agent where appropriate, following consultation with the domestic insurance regulator. ~~based on achieving a target level of approximately 85% of industry experience for the type of experience data being collected under this statistical plan.~~

D. Process for Submitting Experience Data Under This Statistical Plan

Data for this statistical plan for mortality shall be submitted on an annual basis. Each company required to submit this data shall submit the data using the Regulatory Data Collection (RDC) online software submission application developed by the Experience Reporting Agent. For each data file submitted by a company, the Experience Reporting Agent will perform reasonability and completeness checks, as defined in Section 4 of VM-50, on the data. The Experience Reporting Agent will notify the company within 30 days following the data submission of any possible errors that need to be corrected. The Experience Reporting Agent will compile and send a report listing potential errors that need correction to the company.

Data for this statistical plan for mortality will be compiled using a calendar year method. The reporting calendar year is the calendar year that the company submits the experience data. The observation calendar year is the calendar year of the experience data that is reported. The observation calendar year will be one year prior to the reporting calendar year. For example, if the current calendar year is 2024 and that is the reporting calendar year, the company is to report the experience data that was in-force or issued in calendar year 2023, which is the observation calendar year. ~~For the 2024 reporting calendar year, companies who are required to submit data for this statistical plan for mortality will be required to submit two observation calendar years of data, namely observation calendar year 2022 and observation calendar year 2023. For reporting calendar years after 2024, companies who are required to submit data for this statistical plan for mortality will be required to submit one observation calendar year of data.~~

Given an observation calendar year of 20XX, the calendar year method requires reporting of experience data as follows:

- i. Report policies in force during or issued during calendar year 20XX.
- ii. Report terminations that were incurred in calendar year 20XX and reported before April 1, 20XX+1. Companies may report terminations reported after April 1, 20XX+1 if they choose to do so. However, exclude rescinded policies (e.g., 10-day free look exercises) from the data submission.

For any reporting calendar year, the data call will occur during the second quarter, and data is to be submitted according to the requirements of the *Valuation Manual* in effect during that calendar year. Data submissions must be made by Sept. 30 of the reporting calendar year. Corrections of data submissions must be completed by Feb. 28 of the year following the reporting calendar year. The NAIC may extend either of these deadlines if it is deemed necessary.

E. Experience Data Elements and Formats Required by This Statistical Plan

Companies subject to reporting pursuant to the criteria stated in Section 2.C are required to complete the data forms in Appendix 1, Appendix 2 and Appendix 3 as appropriate, and also complete the Experience Data Elements and Formats as defined in Appendix 4.

The data should include policies issued as standard, substandard (optional) or sold within a preferred class structure. Preferred class structure means that, depending on the underwriting results, a policy could be issued in classes ranging from a best preferred class to a residual standard class. Policies issued as part of a preferred class structure are not to be classified as substandard.

Policies issued as conversions from term or group contracts should be included. For these converted policies, the issue date should be the issue date of the converted policy, and the underwriting field will identify them as issues resulting from conversion.

Generally, each policy number represents a policy issued as a result of ordinary underwriting. If a single life policy, the base policy on a single life has the policy number and a segment number of 1. On a joint life policy, each life has separate records with the same policy number. The base policy on the first life has a segment number of 1, and the base policy on the second life has a segment number of 2. Policies that cover more than two lives are not to be submitted.

Term/paid up riders or additional amounts of insurance purchased through dividend options on a policy issued as a result of ordinary underwriting are to be submitted. Each rider is on a separate record with the same policy number as the base policy and has a unique segment number. The details on the rider record may differ from the corresponding details on the base policy record. If underwriting in addition to the base policy underwriting is done, the coverage is given its own policy number.

Terminations (both death and non-death) are to be submitted. Terminations are to include those that occurred in the observation year and were reported by March 31 of the year after the observation year.

Plans of insurance should be carefully matched with the three-digit codes in item 20, Plan. These plans of insurance are important because they will be used not only for mortality experience data collection, but also for policyholder behavior experience data collection. It is expected that most policies will be matched to three-digit codes that specify a particular policy type rather than select a code that indicates a general plan type.

Each company is to submit data for in-force and terminated life insurance policies that are within the scope defined in Section 2.B except:

- i. For policies issued before Jan. 1, 1990, companies may certify that submitting data presents a hardship due to fields not readily available in their systems/databases or legacy computer systems that continue to be used for older issued policies and differ from computer systems for newer issued policies.
- ii. For policies issued on or after Jan. 1, 1990, companies must:
 - a) Document the percentage that the face amount of policies excluded are relative to the face amount of submitted policies issued on or after Jan. 1, 1990; and

- b) Certify that this requirement presents a hardship due to fields not readily available in their systems/databases or legacy computer systems that continue to be used for older issued policies and differ from computer systems for newer issued policies.

F. Experience Data Reports Required by This Statistical Plan

1. Using the data collected under this statistical plan, the Experience Reporting Agent will produce an experience data report that aggregates the experience data of all companies whose data have passed all of the validity and reasonableness checks outlined in Section 4 of VM-50 and has been determined by the Experience Reporting Agent to be acceptable to be used in the development of industry mortality experience.
2. The Experience Reporting Agent will provide to the SOA or other actuarial professional organizations an experience data report of aggregated experience that does not disclose a company's identity, which will be used to develop industry mortality experience and valuation mortality tables.
3. As long as a company is licensed in a state, that state insurance regulator will be given access to a company's experience data that is stored on a confidential database at the Experience Reporting Agent. Access by the state insurance regulator will be controlled by security credentials issued to the state insurance regulator by the Experience Reporting Agent.

Section 3: Statistical Plan for Group Annuity Mortality

A. Type of Experience Collected Under This Statistical Plan

The type of experience to be collected under this statistical plan is mortality experience.

B. Scope of Business Collected Under This Statistical Plan

1. The data for this statistical plan includes direct written group annuity business issued by a company in the U.S. for lives in any country as well as reinsurance assumed written by a company in the U.S. for business written by non-US companies. ~~outside the U.S.~~ Product types include:
 - a. Group Pension Risk Transfer (PRT, as defined in VM-01) annuities originating from ongoing and terminated private and public defined benefit pension plans, including both participating and nonparticipating contracts where the insurance company bears mortality risk.
 - b. Purchased group annuities with mortality risk originating from defined contribution plans.
 - c. Immediate Participation Guarantee contracts for which the insurance company bears the mortality risk.
 - d. Longevity Reinsurance, as defined in VM-01.
 - e. Group Variable Payout Annuities, defined as group annuities that include a provision for benefit payments which vary in accordance with the rate of return of the underlying investment portfolio.
2. The intent is to align the scope of business collected under this statistical plan with the scope of VM-22. Therefore, the following types of business defined in VM-01 are excluded from data collection:
 - a. Guaranteed Investment Contracts
 - b. Synthetic Guaranteed Investment Contracts

Commented [AM4]: Changed wording for 3rd exposure (02/2026)

- c. Funding Agreements
 - d. Stable Value contracts
 - e. Pre-Need Annuities
3. All values should be prior to any reinsurance ceded except for the situation defined in VM-51 Section 3.B.4. Assumption reinsurance of a line of business, where the assuming company is legally responsible for all benefits and claims paid, shall be included within the scope of this statistical plan.
4. In the event a reinsurer or TPA is responsible for administering a block of business, the reinsurer or TPA may submit that block of business on behalf of the direct writer. In this case, the reinsurer or TPA must be identified in Appendix 5 Item 1 - Submitting Company ID, and the direct writer must be identified in Appendix 5 Item 2 - NAIC Company Code of Direct Writer.
- a. As defined in VM-50 Section 4.B.4, the reconciliation to company statistical and financial data for both the direct writing company and all reinsurers and/or TPAs must include lines indicating the amount of business that is being reported by the reinsurers and/or TPAs. The Experience Reporting Agent will compare the reconciliations for all business submitted by the direct writer and any reinsurers and/or TPAs to ensure that all business is included and that there is no double counting of records.
 - b. If an insurance company is required to submit its direct written business and it also has reinsurance assumed business, it should only submit the assumed business if asked to do so by the ceding company since some ceding companies may not have been selected for data submission.
5. The direct writing company is ultimately responsible for all the data submitted for its company.

C. Criteria to Determine Companies That Are Required to Submit Experience Data

The Experience Reporting Agent, under the direction of the Life Actuarial (A) Task Force, will select companies that are required to submit experience data. The selection of companies will be based on achieving a minimum target level of approximately 90% of industry statutory reserves in scope. Companies selected to submit mortality experience data are expected to continue reporting their experience in future years, barring circumstances justifying an exemption. The list of companies selected is subject to change. Additional companies may be selected to maintain the target level of industry experience, or at the discretion of the Life Actuarial (A) Task Force. Any additional companies selected will be given sufficient notice to prepare for the data submission.

Companies with less than \$250 million of statutory reserves for in-scope group annuity business shall be exempted from reporting experience data required under this statistical plan. This threshold for exemption shall be reviewed annually and be subject to change by the Experience Reporting Agent.

Exemptions may be granted by the Experience Reporting Agent where appropriate, following consultation with the domestic insurance regulator.

D. Process for Submitting Experience Data Under This Statistical Plan

Commented [AM5]: Added this paragraph for 3rd exposure (02/2026).

Data for this statistical plan shall be submitted on an annual basis. Each company required to submit this data shall submit the data using the Regulatory Data Collection (RDC) online software submission application developed by the Experience Reporting Agent. For each data file submitted by a company, the Experience Reporting Agent will perform reasonability and completeness checks of the data, as defined in Section 4 of VM-50. The Experience Reporting Agent will notify the company within 30 days following the data submission of any possible errors that need to be corrected. The Experience Reporting Agent will compile and send a report listing potential errors that need correction to the company.

Data for this statistical plan for mortality will be compiled using a calendar year method. The reporting calendar year is the calendar year that the company submits the experience data. The observation calendar year is the calendar year of the experience data that is reported. The observation calendar year will be one year prior to the reporting calendar year. For example, if the current calendar year is 2027 and that is the reporting calendar year, the company is to report the experience data that was in-force or issued in calendar year 2026, which is the observation calendar year.

Given an observation calendar year of 20XX, the calendar year method requires reporting of experience data as follows:

- i. Report records in force during or issued during calendar year 20XX.
- ii. Report terminations that were incurred in calendar year 20XX and reported before April 1, 20XX+1. Companies may report terminations reported after April 1, 20XX+1 if they choose to do so.

For any reporting calendar year, the data call will occur during the second quarter, and data is to be submitted according to the requirements of the *Valuation Manual* in effect during that calendar year. Data submissions must be made by Sept. 30 of the reporting calendar year. Corrections of data submissions must be completed by Feb. 28 of the year following the reporting calendar year. The NAIC may extend either of these deadlines if it is deemed necessary.

E. Experience Data Elements and Formats Required by This Statistical Plan

Companies subject to reporting pursuant to Section 3.C are required to complete the Experience Data Elements and Formats as defined in Appendix 5.

F. Experience Data Reports Required by This Statistical Plan

1. Using the data collected under this statistical plan, the Experience Reporting Agent will produce an experience data report that aggregates the experience data of all companies whose data have passed all the validity and reasonableness checks outlined in Section 4 of VM-50 and has been determined by the Experience Reporting Agent to be acceptable to be used in the development of industry mortality experience.
2. The Experience Reporting Agent will provide to the SOA or other actuarial professional organizations an experience data report of aggregated experience that does not disclose a company's identity, which will be used to develop industry mortality experience and valuation mortality tables.

3. As long as a company is licensed in a state, that state insurance regulator will be given access to a company's experience data that is stored on a confidential database at the Experience Reporting Agent. Access by the state insurance regulator will be controlled by security credentials issued to the state insurance regulator by the Experience Reporting Agent.

Appendix 1: Life Insurance Preferred Class Structure Questionnaire

Appendix 2: Life Insurance Mortality Claims Questionnaire

MORTALITY CLAIMS QUESTIONNAIRE

The purpose of this mortality claims questionnaire is for a company to respond to the questions whether or not it is submitting death claim data as specified. If the company is not submitting death claim data as specified, provide the additional detail requested.

Fill out this questionnaire for your individual life business and submit in addition to policy-level information.

Company	NAIC Company Code
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Name	Date
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MORTALITY CLAIMS

1. If the data is provided using a reporting run-out that is other than ~~six~~ **three** months, what run-out period was used? mm/dd/yyyy
2. The death claim amounts are to be for the total face amount and on a gross basis (before reinsurance). The data is based on:
 - a. Total face amount (for policies that include the cash value in addition to the face amount as a death benefit, use only the face amount) as specified OR
 Other (describe):
 If not as specified, indicate time period for which this occurred _____ - _____
 - b. Gross basis (before reinsurance) as specified OR Other
 (describe):
 If not as specified, indicate time period for which this occurred: _____ - _____
 Is this the same basis used for face amounts included in the study data? Yes No
3. The date that the termination is reported is to be used for the termination reported date. The date that the termination actually occurred is to be used for the actual termination date. What dates are used for death claims in the study data with respect to?
 - a) Termination reported date
 If not reported date, indicate basis for dates provided Reported date Other (describe):
 - b) Actual termination date for death claims:
 Date of death Other (describe):
 If not date of death, indicate basis for dates provided

4. Death claims pending at the end of the observation period but paid during the subsequent six months following the observation year are to be included in the data submission. Claims that are still pending at the end of the six-month run out are ~~to~~ to be included.

Are such pending claims included in the study data? Yes No

If no indicate time period for which this occurred: _____

5. The face amounts and death claim amounts are to be included without capping by amount. Are the face amounts and death claims/exposures included without capping by amount?

Yes No

If No, describe how face amounts and death claims are capped and at what amount the capping is being done.

6. For death claims on policies issued before 1990:

Are death claims matched up to a corresponding in-force policy? Yes No

If no, indicate approach used:

7. Please briefly describe any other unique aspects of the death claims data that are not covered above.

Appendix 3: Life Insurance Additional Plan Code Form

Appendix 4: Life Insurance Mortality Data Elements and Format

The table below provides descriptions of the required data fields. Further details and coding examples are provided in a data dictionary located on the NAIC's website. The data dictionary is a living document and will be updated periodically as needed.

ITEM	LENGTH	DATA ELEMENT	DESCRIPTION
20	3	Plan	Coverage purchased under a Guaranteed Insurability Option: 110 = Exercised Guaranteed Insurability Option

Appendix 5: Group Annuity Mortality Data Elements and Format

The table below provides descriptions of the required data fields. Further details and coding examples are provided in a data dictionary located on the NAIC's website. The data dictionary is a living document and will be updated periodically as needed.

It is expected that companies may not have all the requested data elements, so certain data elements may be left blank or approximated, as noted in the Description column. If key fields necessary to perform an experience study are left blank (e.g. date of termination, date of death) or are inconsistent, the Experience Reporting Agent may make approximations as described in the data dictionary.

Commented [AM6]: Added this paragraph for 3rd exposure (02/2026)

ITEM	MAXIMUM LENGTH	DATA ELEMENT	DESCRIPTION
1	9	Submitting Company ID	ID number representing the company submitting this file. If the company has an NAIC Company Code, then that code must be used. If the company does not have an NAIC Company Code, the company's Federal Employer Identification Number (FEIN) must be used. If the direct writer is the company submitting the data, Items 1 and 2 must contain the same value.
2	5	NAIC Company Code of the Direct Writer of Business	The NAIC Company Code of the company that wrote the business being reported. In the case of assumption reinsurance where the assuming company is legally responsible for all benefits and claims paid, the assuming company is considered to be the direct writer. If the direct writer is the company submitting the data file, Items 1 and 2 must contain the same value.
3	4	Observation Year	Enter Calendar Year of Observation
4	20	Contract Number	Enter the Group Annuity Contract number. This must be carried through consistently for all observation years.
5	8	Contract Issue Date	Enter the numeric Group Annuity Contract issue date in YYYYMMDD format.
6	1	Plan Type	1 = PRT originating from Private Defined Benefit Plans 2 = PRT originating from Public Defined Benefit Plans 3 = Purchased Annuities with Mortality Risk Originating from Defined Contribution Plans 4 = Longevity Reinsurance 5 = Immediate Participation Guarantee contracts for which the insurance company bears the mortality risk 6 = Group Variable Payout Annuities

ITEM	MAXIMUM LENGTH	DATA ELEMENT	DESCRIPTION
			7 = Other Group Annuities with Mortality Risk Note that COLAs do not qualify as variable payout annuities.
7	1	Country Code	1 = United States 2 = Canada 3 = United Kingdom 4 = Other
8	20	Certificate Number	Enter a unique identifying number for the annuitant. This must be carried through consistently for all observation years. Certificate numbers must be encrypted. Actual certificate numbers cannot be used.
9	8	Certificate Issue Date	Enter the numeric Certificate issue date in YYYYMMDD format.
10	2	Issue Age	Enter the annuitant's issue age.
11	1	Beneficiary Indicator	1 = Primary 2 = Beneficiary 3 = Contingent (not yet in pay status) 4 = Unknown
12	1	Gender	1 = Male 2 = Female 3 = Unisex – Unknown Gender 4 = Unisex – Male 5 = Unisex – Female 6 = Unknown
13	8	Date of Birth	Enter the numeric date of birth in YYYYMMDD format.
14	8	Date of Entry	Enter the numeric date of entry in YYYYMMDD format. See the data dictionary for details.
15	1	Status Code when the Group Annuity Contract Was Purchased	1 = Retired (in payout status) 2 = Deferred (either terminated or active)
16	1	Status Code as of the Observation Year	1 = Retired (in payout status) 2 = Deferred (either terminated or active)
17	8	Date of Termination	Enter the numeric date of termination in YYYYMMDD format. Leave this field blank if there was no termination.
18	1	Mode of Termination	1 = Death 2 = Retirement 3 = Other 4 = No Termination

ITEM	MAXIMUM LENGTH	DATA ELEMENT	DESCRIPTION
19	12	Amount of Annual Income	Provide the annual income amount to the nearest dollar as of the end of the observation year. Convert to US dollars if benefits are in any other currency.
20	1	Joint and Survivor	1 = 0% (Single Life) 2 = >0% - <=50% 3 = >50% - <=67% 4 = >67% - <=75% 5 = >75% - <=100% 6 = Joint percent unknown 7 = Joint indicator unknown
21	1	Benefit Class	1 = Life only 2 = Life only, plus Temporary life annuity 3 = Life with period certain 4 = Life with period certain, plus Temporary life annuity 5 = Cash refund 6 = Cash refund, plus Temporary life annuity 7 = Unknown or Not Applicable
22	2	Certain Period	Enter the Certain Period in years if Benefit Class = 3 or 4. For all other Benefit Classes, leave this field blank.
23	1	Job Classification	1 = Hourly 2 = Salaried 3 = Not Applicable 4 = Unknown
24	1	Union Classification	1 = Union 2 = Nonunion 3 = Not Applicable 4 = Unknown
25	6	NAICS Code	Enter the applicable North American Industry Classification System (NAICS) Code. Leave blank if unknown or not applicable.
26	4	SIC Code	Enter the applicable Standard Industrial Classification (SIC) Code. Leave blank if unknown or not applicable.
27	1	Separate Account/General Account	1=Separate Account, where assets are legally insulated from General Account claims 2=General Account
28	2	PRT Options	Was the participant exposed to any of the following immediately prior to, coincident with, or after the purchase of the annuity contract? Please consider offers that may have been made by either the insurer or by the pension plan that purchased the contract (to

ITEM	MAXIMUM LENGTH	DATA ELEMENT	DESCRIPTION
			the extent such plan actions are known by the insurer and were considered when underwriting the contract). 11 = A one-time voluntary full lump sum window 12 = A one-time voluntary partial lump sum window 13 = A one-time involuntary full lump sum window 14 = A one-time benefit enhancement 15 = A one-time option to convert the form of benefit to another form of benefit 16 = A one-time option to add or remove spousal benefits 17 = Any other one-time actions that the carrier considered potentially anti-selective to mortality when underwriting the contract 18 = More than one of the above codes apply 19 = Not applicable (use for non-PRT business) 20 = Unknown
29	1	Availability of Full and/or Partial Lump Sums at Retirement	1=No lump sums are available 2=Full and partial lump sums are available 3=Only full lump sums are available 4=Only partial lump sums are available 5=Full lump sums are available; Unknown whether partial lump sums are available 6=Unknown whether full lump sums are available; partial lump sums are available 7=Unknown whether full or partial lump sums are available 8 = Not applicable (use for non-PRT business)
30	1	Cost of Living Increases	Is there a cost of living or inflation increase feature? 1 = Yes 2 = No 3 = Not Applicable (use for non-PRT business) 4 = Unknown
31	1	Other Income Increases	Is there a feature (other than a cost-of-living increase) that causes the benefit not to be level (e.g. Social Security integration, or level benefit option that would cause the benefit amount to change)? 1 = Yes 2 = No 3 = Not Applicable (use for non-PRT business)

ITEM	MAXIMUM LENGTH	DATA ELEMENT	DESCRIPTION
			4 = Unknown
32	1	Collar Type	1 = White Collar 2 = Blue Collar 3 = Unknown Collar Type 4 = Not Applicable (use for non-PRT business) Enter the collar type as determined by the company. See the data dictionary for coding details.
33	2	State of Residence	Use standard, two-letter state abbreviation codes (e.g. FL for Florida) for the state of the annuitant's domicile.
34	5	U.S. Zip Code	For business issued in the U.S., provide the annuitant's 5-digit zip code. For non-U.S. business, leave this blank.
35	6	Canadian Postal Code	For business issued in Canada, provide the annuitant's 6-digit postal code. For non-Canadian business, leave this blank.
36	2	UK Postcode Area	For business issued in the UK, enter the 2-digit postcode area. For non-UK business, leave this blank. If Unknown, leave this blank.

Commented [AM7]: Added new field for Canadian Postal Code for 4th exposure (03/2026).

August 10, 2026

From: Tomasz Serbinowski, Vice-Chair
The Longevity Risk (E/A) Subgroup

To: Rachel Hemphill, Chair
The Life Actuarial (A) Task Force

Subject: The Report of the Longevity Risk (E/A) Subgroup to the Life Actuarial (A) Task Force

The Longevity Risk (E/A) Subgroup met July 28th, June 9th, and April 9th and took the following actions: 1) adopted prior meeting minutes; 2) adopted structural and instructions changes to LR025-A of the 2026 Life Risk-Base Capital Blanks for longevity reinsurance; and 3) heard an American Academy of Actuaries presentation on its proposed 2026 work plan to develop longevity reinsurance C-2 capital factors intended for 2027 life risk-based capital.

Draft: 8/4/26

Longevity Risk (E/A) Subgroup
Virtual Meeting
July 28, 2026

The Longevity Risk (E/A) Subgroup of the Life Risk-Based Capital (E) Working Group and Life Actuarial (A) Task Force met July 28, 2026. The following Subgroup members participated: Rachel Hemphill, Acting Chair (TX); Tomasz Serbinowski, Vice Chair (UT); Lei Rao-Knight (CT); Mike Yanacheak (IA); Ben Slutsker (MN); William B. Carmello (NY); and Matt Elston (OH).

1. Adopted its June 9 Minutes

The Subgroup met June 9. During this meeting, it took the following action: 1) adopted its April 9 minutes; and 2) discussed the American Academy of Actuaries' (Academy's) proposed 2026 work plan for longevity reinsurance.

Slutsker made a motion, seconded by Yanacheak, to adopt the Subgroup's April 9 minutes (Attachment Eleven-A). The motion passed unanimously.

2. Heard a Presentation from the Academy on Longevity Reinsurance Illustrations for the Development of RBC C-2 Factors

Adam Levine (Academy) provided an update on the Academy's work related to how risk-based capital (RBC) C-2 should apply to longevity reinsurance (Attachment Eleven-B). Levine said the presentation shows how cash flows and reserves respond under several illustrative shock scenarios for a representative transaction. He stated that the illustrations were an exaggeration of the Academy proposal shocks and are not intended to determine the exact shock size.

Levine described the key cash flows in longevity reinsurance. The floating leg is the stream of benefits paid by the assuming company, or reinsurer, tied to actual survival experience of the covered annuitants. The fixed leg consists of predetermined premiums and fees established at inception and paid to the reinsurer, which does not vary with actual mortality experience. The net cash flow is the fixed leg minus the floating leg.

Levine said longevity risk is the primary risk in longevity reinsurance, while investment, market, inflation, and counterparty risks are smaller than the longevity risk being transferred. The Academy used representative samples of younger and older population subsets, as well as gender splits. Simplified assumptions were used for illustrative transactions because company longevity reinsurance transactions are private and confidential.

Levine said the Academy calculated net cash flows and the present value of net cash flows on a best-estimate and prudent-estimate basis. The Academy ran three shock scenarios: mortality improvement, base mortality misestimation, and a pandemic event. The mortality improvement and base mortality misestimation are included in the most recent Academy proposal and address people living longer under different patterns. The pandemic event was included as a favorable event for reinsurers to illustrate a real-world example of how COVID-19 could have affected C-2. The illustrations included the *Valuation Manual* (VM)-22, Requirements for Principle-Based Reserves for Non-Variable Annuities, reserve floor, 2% of the next 12 months of benefits. The Academy proposal recognizes pre-shock conservatism reflected in the VM-22 floor above the prudent estimate reserve, even when the unfloored prudent estimate is negative.

Levine identified key takeaways from the illustrations. The first is that the shocks affected the younger and older populations differently. Mortality improvement shocks are more impactful for younger populations because improvement accumulates over time, while base mortality misestimation is more impactful for older populations. The Academy proposal uses two separate shocks. Separate shocks illustrate how younger and older population subsets are affected differently.

A second takeaway is that insurance companies with material business before COVID-19 could have zero C-2 because fixed-leg payments would continue while floating-leg payments could be lower after pandemic-related mortality. Levine said this could apply to in-force business priced before COVID-19, but the result could differ for new business.

Slutsker asked whether the Academy considered how to fit the mortality improvement and base mortality variables into a single shock run, such as by using a cumulative impact to do the calibration at the right percentile. Levine said the Academy had discussed the issue but kept the shocks separate to capture the different impacts on younger and older populations. Levine said the Academy could test a combined approach, but it currently views separate shocks as necessary to capture those different impacts.

Hemphill noted that a combined approach might need to vary by age. One approach could use a mortality improvement shock for younger ages and a base mortality shock for older ages. Another approach is to have a base shock on everything and then cap the cumulative impact of the two shocks to ensure the shock is not too extreme.

Serbinowski asked whether state insurance regulators would benefit from seeing the impact of each shock separately to understand whether a treaty is more vulnerable to mortality improvement or mortality misestimation. Hemphill said it is unclear that separate stresses will address getting to the appropriate level since the independence assumption assumes there is going to be adverse deviation in only one stress at a time. Yanacheak said multiple runs would not be an issue if the runtime is quick. Slutsker said from a regulator perspective, it may be more auditable and easier to visualize a combined stress approach.

Yanacheak asked whether the charts reflected two separate populations and whether a blended population would mute the results shown in the illustrations. Levine said the illustrative populations were separate and had similar liability size. Linda Lankowski (Academy) said a large, diversified portfolio may differ from a single pension risk transfer (PRT) contract composed primarily of younger (or older) certificate holders.

Slutsker asked how the VM-22 reserve floor would be applied when multiple runs are used. He said he is concerned about double-counting the floor. Levine said the floor is 2% of the next 12 months of benefits and that, in practice, the calculation occurs at time zero based on the prudent estimate at that time.

Levine outlined the Academy's next steps: 1) refine the mortality improvement and base shock structure and size; 2) calibrate shocks for non-U.S. liabilities; and 3) and consider whether to use one scenario instead of two.

3. Discussed Other Matters

Hemphill said the Subgroup hoped to have a permanent chair soon, given its leadership transition.

Having no further business, the Longevity Risk (E/A) Subgroup adjourned.

Draft: 7/23/26

Longevity Risk (E/A) Subgroup
Virtual Meeting
June 9, 2026

The Longevity Risk (E/A) Subgroup of the Life Risk-Based Capital (E) Working Group and Life Actuarial (A) Task Force met June 9, 2026. The following Subgroup members participated: Seong-min Eom, Chair (NJ); Tomasz Serbinowski, Vice Chair (UT); Mike Yanacheak (IA); Ben Slutsker (MN); William B. Carmello (NY); Matt Elston and Adam Farris (OH); and Rachel Hemphill (TX).

1. Adopted its April 9 Minutes

The Subgroup met April 9. During this meeting, it took the following action: 1) adopted its Feb. 9 minutes; 2) discussed a proposal from the American Academy of Actuaries (Academy); 3) discussed comments received on C-2 longevity risk for longevity reinsurance; and 4) adopted proposed changes to LR025-A for longevity reinsurance for 2026.

Slutsker made a motion, seconded by Hemphill, to adopt the Subgroup's April 9 minutes (Attachment Eleven-A1). The motion passed unanimously.

2. Heard a Presentation on the Academy's Proposed 2026 Work Plan for Longevity Reinsurance

Eom said that during its April 9 meeting, the Subgroup adopted structural and instructional changes to LR025-A that were subsequently adopted by the Life Risk-Based Capital (E) Working Group on April 23. These changes established a blanks structure for the C-2 longevity risk capital charge for longevity reinsurance and instructed companies to enter zero for the 2026 longevity reinsurance longevity risk capital requirement. The Subgroup asked the Academy to develop additional analysis supporting a methodology that produces a longevity reinsurance capital amount that appropriately reflects the risk of the product line. Eom recalled key discussion items from April 9 requiring further development: whether a single combined stress on both the mortality level and mortality improvement trend can replace three separate scenarios; whether the Academy should specify a mortality improvement trend level rather than a fixed differential to the baseline; how the reserve interacts with the total asset requirement (TAR) calculation; and whether the same stress can be appropriately applied to mortality or mortality improvement in different countries.

Carmello confirmed with Eom that the C-2 factor development is intended for application in 2027 risk-based capital (RBC), with development occurring during 2026.

Linda Lankowski (Academy) presented the Academy's proposed approach. The Academy work group determined that developing an illustrative model would be the most effective way to demonstrate longevity reinsurance product mechanics and the implications of proposed structural changes to the Subgroup. The Academy is building a simple spreadsheet model for internal use. The Academy does not intend to publish the model, consistent with the Academy's position that it is not in the software business.

Lankowski identified the following concerns with public release: the need for extensive caveats, cell protection, and other safeguards, as well as the loss of Academy control over how the model is used. The Academy reviewed whether existing stochastic mortality models could be leveraged and did not identify a practical option; the literature discusses the concept but does not provide a workable starting point. The Academy views a simple model as preferable because every real transaction differs in composition, and additional complexity would not

improve regulator decision-making. The model allows the user to vary age ranges and starting mortality assumptions to illustrate cash flows for a hypothetical block of longevity reinsurance. Once cash flows are established, the model produces statutory reserves and capital measures under discussion by the Subgroup. The Academy requested Subgroup feedback on scenario priorities, presentation format, and whether the Subgroup prefers a single shock or separate mortality level and mortality improvement shocks.

Slutsker asked whether the Academy considered leveraging prior longevity reinsurance models, particularly an Excel model developed in connection with the Valuation Manual (VM)-22 (A) Subgroup's work, which he noted was exposed in October 2024, as a starting point to shorten the development timeline. Lankowski indicated the Academy would compare any regulator-supplied model to the work in progress. Eom stated that in prior VM-22 work, the model was not exposed publicly; only sample illustrations, output graphs, reserve distributions, and sensitivity results were shared. Hemphill agreed with that recollection and asked Slutsker to share the source of any prior model with the other regulators and to identify whether it had been distributed as public or regulator-only material. Slutsker asked whether NAIC committee support had access to prior Subgroup exposures. Scott O'Neal (NAIC) confirmed that 2024 exposures are accessible. Slutsker committed to forwarding the identified prior model to Lankowski for the Academy's review.

The Subgroup discussed regulator access to the Academy's spreadsheet model. Serbinowski asked whether the Academy could distribute the model to regulators, questioning the perceived risk. Lankowski said the Academy would discuss the request internally and referenced the Academy's separate work on the generator of economic scenarios (GOES). Hemphill said a tool used for regulator understanding during analysis of the proposed approach is much different from software distributed for broader purposes. Serbinowski stated that without access to the model, results would function as a black box. He said visibility would allow regulators to understand the drivers of counterintuitive results and to build intuition through direct interaction with assumptions. Serbinowski emphasized that the Academy's model is intended solely to illustrate product dynamics for the Subgroup's methodology deliberations and is not intended to be used to compute RBC directly. Slutsker noted that the Academy's position on the GOES project ultimately shifted and encouraged an internal Academy discussion.

Slutsker asked whether, separate from shock illustrations, the Academy could review academic papers proposing mortality distributions or percentile suggestions for mortality levels or mortality improvement. Lankowski referenced a recent Society of Actuaries (SOA) webcast on post-COVID mortality by socioeconomic decile and stated the Academy is discussing baseline mortality assumptions and how to model projected future mortality so cash flow effects can be demonstrated even when the mortality assumption is unchanged. Lankowski observed that current product pricing margins may be thinner than those in the earliest U.S. longevity products and that the Academy intends to consider both thin-margin and larger-margin products. Serbinowski characterized distribution work as principally a calibration question, relevant once a stress structure is chosen, rather than a question about model dynamics. Lankowski added that VM-22 requires mortality assumptions to be based on credible data and that credibility varies by company, reinforcing the value of a simple illustrative model.

Eom summarized the path forward. For phase one as a first step, the Academy will demonstrate the model at the next meeting and illustrate longevity reinsurance cash flows. The Academy will also separately consider how and under what conditions the model could be shared with regulators. The next meeting is targeted for the week of July 6 or July 13. Lankowski confirmed the Academy will prepare representative cash flows and descriptions, will bring the model to the next meeting for a live walk-through, and is open to further feedback by phone or email. Eom encouraged the Academy to expand its phase two plan with additional detail or subtopics based on the day's feedback. Eom noted that Serbinowski is a member of the Academy work group and is available for regulator questions between meetings.

Having no further business, the Longevity Risk (E/A) Subgroup adjourned.

Draft: 4/17/26

Longevity Risk (E/A) Subgroup
Virtual Meeting
April 9, 2026

The Longevity Risk (E/A) Subgroup of the Life Risk-Based Capital (E) Working Group and Life Actuarial (A) Task Force met April 9, 2026. The following Subgroup members participated: Seong-min Eom, Chair (NJ); Tomasz Serbinowski, Vice Chair (UT); Lei Rao-Knight (CT); William B. Carmello (NY); Peter Weber (OH); and Rachel Hemphill (TX).

1. Adopted its Feb. 9, 2026, Minutes

The Subgroup met Feb. 9, 2026, and took the following action: 1) adopted its Nov. 19, 2025, and Oct. 9, 2025, minutes; and 2) discussed proposed changes to LR025-A for longevity reinsurance.

Weber made a motion, seconded by Serbinowski, to adopt the Subgroup's Feb. 9, 2026, minutes (*see NAIC Proceedings – Spring 2026, Life Actuarial (A) Task Force, Attachment Seven*). The motion passed unanimously.

2. Discussed the Academy's Longevity Risk Transfer Proposal

Alex Levine (American Academy of Actuaries—Academy) briefly walked through the Academy's proposal for a longevity risk transfer C2 risk-based capital charge. He said the proposal is more of a principle-based approach, aiming to project both premiums and fees, as well as benefits and expenses, to capture all cash flows for longevity reinsurance.

Levine discussed each step in the proposal, which included the updated language for the total asset requirement (TAR) floors. He stated that the Academy does not endorse TAR floors; however, they were included in the proposal at the Subgroup's request. Levine said that the first step of the Academy's proposal is to project cash inflows from premiums and reinsurance fees. The next step is to project benefits and expenses under three different scenarios that cover the baseline mortality level and shocks. The third step is to calculate three TAR amounts. The updated language was used to set a floor for each TAR amount. The floor is set at 2% of the scheduled longevity benefits over the next 12 months.

Levine noted that the discount rate that is used depends on whether the liabilities use a principle-based reserving (PBR) or a pre-PBR approach. He said the intent is not to use anything punitive in terms of discounting because the focus is on the longevity risk.

Levine stated that the C-2 charge is an aggregation of TARs with the formula shown in step four. He pointed out that the C-2 charge is floored at zero for regulatory purposes.

3. Discussed Comments Received on C-2 Longevity Risk for Longevity Reinsurance

Brian Bayerle (American Council of Life Insurers—ACLI) spoke to the Academy's comment letter. He said that the ACLI would be comfortable with the Subgroup proceeding with the Academy's proposal but recommended a deferred implementation of any C-2 charge until 2027. He said that the updates to the blanks could be implemented without any update to the C-2 factors, with a commitment to perform the additional analysis and development before the 2027 implementation of the C-2 charge. He said that the ACLI wants to ensure that the

mortality level contemplated within the development of the C-2 charge is appropriate and justified. The charge should reflect any risk that is not captured within the existing statutory framework.

Eom asked Bayerle to clarify whether the ACLI proposed making a structural change to the blanks and performing an additional study for the life risk-based capital (RBC) instructions or adopting the Academy's proposal as is, with a possibility of changing the instructions in the future based on the study to be conducted. Bayerle said that the ACLI is comfortable with the structure being implemented, but would want a commitment to have the additional analysis performed for the Academy's proposal.

Hemphill said she agreed to make the structural changes, with the additional work to be performed later.

4. Adopted Proposed Changes to LR025-A for Longevity Reinsurance for 2026

Eom proposed that the Subgroup decide whether the TAR floor should be included in the life RBC instructions and asked Levine for comments that could help the Subgroup make a decision. Levine stated that the Academy's original proposal, which did not include the floor, would work as intended. He said that flooring could result in unintended outcomes; therefore, the Academy did not endorse the floor.

Hemphill said that she agreed with Levine that flooring generally makes the result less conservative. She said that the focus should be placed on the specific stress and how it is applied. She also suggested running a single composite rather than the three shown in the Academy's proposal.

Carmello asked Hemphill whether she meant to apply the stress factor to both the mortality level and the mortality improvement simultaneously, or just apply a larger factor to the mortality. Hemphill said that an improvement stress factor is needed, and the question is whether one run can accommodate both. Carmello said that he agreed.

Carmello then asked whether the TAR of zero in the formula is the same as the reserve. Levine stated that a TAR of zero is the unfloored reserve. Carmello then asked why the C-2 charge cannot be derived by subtracting the reserve from a TAR amount. Hemphill responded that the C-2 charge can be derived that way if there is only one run that reflects stresses to both the mortality and mortality improvement. Levine said that a TAR of zero is needed to understand the starting profitability of the block. Carmello asked why the RBC amount cannot be the excess over a TAR of zero, as opposed to subtracting the reserve as shown in the formula. Levine said subtracting the reserve would result in a credit, since the amount is held in the reserve. Carmello said that he did not agree with this concept. He suggested not taking out the conservatism in the reserve when calculating the RBC factor.

Serbinowski discussed a situation where a TAR of zero, a TAR of one, and a TAR of two are all negative, and the floor may be unwanted. He said that in this situation, a TAR of one minus a TAR of zero would be positive, and a TAR of two minus a TAR of zero would also be positive. Based on the Academy's proposal, there is no need to hold additional capital because the negative unfloored reserve plus the positive capital is still less than the statutory reserve, which serves as a floor.

Hemphill asked Serbinowski to clarify whether he meant that the calculated C-2 charge would be zero because the sum of all shocks would still be below the statutory reserve. Serbinowski said that he questioned the requirement for additional capital on top of a higher floored reserve amount that is more than required. Hemphill suggested a TAR of one that has the same floor as the statutory reserve and includes stress on both the mortality level and mortality improvement. She said that it will be fine if it results in a zero capital charge and that it is consistent with C-3 phase two. Serbinowski said that if there is one stress, the formula in the proposal will be reduced to the greater of a TAR of one minus the statutory reserve and zero.

Eom said that if the Subgroup decides to conduct further analysis to develop the instructions, all of the approaches can be analyzed before a decision is made.

The Subgroup then discussed the proposed changes to the life RBC blanks (Attachment Eleven-A1a). Eom briefly discussed the structural changes and said that companies can enter zero for the capital requirement in line seven for 2026.

Maggie Chang (NAIC) asked whether companies are expected to provide the statutory reserve in line six, which has no impact on the RBC. Hemphill said that she had the same question and asked why line six is needed. Carmello suggested removing it, which, in turn, would make what is currently shown in line seven become line six, and what is currently shown in line eight become line seven.

Bayerle suggested editing the instructions to ask companies to enter zero for the statutory reserve in line six for 2026 and mentioning that the instructions would be updated when the additional work on factors is completed. The Subgroup agreed to remove line six and edit the instructions to ask companies to enter zero for the capital requirement for 2026 in line seven, and remove the irrelevant language in the instructions for LR025-A.

Hemphill made a motion, seconded by Serbinowski, to adopt the structural and instructional changes to LR025-A. The motion passed unanimously.

5. Discussed Other Matters

Hemphill said that for further study, she hopes the Academy can look into a single TAR of one that would reflect the stress on both the mortality level and the trend. She stated that she hopes the Academy will specify a trend level for a TAR of one rather than having a fixed differential to the baseline for the trend stress.

Carmello said that he likes the idea of subtracting the reserve and having the same floor for the RBC.

Eom suggested the Subgroup consider asking the Academy to bring a plan for further study that will reflect current suggestions so that regulators can make further suggestions. Hemphill asked Eom to confirm whether she meant to ask the Academy to outline a plan for a study based on input from the Subgroup. Eom said she hopes the scope and details of the work can be agreed upon so that time is not wasted. Hemphill agreed.

Serbinowski suggested being more specific about regulators' preferences. He stated that if regulators have a strong desire for one stress, it should be clearly communicated. He also asked whether the Academy could provide any guidance on whether the same stress can be applied to mortality in a different country. Hemphill said that she agreed that the stress could vary by country. Eom said she wants more communication while the Academy performs the study. She asked Levine whether the Academy could provide any proposals for the study. Levine said the Academy could put together some items for consideration, including what the study would look like.

Eom said the Subgroup needs to schedule its next meeting to review the Academy's proposal and asked how much time the Academy would need. Levine said that the Academy would need a couple of weeks to a month to think its proposal through. Eom asked whether it is reasonable for the Subgroup to plan to meet in May. Levine said that the week of May 11 would work. Eom said a poll would be distributed to schedule the Subgroup's next meeting, where it will discuss next steps.

Having no further business, the Longevity Risk (E/A) Subgroup adjourned.

LONGEVITY RISK

LR025-A

Basis of Factors

The factors chosen represent surplus needed to provide for claims in excess of reserves resulting from increased policyholder longevity calibrated to a 95th percentile level. For the purpose of this calibration aggregate reserves were assumed to provide for an 85th percentile outcome.

Longevity risk was considered over the entire lifetime of the policies since these annuity policies are generally not subject to repricing. Calibration of longevity risk considered both trend risk based on uncertainty in future population mortality improvements, as well as level or volatility risk which derives from misestimation of current population mortality rates or random fluctuations. Trend risk applies equally to all populations whereas level and volatility risk factors decrease with larger portfolios consistent with the law of large numbers.

Except for longevity reinsurance, Sstatutory reserve was chosen as the exposure base as a consistent measure of the economic exposure to increased longevity. Factors were also scaled by reserve level since number of insured policyholders is a less accessible measure of company specific volatility risk. Factors provided are pre-tax and were developed assuming a 21% tax adjustment would be subsequently applied.

For longevity reinsurance, shocks to mortality level and mortality trend are modeled to produce a present value of net cash flows. Net cash flows are benefits and expenses less premiums and reinsurance fee income. Shocks provided are pre-tax and were developed assuming a 21% tax adjustment would be subsequently applied.

Specific Instructions for Application of the Formula

Excluding longevity reinsurance, Aannual statement reference is for the total reserve for the products in scope. The scope includes annuity products with life contingent payments where benefits are to be distributed in the form of an annuity. The entire reserve amount for contracts in scope that include any life contingent payments are in scope. For example, under a certain-and-life style annuity, the entire reserve for both the certain payments and life contingent payments are in scope. Variable immediate annuity reserves under VM-21 are also in scope where there are life contingent payments. Scope does not include annuity products that are not life contingent, or deferred annuity products where the policyholder has a right but not an obligation to annuitize. A certain-and-life style annuity, where only certain payments remain (such as following the death of the annuitant), is out of scope. Variable deferred annuity contract reserves under VM-21 are out of scope, including reserves valued under VM-21 for any contracts where policyholder account value has reached zero, but a lifetime benefit may still be payable by the insurer. Line (3) for General Account Life Contingent Miscellaneous reserves is included in the event there are any

reserves for products in scope reported on Exhibit 5 line 0799999; it is not meant to include cash flow testing reserves reported on this line. Included in scope are:

- Single Premium Immediate Annuities (SPIA) and other payout annuities in pay status
- Deferred Income Annuities which will enter annuity pay status in the future
- Structured Settlements for annuitants with any life contingent benefits
- Group Annuities, such as those associated with pension liabilities with both immediate and deferred benefits

The total reserve exposure is then further broken down by size as in a tax table. This breakdown will not appear on the RBC filing software or on the printed copy, as the application of factors to reserves is completed automatically. The calculation is as follows:

Line (5)	Life Contingent Annuity Reserves <u>Excluding Longevity Reinsurance</u>	(1) Statement Value	Factor	(2) RBC Requirement
	First 250 Million	_____	X 0.0171 =	_____
	Next 250 Million	_____	X 0.0108 =	_____
	Next 500 Million	_____	X 0.0095 =	_____
	Over 1,000 Million	_____	X 0.0089 =	_____
	Total Life Contingent Annuity Reserves <u>Excluding Longevity Reinsurance</u>	=====		=====

Line (6)

The statutory reserves used in Step 4 of Line (7) should equal the following:

- Exhibit 5 Column 2 Line 0299999, in part*
- +Exhibit 5 Column 2 Line 0399999, in part*
- +Exhibit 5 Column 2 Line 0799999, in part*
- +S/A Exhibit 3 Column 2 Line 0299999, in part*

*Include only the portion of statutory reserves for longevity reinsurance.

Line (6)

For 2026 RBC calculation purpose, input value of zero for “Longevity Reinsurance Longevity Risk Capital Requirement” in Column (2).

The company will calculate the Longevity Risk requirement for longevity reinsurance with the below steps, where TAR represents the Total Asset Requirement. For longevity reinsurance that is being reserved under PBR, cash flows should come from the company’s PBR model. For longevity reinsurance that is not being reserved under PBR, the company should use its Cash Flow

~~Testing model. The discount rates used to calculate the present value shall be based on the model used to produce the projected benefits & expenses. For longevity reinsurance that is being reserved under PBR, the net asset earned rate (NAER) of SERT scenario 9 shall be used as the discount rate. For longevity reinsurance that is not being reserved under PBR, the applicable CARVM discount rate shall be used as the discount rate.~~

~~Step 1: Calculate TAR_0 as the present value of the future benefits and expenses less future premiums and reinsurance fees, using baseline mortality assumptions used in statutory reserving. TAR_0 is then floored at 2% of the scheduled longevity benefits payable by the benefit provider within the next 12 months from the date of valuation.~~

~~Step 2: Calculate TAR_1 as the present value of the future benefits and expenses less future premiums and reinsurance fees, using the mortality level shock. The mortality level shock is a [99.3%] multiplicative factor to all future mortality rates. TAR_1 is then floored at 2% of the scheduled longevity benefits payable by the benefit provider within the next 12 months from the date of valuation.~~

~~Step 3: Calculate TAR_2 as the present value of the future benefits and expenses less future premiums and reinsurance fees, using the mortality level shock. The mortality trend shock is a [0.15%] additive factor to the mortality improvement factors in all future years. TAR_2 is then floored at 2% of the scheduled longevity benefits payable by the benefit provider within the next 12 months from the date of valuation.~~

~~Step 4: Calculate $TAR_0 + [(TAR_1 - TAR_0)^2 + (TAR_2 - TAR_0)^2]^{0.5}$ — Statutory Reserve. This value is floored at zero. [Flooring at zero not needed if TAR floors are applied in Steps 1, 2, and 3]. Enter value into Line (7).~~

Line (7)

The Total Longevity Risk Capital Requirement is the sum of Lines (5) and **(6)**.

The amount ultimately included in the authorized control level will be subject to a guardrail factor of 0 — and a correlation factor of -.25.

Company Name		Confidential when Completed		NAIC Company Code	
LONGEVITY RISK					
Life Contingent Annuity Reserves, excluding Longevity Reinsurance					
(1)	Annual Statement Source	(1)	Statement Value	Factor	(2) RBC Requirement
(1) General Account Life Contingent Annuity Reserves	Exhibit 5 Column 2 Line 02999999, in part†				
(2) General Account Life Contingent Supplemental Contract Reserves	Exhibit 5 Column 2 Line 03999999, in part‡				
(3) General Account Life Contingent Miscellaneous Reserves	Exhibit 5 Column 2 Line 07999999, in part‡				
(4) Separate Account (SA) Life Contingent Annuity Reserves	S/A Exhibit 3 Column 2 Line 02999999, in part‡				
(5) Total Life Contingent Annuity Reserves, excluding Longevity Reinsurance	Lines (1) + (2) + (3) + (4)		X	†	=
Longevity Reinsurance					
(6) Longevity Reinsurance Longevity Risk Capital Requirement	Company Records (enter a pre-tax amount)				
(7) Total Longevity Risk Capital Requirement	Lines (5) + (6)				

† The tiered calculation is illustrated in the Longevity Risk section of the risk-based capital instructions.

‡ Include only the portion of reserves for products in scope per the instructions

Denotes items that must be manually entered on the filing software.

Company Name

Confidential when Completed

NAIC Company Code

CALCULATION OF AUTHORIZED CONTROL LEVEL RISK-BASED CAPITAL (CONTINUED)

Details Eliminated to Conserve Space

Source

(1)
RBC
Requirement

(32)	Synthetic GICs (C-10)
(33)	Surplus in Non-Guaranteed Separate Accounts
(34)	Real Estate (gross of encumbrances)
(35)	Schedule BA Real Estate (gross of encumbrances)
(36)	Other Long-Term Assets
(37)	Schedule BA Mortgages
(38)	Concentration Factor
(39)	Miscellaneous
(40)	Replication Transactions and Mandatory Convertible Securities
(41)	Reinsurance
(42)	Total (C-10) • Pre-Tax
(43)	(C-10) Tax Effect
(44)	Net (C-10) • Post-Tax
Insurance Risk (C-2)	
(45)	Individual and Industrial Life Insurance
(46)	Group and Credit Life Insurance and FRTG/SGI I
(46b)	Longevity Risk
(47)	Total Health Insurance
(48)	Premium Stabilization Reserve Credit
(49)	Total (C-2) • Pre-Tax
(50)	(C-2) Tax Effect
(51)	Net (C-2) • Post-Tax
Interest Rate Risk (C-3a)	
(52)	Total Interest Rate Risk • Pre-Tax
(53)	(C-3a) Tax Effect
(54)	Net (C-3a) • Post-Tax
Health Credit Risk (C-3b)	
(55)	Total Health Credit Risk • Pre-Tax
(56)	(C-3b) Tax Effect
(57)	Net (C-3b) • Post-Tax
Market Risk (C-3c)	
(58)	Total Market Risk • Pre-Tax
(59)	(C-3c) Tax Effect
(60)	Net (C-3c) • Post-Tax

LR006 Separate Accounts Column (3) Line (8)
LR006 Separate Accounts Column (3) Line (13)
LR007 Real Estate Column (3) Line (13)
LR007 Real Estate Column (3) Line (25)
LR008 Other Long-Term Assets Column (5) Line (57) + LR018 Off-Balance Sheet Collateral Column (3) Line (17) + Line (18)
LR009 Schedule BA Mortgages Column (6) Line (24)
LR010 Asset Concentration Factor Column (6) Line (61) Grand Total Page
LR012 Miscellaneous Assets Column (2) Line (21)
LR013 Replication (Synthetic Asset) Transactions and Mandatory Convertible Securities Column (7) Line (9999999)
LR016 Reinsurance Column (4) Line (17)
Sum of Lines (22) through (41)
LR030 Calculation of Tax Effect for Life and Fraternal Risk-Based Capital Column (2) Line (110) Line (42) • Line (43)
LR025 Life Insurance Column (2) Line (5)
LR025 Life Insurance Column (2) Line (12)
LR025-A Longevity Risk Column (2) Line (7)
LR024 Health Claim Reserves Column (4) Line (18)
LR026 Premium Stabilization Reserves Column (2) Line (10)
L(47) + L(48) + Greatest of [Guardrail Factor * (L(45)+L(46)), Guardrail Factor * L(46b), Square Root of [(L(45) + L(46))^2 + 2 * (Correlation Factor) * (L(45) + L(46))]]
LR030 Calculation of Tax Effect for Life and Fraternal Risk-Based Capital Column (2) Line (141) Line (49) • Line (50)

LR027 Interest Rate Risk Column (3) Line (36)
LR030 Calculation of Tax Effect for Life and Fraternal Risk-Based Capital Column (2) Line (142) Line (52) • Line (53)
LR028 Health Credit Risk Column (2) Line (7)
LR030 Calculation of Tax Effect for Life and Fraternal Risk-Based Capital Column (2) Line (143) Line (55) • Line (56)
LR027 Interest Rate Risk Column (3) Line (37)
LR030 Calculation of Tax Effect for Life and Fraternal Risk-Based Capital Column (2) Line (144) Line (58) • Line (59)

Details Eliminated to Conserve Space

LR031

Academy Longevity Risk Task Force: *Longevity Reinsurance Illustrations for Development of RBC C-2 factors*

July 28, 2026

Presentation to the NAIC Longevity Risk (E/A) Subgroup

Alex Levine, MAAA, FSA, CERA; Member, Academy Longevity Risk Task Force



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About the Academy

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Mission:

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Background

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- The Academy's Longevity Reinsurance Task Force (LRTF) is providing illustrations of the longevity reinsurance product under various scenarios
- Key features of Longevity Reinsurance:
 - » **Floating Leg:** Stream of benefits paid by the assuming company that is tied to the *actual survival experience of the covered annuitants*
 - » **Fixed Leg:** *Predetermined premiums and fees established at inception* paid to the assuming company, which *generally do not vary* with actual mortality experience
- Longevity risk is by far the primary risk of the product. Other risks (e.g. investment, market, counterparty, etc.) are secondary

3

Illustrations

4

"Representative" sample deal, with a mix of 1) younger and older population and 2) male/female gender

Calculate net cash flows (NCF = fixed leg – floating leg) and PV of NCF on both best estimate and prudent estimate (e.g. 85th percentile / VM-22)

Three shock scenarios (for illustrative purposes only)

- A. Mortality Improvement Shock**
- B. Base Mortality Misestimation Shock**
- C. Pandemic Event**

PV of NCF are calculated pre-shock and post-shock

VM-22 reserve floor of 2% of next 12 months' benefits is also illustrated to demonstrate where embedded conservatism exists

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Key Takeaways

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- **Younger and older populations are impacted differently by shocks**
 - » Mortality Improvement more impactful for younger population
 - » Base Mortality Misestimation more impactful for older population
 - » Two independent shocks (vs. one combined shock) better capture risks of younger and older population subsets
- **Insurance companies with material business pre-COVID could have zero C-2** as floating leg payments would be less than assumed at initial pricing.
- Pre-shock, VM-22 floor is meaningfully above prudent estimate reserve as well as beginning years post-shock
- Once shocks are properly calibrated, the post-shock net cash flows may be a reasonable estimate for pre-shock Total Asset Requirement (TAR)
- Illustrations here show patterns of shocks but not meant to discuss size of shocks, **which are exaggerated beyond current Academy LRTF proposal**. More analysis to be done by Academy LRTF to recommend size of shocks.

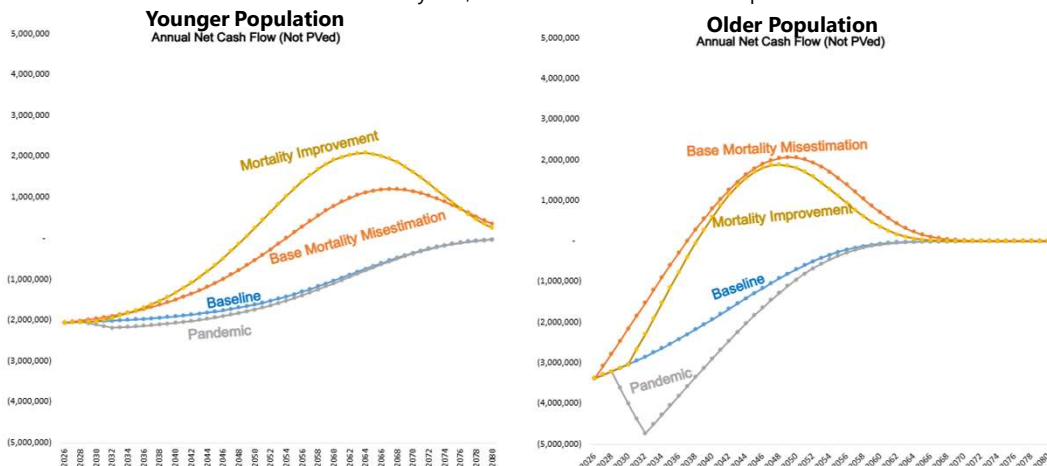
5

Projected Net Cash Flows by Scenario

Baseline: Cash inflows (premium + risk fees) are larger than outflows (benefits).

In the mortality improvement and base mortality misestimation shocks,

- The first ~10-20 years of the block of business are positive net cash flow.
- Shocks bleed into cash flows in the outer years, which is where we will see impacts to PVs.

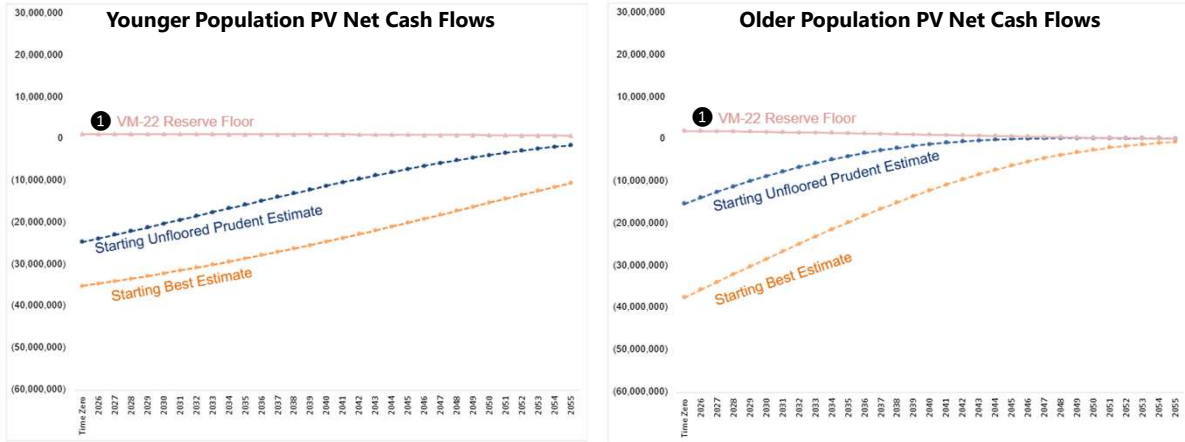


6

6

Mortality Improvement Trend (140% AA after year 5) *Pre-Shock*

① Below represents the block of business prior to any shock. Company is effectively held at VM-22 Reserve Floor as PV inflows exceed PV Prudent Estimate Outflows.



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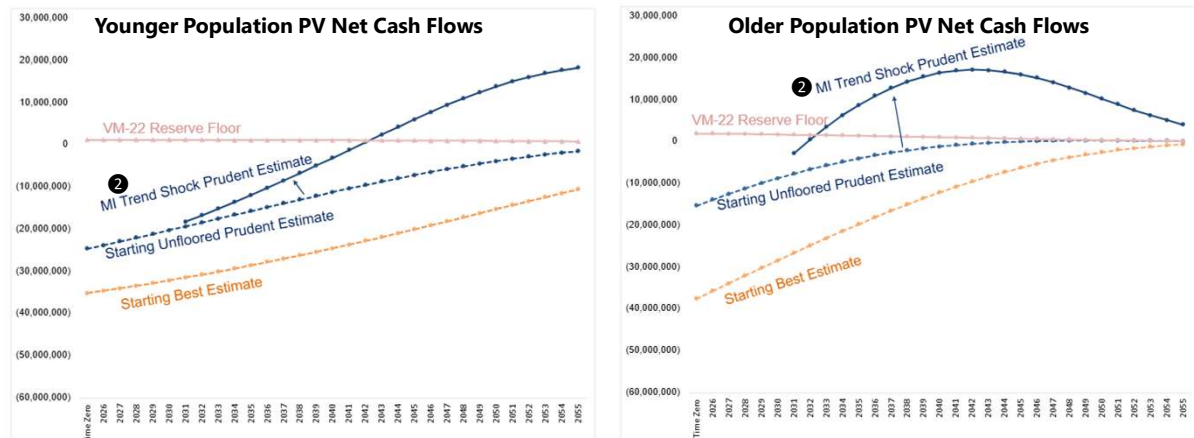
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7

Mortality Improvement Trend (140% AA after year 5) *Shock impact to population only*

② Reserves increase as the population is living longer than initially expected. However, assumptions have not yet been updated.



VM-22 Reserve Floor would change post-shock. However, it is not illustrated due to immaterial difference from pre-shock VM-22 Reserve Floor

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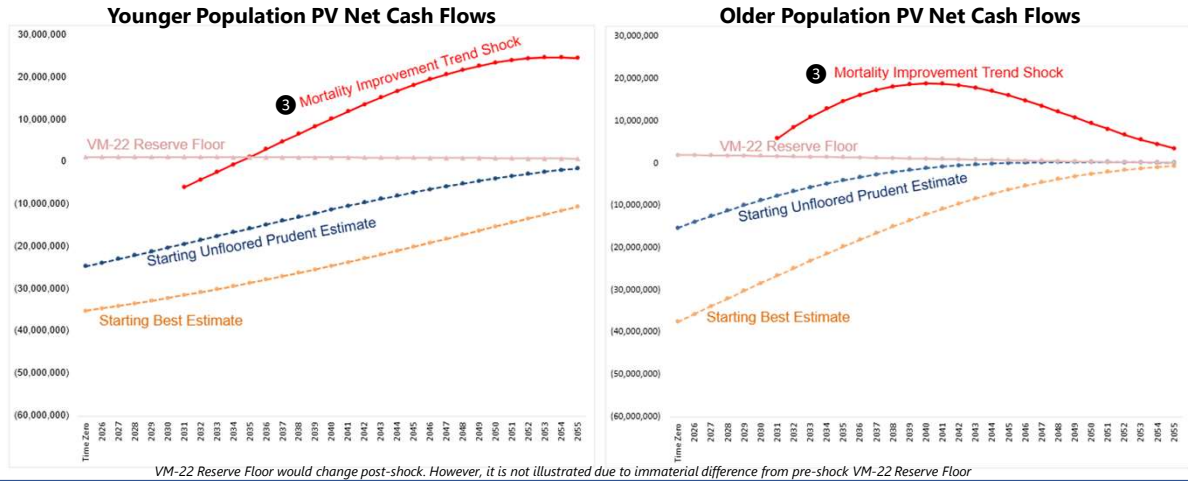
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8

Mortality Improvement Trend (140% AA after year 5) *Shock impact to both population and assumptions*

③ Company has acknowledged its original mortality improvement assumptions need to be revised, thus increasing its post-shock projection. Impact is much more prominent on younger population although VM-22 floor is broken sooner with older population.



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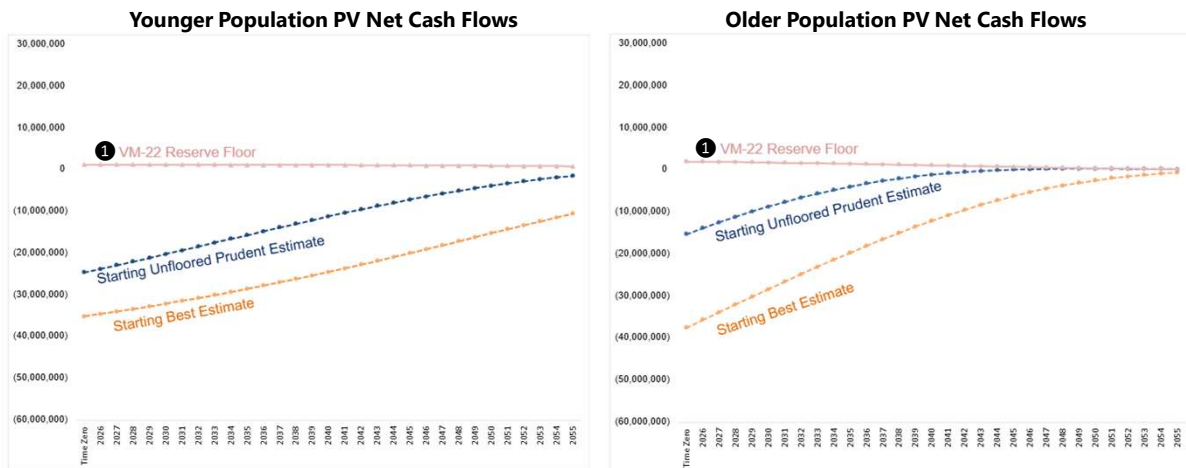
9

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9

Base Mortality Misestimation Shock (90% of '94 GAR all yrs) *Pre-Shock*

① Below represents the block of business prior to any shock. Company is effectively held at VM-22 Reserve Floor as PV inflows exceed PV Prudent Estimate Outflows.



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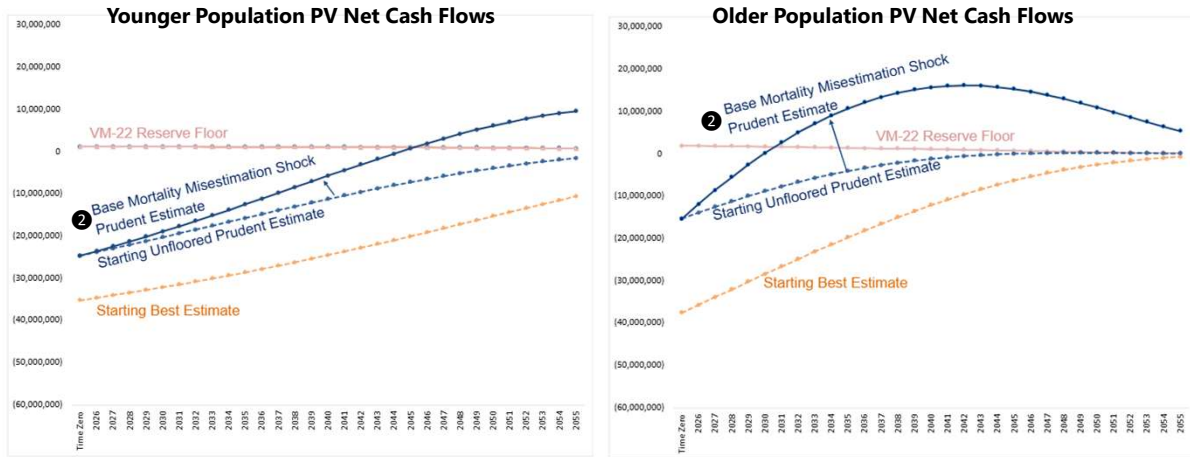
10

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10

Base Mortality Misestimation Shock (90% of '94 GAR all yrs) *Shock impact to population only*

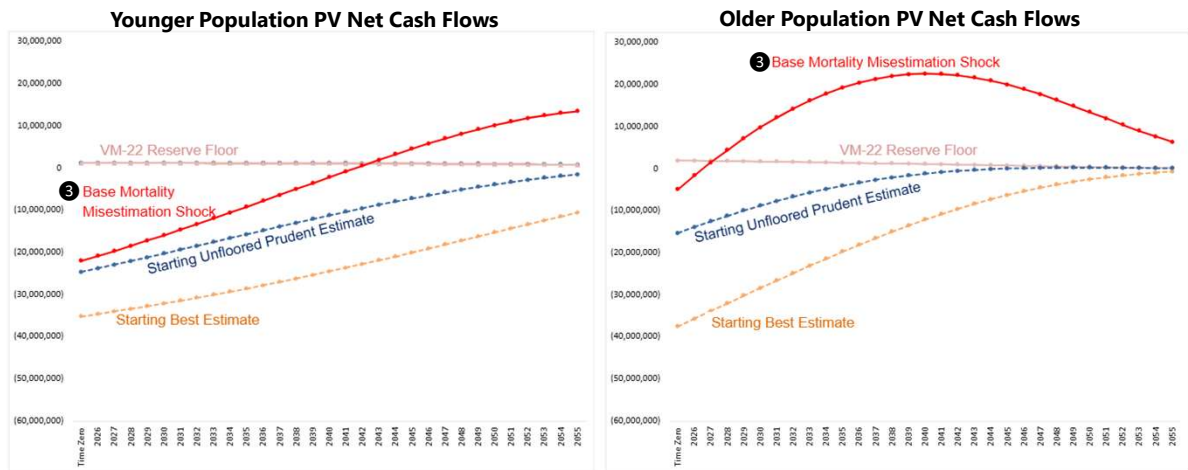
② Reserves increase as the population is living longer than expected. However, assumptions have not yet been updated. Impact is much more prominent on older population.



11

Base Mortality Misestimation Shock (90% of '94 GAR all yrs) *Shock impact to both population and assumptions*

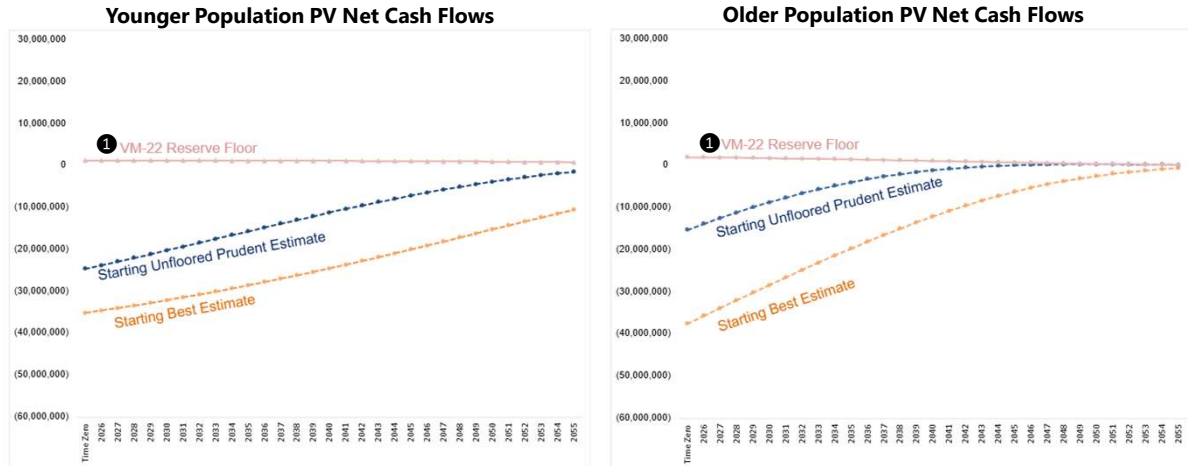
③ Company has acknowledged its original base mortality assumptions needed to be revised, thus increasing its post-shock projection. Impact is much more prominent on older population.



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Pandemic Shock (120% of '94 GAR years 2-5) *Pre-Shock*

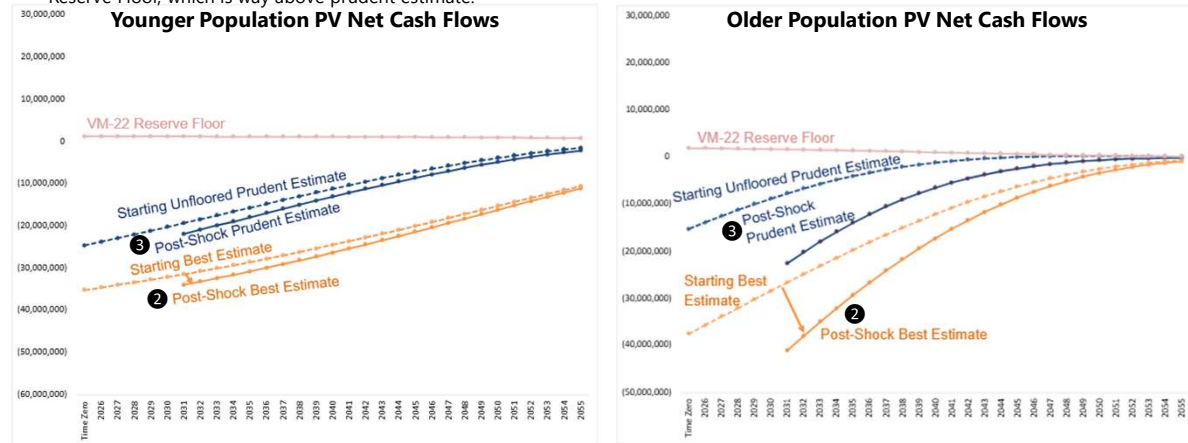
① Below represents the block of business prior to any shock. Company is effectively held at VM-22 Reserve Floor as PV inflows exceed PV Prudent Estimate Outflows.



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Pandemic Shock (120% of '94 GAR years 2-5) *Post-Shock*

After the pandemic, the company determines that pre-pandemic assumptions remain the best view of the future. Thus, ② post-shock best estimate and ③ prudent best estimate are revised solely on post-pandemic inforce block population. Company still holds reserves at VM-22 Reserve Floor, which is way above prudent estimate.



VM-22 Reserve Floor would change post-shock. However, it is not illustrated due to immaterial difference from pre-shock VM-22 Reserve Floor

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Next Steps

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- **Mortality Improvement Shock (most important)**
 - » Structure of shock
 - » Size of shock
- **Base Mortality Misestimation (Mortality Level) Shock**
- **Calibration of shocks for non- U.S. originated liabilities**
- **Creating one scenario vs. current proposal of three scenarios**

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Appendix

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Limitations

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- **Shocks in illustrations are exaggerated relative to the shocks that underly RBC C-2 Longevity factors for life contingent annuities and in the latest Academy LRTF proposal for longevity reinsurance. Intent of the presentation is to illustrate mechanics and not focus on assumptions/shock size.**
- No available industry data and information
 - » *Mortality Assumption:* Each company uses its own assumptions based on its inforce characteristics to set the 85th percentile (VM-22/PBR business or AAT/pre-PBR business). There are no prescribed mortality tables, thus illustrations here use industry assumptions
 - » *Demographics:* We made up a representative deal to consider young vs older demographics, without any use of field study
 - » *Fees earned by the reinsurer:* We illustrate the fee at 3.5% of reinsurance premiums. However, there is no publicly available information on what fee levels are. However, fees do not impact the floating leg
 - » *Expenses:* Did not illustrate expenses as we do not expect to materially vary between pre- and post-shock
- Using VM-22 PBR construct (as opposed to illustrating pre-PBR liabilities)


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Assumptions

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Assumptions may vary significantly from actual transactions as 1) LRT transactions are not publicly disclosed and 2) VM-22 requires companies to determine their prudent estimate based on their in-force rather than use prescribed mortality assumptions.

Deal Parameters

- Floating leg: At-Issue Best Estimate Expected Claims = 100% of GAR 94 and 100% of Scale AA mortality improvements
- Fixed leg = Reinsurance Premiums + Fees
 - Reinsurance Premiums = At-Issue Best Estimate Expected Claims
 - 3.50% fee applied to Reinsurance Premiums
- 4.50% annual discount rate


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Assumptions Continued

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Prudent Estimate Reserve Assumptions

- 95% of GAR 94 (all years)
- 107.5% of Scale AA (all years)
- Reflects population projected to be alive at each outer loop node
- Reserves are shown prior to application of any floors
- No foreknowledge of outer loop shocks
- Assumptions are locked in from issue (i.e., no learning / adaptation on shock path)

Perfect Foresight Total Asset Requirement (TAR) Assumptions ("Post-Shock")

- Amount required to be held today to defease future liability cashflows net of future premiums and fees
- Reflects population projected to be alive at each outer loop node
- TAR reflects perfect foreknowledge of the future outer loop shock path from issue
- Does not consider asset-side risks, counterparty default risk, general business risks, etc.

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Shocks in Illustrations

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Shocks in illustrations are likely exaggerative relative to the shocks that underly [current RBC C-2 Longevity factors for Life Contingent Annuities](#) and in the [latest Academy LRTF proposal for Longevity Reinsurance](#).

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Shocks in Illustrations

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Shock	Base Mortality	Mortality Improvement	Comments
Baseline	Best Estimate: 100% of 1994 GAR Prudent Estimate: 95% of 1994 GAR	Best Estimate: 100% of Scale AA Prudent Estimate: 107.5% of Scale AA	Used 1994 GAR / Scale AA for simplicity of expressing shocks
A. Pandemic	120% of 1994 GAR (years 2-5 only) 100% of 1994 GAR (all other years)	100% of Scale AA (all years)	+20% increase loosely inspired by U.S. overall mortality experience during 2020 / 2021
B. Mortality Improvement	100% of 1994 GAR	140% of Scale AA beginning 5 years after issue	- Highly impactful mortality improvement shock - Absolute impact varies significantly by age/sex - Roughly +1.1 years of additional life expectancy for 65/Male or +0.4 years for 75/Female 140/107.5 = 130% - Current RBC C-2 shocks: 116% < age 85, 140% > age 85 in all years
C. Base Mortality Misestimation	90% of 1994 GAR (all years)	100% of Scale AA (all years)	- Misestimation level chosen so that it materially exceeds prudent estimate pad of 5% 10% misestimation of base would be quite large for a large block with credible historical experience - Shock here = 94.7% (90%/95%), which is close to 94.2% shock that underlies first \$250M PV liabilities of current RBC C-2 life contingent annuities factor - However, most companies would be at most credible tier (> \$1B liabilities) where 99.3% shock underlies current RBC C-2 life contingent annuities factor


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Sample Population

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Sample population reflects a mix of younger/older ages, male/female, and various benefit size.

Younger Age Population					Older Age Population				
Issue Age	Sex	Annual Benefit	Initial Weight	COLA %	Issue Age	Sex	Annual Benefit	Weight (Life Count)	COLA %
46	M	9,600	15%	0%	66	M	28,500	12%	0%
47	F	7,800	14%	0%	67	F	19,200	14%	0%
50	M	11,400	12%	0%	71	M	24,000	10%	0%
51	F	8,400	11%	0%	72	F	16,800	15%	0%
54	M	13,200	10%	0%	76	M	21,600	8%	0%
55	F	9,000	10%	0%	77	F	14,400	13%	0%
58	M	14,400	8%	0%	81	M	1,800	6%	0%
59	F	10,200	8%	0%	82	F	12,600	11%	0%
62	M	15,600	6%	0%	86	M	15,600	3%	0%
63	F	11,400	7%	0%	88	F	10,800	8%	0%
51% Male /					39% Male /				
Average	53.0 49% Female		10,678	0%	Average	74.6 61% Female		17,940	0%
Life count = 5,500 Initial Annual Benefit = \$58.7mm Initial PV Liability = \$1.00B Initial PV Risk Fees = \$35.2mm Initial Benefit Cashflow Duration = 13.1 Years					Life count = 5,500 Initial Annual Benefit = \$96.0mm Initial PV Liability = \$1.07B Initial PV Risk Fees = \$37.5mm Initial Benefit Cashflow Duration = 8.4 Years				


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References

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- American Academy of Actuaries, [Longevity Risk Task Force \(LRTF\) Update](#), 2019.
- American Academy of Actuaries, [Request for Prior Academy Proposal with and without Interim Step Flooring](#), Comment Letter, Feb. 18, 2025.

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Questions?

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amisial@actuary.org

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Draft: 7/30/26

Valuation Manual (VM)-22 (A) Subgroup
Virtual Meeting
May 20, 2026

The VM-22 (A) Subgroup of the Life Actuarial (A) Task Force met May 20, 2026. The following Subgroup members participated: Ben Slutsker, Chair (MN); Elaine Lam, Vice Chair (CA); Lei Rao-Knight (CT); Xuan Yun Chan (IA); Matt Cheung (IL); William Leung (MO); Seong-min Eom (NJ); Amanda Fenwick (NY); Matt Elston (OH); Rachel Hemphill and Yujie (Iris) Huang (TX); and Craig Chupp (VA).

1. Adopted APF 2025-18

Slutsker introduced amendment proposal form (APF) 2025-18, which clarifies that not all deposit-type contracts are in scope of VM-22, Requirements for Principle-Based Reserves for Non-Variable Annuities. Slutsker said that the American Council of Life Insurers (ACLI) was the only commenter on the most recent exposure and that the ACLI expressed support. Chupp asked whether further details on the scope of deposit-type contracts in VM-22 appeared in *Valuation Manual* Section 2. Slutsker clarified that APF 2025-18 does not define deposit-type contracts but confirms that the categories of “deposit-type contracts” and “contracts in scope of VM-22” are neither mutually exclusive nor fully overlapping.

Lam made a motion, seconded by Huang, to adopt APF 2025-18 (Attachment Twelve-A). The motion passed unanimously.

2. Adopted APF 2025-20

Slutsker introduced APF 2025-20, which modifies the aggregation requirements in VM-22 by removing prior conditions on aggregation between payout annuities and deferred (accumulation) annuities and by adding disclosures in VM-31, PBR Actuarial Report Requirements for Business Subject to a Principle-Based Valuation, including a reserve breakdown by reserving category. Slutsker said that two comment letters were received: 1) the ACLI’s, which expressed support; and 2) the American Academy of Actuaries (Academy), which raised concerns about aggregation at the model segment level when business is managed separately. Slutsker said the consensus reached by the Life Actuarial (A) Task Force is that existing principles-level language already addresses the Academy’s concern, and that the broader concern may be revisited in a future APF affecting VM-20, Requirements for Principle-Based Reserves for Life Products; VM-21, Requirements for Principle-Based Reserves for Variable Annuities; and VM-22.

Cheung made a motion, seconded by Huang, to adopt APF 2025-20 (Attachment Twelve-B). The motion passed unanimously.

3. Exposed APF 2025-19

Slutsker introduced APF 2025-19, which addresses the valuation of guaranteed payment streams, settlement options, and annuitizations arising from host contracts issued before the operative date of principle-based reserving (PBR). Slutsker said the APF provides an election to value these arising contracts under the host contract methodology or under PBR, and that a chair exposure was issued following the 2026 Spring National Meeting.

Brian Bayerle (ACLI) walked through the ACLI’s comment letter, which proposed: 1) adding clarification to establish the default treatment as the standard applicable to the host contract or life insurance policy at the time of issue,

with an election available to use VM-22 (or VM-V, Statutory Maximum Valuation Interest Rates for Formulaic Reserves, during the VM-22 transition); 2) inclusion of a table illustrating default and election treatment by host contract issue date for annuity host contracts; 3) simplification of scope language through reference to VM-V Section 1A(2).; 4) retention of “notification and non-disapproval” language in lieu of “approval”; 5) policy-form-level consistency requirements for the elections; and 6) flexibility allowing the company to elect either the issue date of the host contract or the election date of the settlement/annuitization for determining the minimum valuation interest rate.

Slutsker said the edits helped clarify the requirements, but he expressed concern with the optionality regarding the date used to determine the minimum valuation interest rate. Allowing two valuation rate options within the pre-PBR election would permit the selection of the more favorable rate. He said this situation applies because of a long period of a low-interest rate environment, inflation in recent years, and rising interest rates. Slutsker suggested that companies seeking accuracy in valuation rate determination should instead elect VM-22. Huang and Lam agreed with Slutsker.

Ann Delaney (John Hancock) said she understood not wanting to provide a choice that would allow someone to choose at the date of annuitization the more favorable interest rate for reserves. She said the existing requirements were ambiguous and that companies may have already made policy-form-level decisions consistent with their interpretation. Delaney expressed concern that an APF specifying a single rate could create an administrative burden for companies that elected differently. She suggested permitting election at a policy form or block-of-business level. Hemphill requested the Subgroup have another call to hear more about how the existing language is being read as ambiguous or applied inconsistently by companies to ensure clear requirements. Reedy said Delaney’s comments raise broader retroactivity considerations relevant to the in-force application discussion.

Cheung said the valuation rate at the election date of the settlement/annuitization is more consistent with how companies invest assets supporting the resulting payment streams, particularly when annuitization or settlement is not a common election at issuance. Fenwick agreed and said any use of the host contract issue date should require justification. Huang and Lam agreed with Cheung’s approach.

Bayerle requested a 45-day exposure period given the complexity of the discussion. Slutsker said the APF would not affect the 2027 *Valuation Manual* given the timing, and he agreed with 45 days. Cheung agreed with the timing, noting that prior company elections and the type of settlement or annuitization option involved could produce unintended consequences.

Slutsker proposed exposing the APF again with the ACLI edits but revising the first sentence of the second-to-last paragraph to read as: “When following the minimum standard of valuation applicable to the host contract for the options and payment streams defined in (i) to (v) above, the company shall use the election date of the settlement/annuitization for determining the minimum valuation interest rate.”

Cheung made a motion, seconded by Lam, to expose APF 2025-19 with the edits made by the ACLI and the Subgroup’s revision requiring the company to use the election date of the settlement/annuitization for determining the minimum valuation interest rate, for a 45-day public comment period. The motion passed unanimously.

Having no other matters, the VM-22 (A) Subgroup adjourned.

Attachment Twelve-A
Life Actuarial (A) Task Force
8/10-11/26

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:

NAIC VM-22 (A) Subgroup

Title of the Issue:

Clarify VM-22 applicability to deposit-type contracts based on Academy proposed edits

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:

2026 Valuation Manual, VM-22 Sections 1.A and 2.A

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.)

VM-22, Section 1.A

Purpose

These requirements establish the minimum reserve valuation standard for non-variable annuity contracts as defined in Section II of the Valuation Manual, Subsection 2.C and for Deposit-Type Contracts falling under the scope of VM-22 Section 2.A. For all contracts encompassed by the Scope, these requirements constitute the Commissioners Annuity Reserve Valuation Method (CARVM) and, for some contracts and certificates, the Commissioners Reserve Valuation Method (CRVM).

VM-22, Section 2.A:

Scope

Applicable non-variable annuity contracts specified in VM Section II, Subsection 2 “Annuity Products”, Paragraphs C and D and applicable contracts in VM Section II, Subsection 3 “Deposit-Type Contracts” not otherwise excluded by VM Section II, Subsection 2.C are subject to VM-22 requirements.

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

Clarify that there are some deposit-type contracts that fall in scope of VM-22 requirements, though not all deposit-type contracts are in scope.

Dates: Received	Reviewed by Staff	Distributed	Considered
12/15/25	A.F.	12/17/25	
Notes: 2025-18. Exposed by VM-22 SG for a 90-day comment period ending 3/17/26.			

1

**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:

NAIC VM-22 (A) Subgroup

Title of the Issue:

Remove criteria requirements of VM-22 Aggregation

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:

2026 Valuation Manual, VM-22 Section 3.F and VM-31 Section 3.F.14.j

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.)

See following page

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

Remove criteria for aggregate payout and deferred annuities in VM-22 and add a disclosure in VM-31 for the aggregation benefit.

Dates: Received	Reviewed by Staff	Distributed	Considered
12/15/25	A.F.	12/17/25	
Notes: 2025-20 Exposed by VM-22 SG for 90-day comment period ending 3/17/26.			

VM-22, Section 3.F.2:

2. The Payout Annuity Reserving Category and Accumulation Reserving Category may be aggregated.

VM-31, Section 3.F.14.j:

- j. Aggregation – The following information on aggregation:
- i. Disclosure of the impact of aggregation, that is, a comparison of serial calculations compared to aggregation permitted under VM-21 or VM-22, and discussion of the method used to determine the impact, pursuant to Section 6.A.1.a in VM-21 or VM-22.
 - ii. For VM-22, to the extent the Payout Annuity Reserving Category and Accumulation Reserving Category are aggregated pursuant to VM-22 Section 3.F.2, provide a breakdown of reserve results (SR and CSV) for each Reserving Category, both pre- and post-reinsurance, along with case counts and face amounts.
 - iii. To the extent that aggregation is done across multiple model segments, whether across reserving categories or within a reserving category, the methodology used to allocate the aggregation benefit across model segments shall be documented.

Deleted: only if they meet the following criteria:

¶
The company manages the risks of the contracts within both categories in an integrated risk management process.¶

¶
The contracts within both categories are managed within a single portfolio, or portfolios with the same ALM strategy. ¶

¶
Guidance Note: For the purposes of aggregating payout and accumulation reserving categories, the Subgroup plans to revisit whether to include prerequisites to permit aggregation, as well as which criteria and disclosures to focus on for such aggregation.¶

Deleted: support that the criteria in

Deleted: is met.

4.A Hear Comments on the GOES Model Governance Framework



1



Agenda

1. Discuss Comments on GOES Model Governance Framework
2. Next Steps
 - a) Model Governance Framework
 - b) Software Update



2

ACLI Comment #1

Recommendation: Add “overview” and “key metrics” sections to the framework.

Purpose: These additions would help create more consistent expectations for GOES.

- The overview would clarify objectives for GOES and the strategy for achieving them.
- The key metrics would provide a way to review operational performance.

NAIC Recommendation:

Discuss the proposed sections provided by ACLI. Consider existing sections of the governance framework draft and where these would fit.

ACLI Comment #2

Update TBD link to model inventory file and post. Section IV.C, Model Inventory File, indicates that the location of the inventory file is TBD, and it does not appear to be available on the Documentation tab of the website where scenario data is hosted.

NAIC Recommendation:

- Finalize and upload model inventory to NAIC Conning Documents page

ACLI Comment #3

Issue: Retention requirements

Since companies use historical scenario files for calibration and auditing, we suggest retaining published GOES scenario files indefinitely and adding the following two sentences to section 3.D.2:

"Any published GOES scenarios or tools, including test files, will remain publicly available until further notice. Before removing access to any published files, the GOES (E/A) Subgroup will have a public notice and exposure."

NAIC Recommendation:

Implement process and add the proposed sentences to the framework draft as indicated. Need to discuss retention of erroneous files.

ACLI Comment #4

For audit purposes, include the valuation date, the date posted, the software version number used to produce the scenarios, the current version number for the model governance framework, and the file version number with all files. A list of file hashes would also be helpful.

Replacing updated files in-place can be challenging for companies' model governance and audit functions. This happened in February when the Additional Statistics files for December 2024 through December 2025 were updated.

NAIC Recommendation:

ACLI provided program to produce hash values for the post files to NAIC Staff. NAIC to implement a single file that will include hashes along with other data requested above. Once implemented, file will be posted with all scenario releases.

ACLI Comment #5

Provide data to support regression testing. We suggest adding the following items to the Full Governance list in section VIII.A:

- "Hashes of the most recent quarter-end scenario files before and after the change, created from the same inputs."
- "If the hashes are not the same, copies of the before and after versions of the most recent quarter-end scenario files, created from the same inputs. "

NAIC Response:

Update section VIII.A full governance list with the suggested language if Subgroup decides to implement a hashing process.

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7

Next Steps

GOES Model Governance Framework

- NAIC Staff will make edits to GOES model governance Framework based today's discussion, followed by a chair exposure.
- Comments will be considered prior to adoption by the Life Actuarial (A) Task Force and the Life RBC (E) Working Group.

Software Update

- On May 28, a proposal to update the GOES software version was exposed with demonstrations that results did not change
- No comments were received on the software update.
- With GOES (E/A) Subgroup Chair approval, the software version will be updated and implemented starting with the August month-end scenarios.
- Finalized model change management templates will also be posted on the scenario website

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8

Update on Mortality Experience Data Collections

August 10, 2026

Angela McNabb, ASA, MAAA



Agenda

- Recap of Previous Life Mortality Experience Data Collections
- 2026 Life Mortality Experience Data Collection
- Status of Group Annuity Mortality Experience Data Collection

Recap of Previous Life Mortality Experience Data Collections

- The NAIC provided aggregated data files to the SOA for observation years 2020 through 2023 in February of this year.
- The data has gone through an extensive review process. A report is expected to be published by the Society of Actuaries in the near future.
- NAIC staff is currently working with companies to complete data submissions and reviews for the 2024 observation year.
- We plan to deliver an aggregated data file to the SOA by 12/31/2026.

2026 Life Mortality Experience Data Collection

- A total of 99 companies are participating in the current data collection. This is down from 102 companies last year due to mergers.
- The data collection for observation year 2025 was officially opened on June 26, 2026.
- According to VM-51, initial submissions are due 9/30/2026 and final submissions are due 2/28/2027.

Group Annuity Mortality Experience Data Collection

- Amendment Proposal Form (APF) 2024-12 was approved by LATF on April 9, 2025. This amendment mandates a group annuity mortality data collection. The amendment is expected to be adopted by Executive Committee and Plenary later this week.
- A total of 36 companies have been selected to participate in this data collection. These companies were notified in July along with their domiciliary regulators.
- NAIC staff is preparing training and additional resources to assist companies with their preparations. These will be posted to the NAIC website as they become available.
- The group annuity data collection is scheduled to begin in 2027. Initial submissions will be due 9/30/2027 and final submissions will be due 2/28/2028.

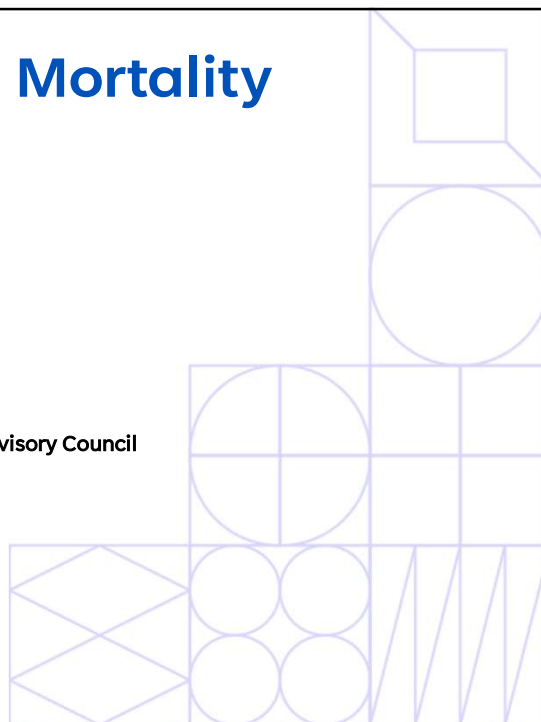


2026 HMI and FMI VM20 Mortality Improvement Scale

Preliminary Recommendation

August 10, 2026

Life MI Subgroup of the SOA Mortality and Longevity Oversight Advisory Council



1

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2

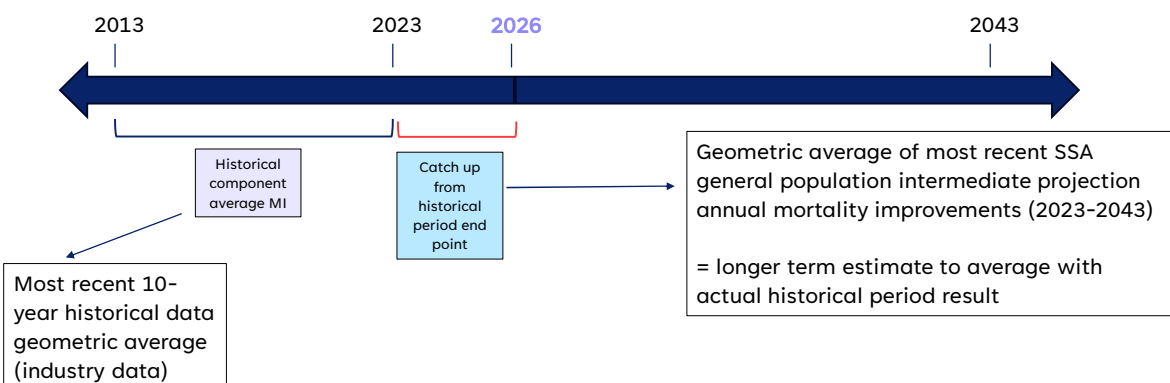
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Agenda

- Review Current HMI Scale Recommendation
- Review Current FMI Scale Recommendation
- Next steps

3

VM20 HMI Scale Methodology Valuation Year 2026



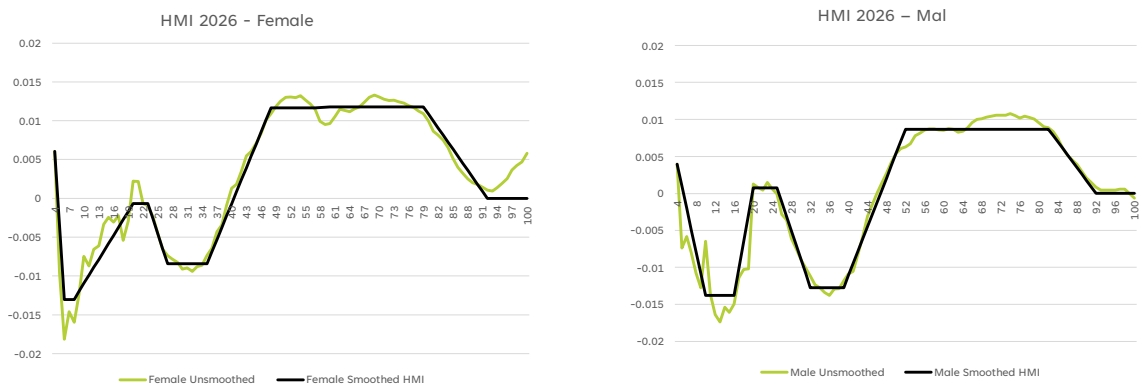
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2026 HMI Recommendation – Unsmoothed Scale



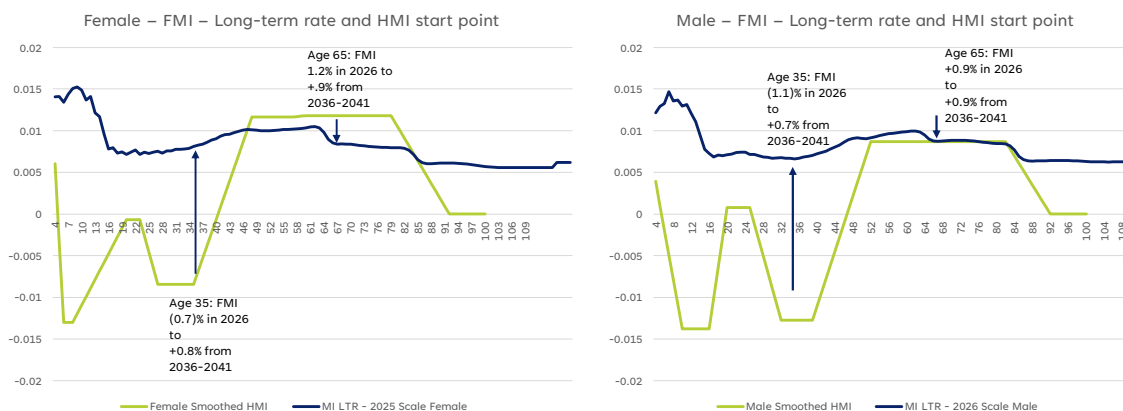
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2026 HMI Recommendation – Smoothed Scale



6

2026 FMI Recommendation



FMI:

- Starting in 2026 at HMI Scale
- Grades to MI LTR in 2036
- Remains at MI LTR until 2041
- Then grades to FMI=0 at year 20 (2046)

7

8

Developments for New VBT

August 10, 2026

Valuation Basic Table Working Group
of the SOA Mortality and Longevity Oversight Advisory Council



1

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2

Agenda

- Key Decisions and developments
- Core age model development
 - Data
 - Distinct model differentiators – model granularity
 - Select period
- Policy count vs policy amount tables
- Next steps

3

Key Decisions and Developments

4

Key Decisions from Spring 2026 Exposure

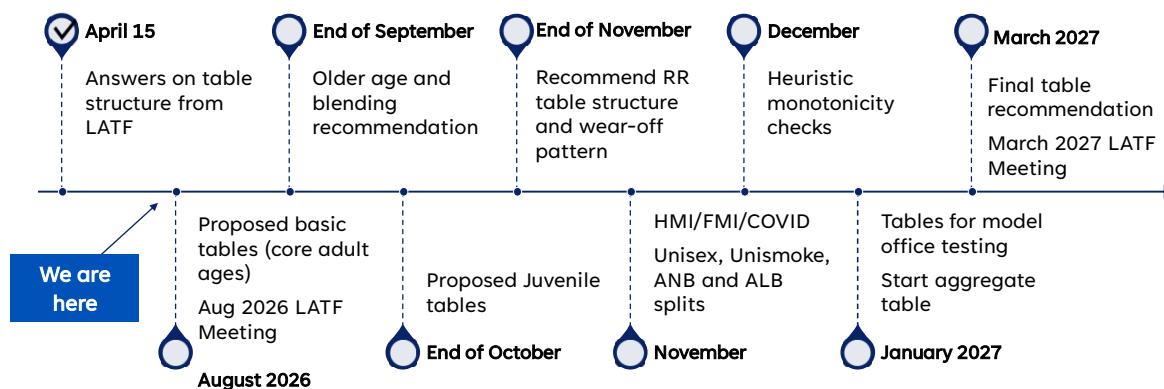
- Stick with 2018-2019 exposure years and validate with 2023, possibly 2024 data
 - Ignore COVID years
- Enable more data-driven development
 - Let the data and science drive analysis
 - Additional granularity okay
- Develop an aggregate table in addition to more granular tables
 - More consistent with existing VBT structure



5

5

Making Good Progress but Slightly Behind



This is an aggressive but achievable timeline. Working to catch up by end of year.

6

6

New VBT Table Development Focus and Process – On step 4*



* Good progress on Step 3 but on hold until more progress on step 4

7

7

Core Age Model Development



8

8

Model Structure

- Explored different model structures
 - 25 yr, 20 yr and Fully select
 - Main, 2 way and Full effects
 - Poisson
 - Issue age
 - Two-dimensional binomial GAM
 - 5/6 knots per smooth variable
 - Adjusted logistic on policy and amount weighted data



Recommended model structure

- Two-dimensional binomial GAM
- Logistic link function:
 - Allows mortality rates to approach and converge to 0.55 at infinity
 - Enables convergence in a smooth, expected manner
 - Reflects implicit prior assumptions on later life mortality
- Improves explainability

9

9

Data Summary – Focus on Core Age Table

- Issue ages: 26 – 89
 - Projected to 99
- Durations 1 – 20
 - Projected to 21
 - Also examined durations 1 – 25, projecting to duration 26
- Attained ages: <99
- NS/SM
- M/F
- Plan, UW, Amount groups



Data not reflected in initial core table

- Issue ages 18 – 25
 - Due to suspected child rider conversions
- Issue ages 70+
 - For issue years 2005 – 2008 and
 - With face amounts $\geq$ \$1 million
- Unknown smoker status
 - Irrational heterogeneous behavior
 - Current and future materiality*
- Post level term, Age basis

* By 2023, the proportion of early duration unknowns is significantly reduced from 2018/19

10

10

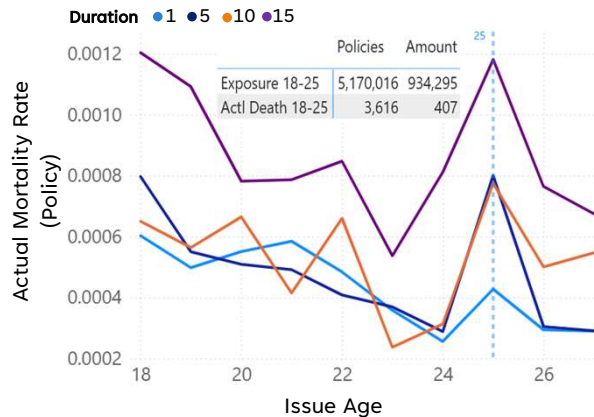
Data Summary – Issue Ages 18-25 Data Issue

Issues uncovered

- Mortality for this cohort significantly higher than later issue ages
 - Issue ages 18-25 show a significant spike then decreasing
 - Demonstrate minimal selection
- Inclusion results in model underestimation of mortality for subsequent issue ages
- Suspect spike is related to child rider conversions at age 25



Young Adult Mortality Rate by Issue Age and Duration



11

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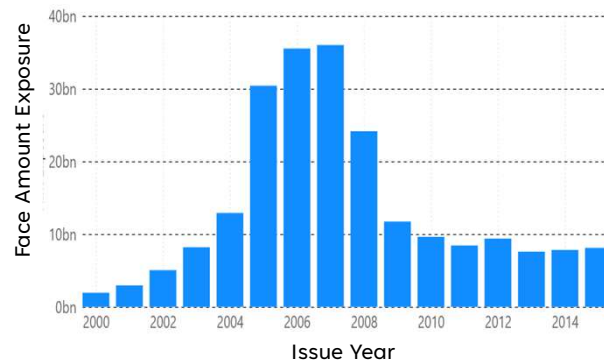
Data Summary – Issue Ages 70+, Issue Years 2005-08, Face Amount Bands 1M+ Data Issue

Issues uncovered

- Large bulge in exposure from UL and ULSG plans primarily from issue years 2005-2008 & face amounts $\geq \$1m$
 - Mortality for this period is significantly lower than expected
- Results in:
 - “Plateau” in the age duration mortality surface
 - Average face amount in period 10 times higher than subsequent period
 - Older age mortality for durations 1-10 not consistent with durations 11-16
- Impacts results (lowers expected, not conservative)
- Past anomaly that should not affect future mortality



Distribution of Exposures for Face Amounts \$1M+ By Issue Year, Issue Ages 70+



12

12

Data Summary – Issue Ages 70+, Issue Years 2005-08, Face Amount Bands 1M+ Data Issue

Recommendation

- Exclude this data from overall analysis
- Implication
 - Loss of exposure
 - Loss of claims (amount + count)

Data Excluded 2005-08

Policies Amount

Exposure	29,573	126,099
Actl Death	1,928	7,978



Mortality Comparison for Face Amounts \$1M+ Male, NS Issue Ages 76+



13

13

Model Granularity Refined Results in Fewer, but Still Many Distinct Tables

Reduces the number of attributes and interactions from March meeting

Modeling Interactions	Data Grouping*	
Plan Type	Non-term (N)	Term (T) – includes unknown level term
Face Amount Band	• < \$100k • \$100k +	• < \$250k • ≥ \$250k
Risk Class Grouping*	• H = Preferred: (1/2, 1/3, 1/4, 2/3, 2/4) • L = Residual: (2/2, 3/3, 4/4) • N = Non-preferred (preferred underwriting class = 0)	
Results in 48 distinct table combinations; prior to aggregate table		



* Classes using coding system from VM-51

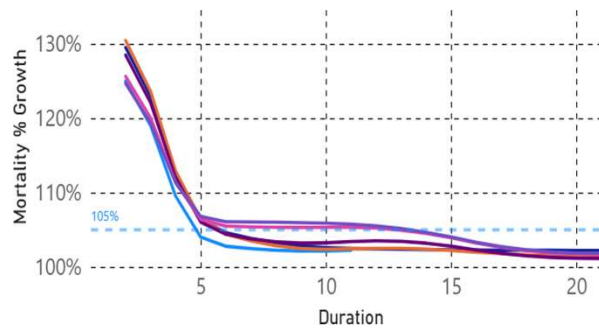
14

14

Select Period Shows Slight Reduction for Male Risks

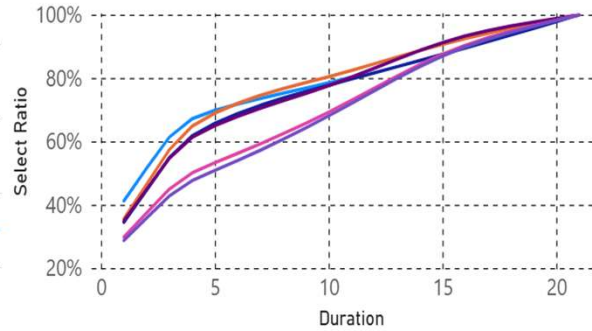
Mortality Growth by Duration and Attained Age

AttAge ● 36 ● 46 ● 56 ● 66 ● 76 ● 86



Select Ratio by Duration and Attained Age

AttAge ● 36 ● 46 ● 56 ● 66 ● 76 ● 86



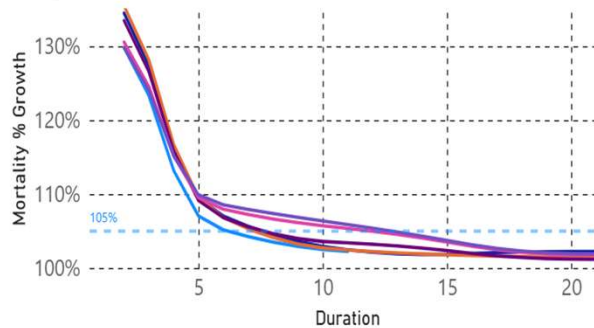
15

15

Select Period Shows Similar Pattern for Female Risks

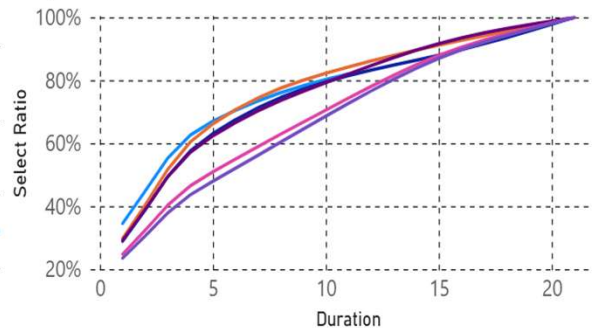
Mortality Growth by Duration and Attained Age

AttAge ● 36 ● 46 ● 56 ● 66 ● 76 ● 86



Select Ratio by Duration and Attained Age

AttAge ● 36 ● 46 ● 56 ● 66 ● 76 ● 86



16

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Recommend 20-year Select Period

2015 VBT Select Period

Issue Age	Male	Female
0-17	0	0
18-54	25	20
55	24	19
60	21	19
65	19	17
70	17	15
75	15	14
80	11	11
85	8	8
90	4	4
95	1	1



Recommended Select Period

Issue Age	Male	Female
0-17	0	0
18-25	0	0
26-69	20	20
70	Still in development	
75		
80		
85		
90		
95		

Likely
recommendation

17

17

Policy Count versus Policy Amount Table



18

18

Converting Policy-weighted Tables to Amount-weighted Tables

Issue uncovered

- Odd spike in A/E causes unreasonable relationship between amount and count weighted tables
- Likely due to random volatility from sporadic claims at largest face amounts
- Results in model giving higher weights to the very high face amount observations, adding volatility to the curve smoothness



A/E of amount v policy weighted

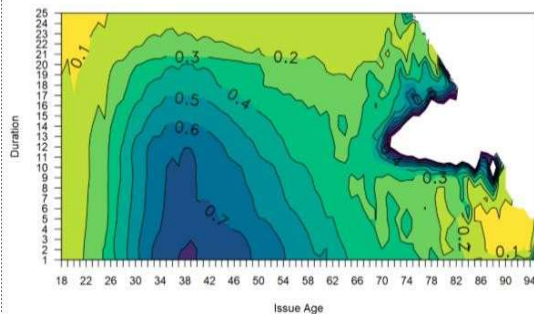
	Amt Lwr	Pol A/E Excl	Amt A/E Excl	Pol A/E Tot	Amt A/E Tot
00000		100%	99%	100%	99%
00010		114%	109%	114%	109%
00025		105%	102%	105%	102%
00050		96%	94%	96%	94%
00100		97%	95%	97%	95%
00250		100%	99%	100%	99%
00500		98%	97%	98%	97%
01000		94%	95%	95%	95%
02500		100%	99%	97%	97%
05000		100%	99%	90%	91%
10000		100%	98%	88%	90%
Total		100%	97%	100%	95%

19

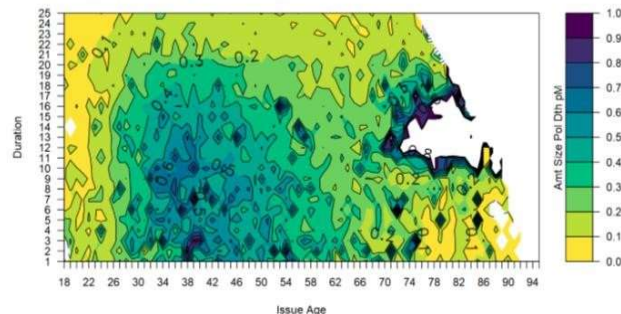
Select Policy Average Amounts: Exposures and Deaths

Average amounts on death* lower than average amounts on exposure and are more volatile driven by more claims at face amounts over \$1 M

Pol Average Amount pM on Exposure



Pol Average Amount pM on Death



* Amounts coded by color with yellow being < \$0.1M and white being ≥ \$1.0M

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Converting Policy-weighted Tables to Amount-weighted Tables

Recommendation

- Provide a cap on the face amount exposure of \$X Million
 - Does not reduce # claims
 - Reduces average size of claim at largest face amounts
 - Smooths out experience by reducing weight of observations
 - Reduces volatility of model results at highest face amounts across all ages
 - Value of X still under review
 - \$1M, \$2.5M or \$5M



Excess Exposure Amounts			Excess Death Amounts		
1.0M+	2.5M +	5.0M +	1.0M+	2.5M +	5.0M+
4,402bn	1,682bn	720bn	9,677M	4,885M	2,322M

Effect of \$2.5M Cap on Deaths and Mortality Rates*

- Deaths (Amt) before Cap
- Deaths (Amt) after Cap
- Log 10 Mortality Rt before Cap
- Log 10 Mortality Rt after Cap



* Analysis already excludes data from higher face amount, 70+, 2005-2008

21

21

Next Steps



22

22

Directional Feedback Requested

Data exclusions

Table parameters / granularity and # tables

Capping of large face amount claims

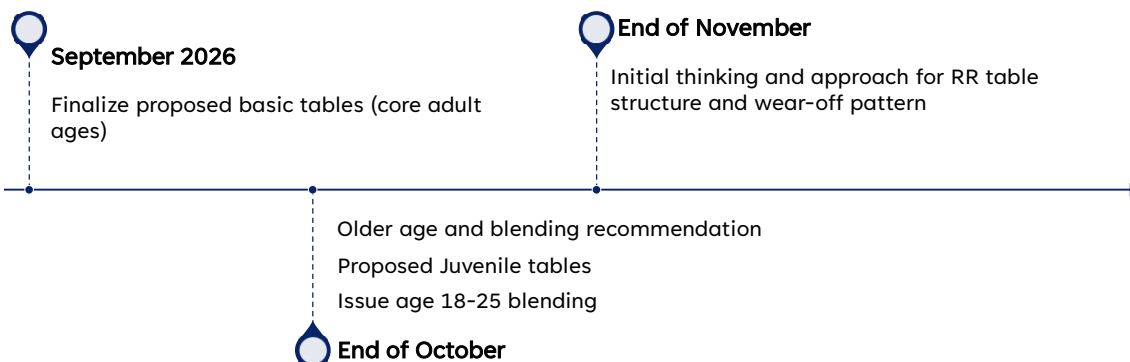
20-year select period



23

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Between Now and Fall National Meeting



Recommend a few conference call touch points before Winter meeting
Slightly behind from initial targeted dates

24

24

Contact Information

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Senior Experience Studies Actuary
SOA Research Institute
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Society of Actuaries Research Update to LATF

August 10, 2026

R. Dale Hall, FSA, MAAA, CFA, CERA
Managing Director, Research

Yutaro Seki, FSA, EA, MAAA
Experience Studies Actuary

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2027 GRET Recommendation



Background

- Recommended Generally Recognized Expense Table (GRET) for 2027 was based on certain information reported in companies' 2024 and 2025 Annual Statements provided by the NAIC.
- Other than the combination of two distribution channels (Niche Marketing and Other), the general methodology we followed is similar to prior years.
- 2027 GRET factors are slightly lower than 2026 factors for majority of companies in the analysis (377 total companies).

Methodology: Expense Analysis and Distribution Channels

Calculate Company Actual to Expected	- Actual expense data from NAIC-provided Annual Statements. - Apply seed factors to company data to calculate expected expenses. - Compare Actual to Expected Expenses
Remove Outliers	- Calculate medians by distribution channel. - Remove companies above 350% or below 10% of the median.
Primary Distribution Channel	- Survey sent by SOA Research Institute to gather distribution channel and/or review distribution channel previously gathered.
Determine Final Factors	- For each distribution channel, determine the average A/E. - Multiply the average A/E over the past two years times the Seed value to determine the final factor. (A rounded change cap of $\pm 10\%$ is applied.)

Companies Considered in Calculation

Year	Starting Companies	Reinsurers (Removed)	De minimis Expenses (Removed)	Companies Considered
2024	712	(56)	(133)	523
2025	702	(67)	(129)	506

- Started with data from the NAIC for all companies' Blue Book values.
- Removed Reinsurers.
- Removed companies with no reported expenses.

Final Used Companies in 2027 Factor Calculation

Year	Companies Considered	Outlier Exclusion	Removed for Large Premium per Policy	Not Kept in Other Calculation Year	Final Companies
2024	523	(113)	(8)	(22)	380
2025	506	(93)	(9)	(27)	377

- Started with considered companies.
- Removed companies that failed exclusion tests.
- Removed companies with large premium per policy (greater than \$40K).
- Removed companies that were not kept in other calculation year.

Final Companies Study

- Final company count used in the 2027 GRET calculation was 377
- Slight decrease from the 380 in the 2026 GRET
- Over the past five years, the company count has been very steady, between 375 and 380.



Current 2026 GRET Factors

Current 2026 GRET FACTORS (based on average of 2023/2024 data)					
Description	Acquisition per Policy	Acquisition per Unit	Acquisition per Premium	Maintenance per Policy	Company Count
Independent	\$217	\$1.20	54%	\$65	150
Career	\$238	\$1.30	60%	\$72	95
Direct Marketing	\$263	\$1.40	65%	\$79	24
Niche Marketing	\$126	\$0.70	32%	\$38	25
Other*	\$175	\$1.00	44%	\$53	86
* Includes companies that did not respond to this or prior year surveys. Note: All values reflect capped final factors ($\pm 10\%$ annual change limit). Rounding may result in the final change being slightly outside of the limit. In addition, there is a one-time reduction from 2026 to 2027 exceeding 10% for companies in the Other category in both years due to the combination of Niche Marketing and Other.					380

Company Counts: 2026 into 2027

Description	2026 Company Count	2027 Company Count
Independent	150	174
Career	95	101
Direct Marketing	24	25
Niche Marketing	25	----
Other*	<u>86</u>	<u>77</u>
Total	380	377

Acquisition per Policy Factor Comparison

Comparison to Prior Years					
Description	2025	Percentage Change	2026	Percentage Change	2027
Independent	\$204	6%	\$217	-2%	\$212
Career	\$227	5%	\$238	-1%	\$235
Direct Marketing	\$239	10%	\$263	10%	\$289
Niche Marketing*	\$131	-4%	\$126	10%	\$139
Other**	\$159	10%	\$175	-21%	\$139

*Niche Marketing category was eliminated beginning with 2027 GRET Factors.

** For 2025 and 2026, includes companies that did not respond to this or prior year surveys. For 2027, includes most companies that were in Niche Marketing in prior years' GRET Factors.

Note: All values reflect capped final factors ($\pm 10\%$ annual change limit). Rounding may result in the final change being slightly outside of the limit. In addition, there is a one-time reduction from 2026 to 2027 exceeding 10% for companies in the Other category in both years due to the combination of Niche Marketing and Other.

Acquisition per Unit Factor Comparison

Comparison to Prior Years					
Description	2025	Percentage Change	2026	Percentage Change	2027
Independent	\$1.10	9%	\$1.20	0%	\$1.20
Career	\$1.20	8%	\$1.30	0%	\$1.30
Direct Marketing	\$1.30	8%	\$1.40	7%	\$1.50
Niche Marketing*	\$0.70	0%	\$0.70	14%	\$0.80
Other**	\$0.90	11%	\$1.00	-20%	\$0.80

*Niche Marketing category was eliminated beginning with 2027 GRET Factors.

** For 2025 and 2026, includes companies that did not respond to this or prior year surveys. For 2027, includes most companies that were in Niche Marketing in prior years' GRET Factors.

Note: All values reflect capped final factors ($\pm 10\%$ annual change limit). Rounding may result in the final change being slightly outside of the limit. In addition, there is a one-time reduction from 2026 to 2027 exceeding 10% for companies in the Other category in both years due to the combination of Niche Marketing and Other.

Acquisition per Premium Factor Comparison

Comparison to Prior Years					
Description	2025	Percentage Change	2026	Percentage Change	2027
Independent	51%	6%	54%	-2%	53%
Career	57%	5%	60%	-2%	59%
Direct Marketing	59%	10%	65%	11%	72%
Niche Marketing*	33%	-3%	32%	9%	35%
Other**	40%	10%	44%	-20%	35%

*Niche Marketing category was eliminated beginning with 2027 GRET Factors.

** For 2025 and 2026, includes companies that did not respond to this or prior year surveys. For 2027, includes most companies that were in Niche Marketing in prior years' GRET Factors.

Note: All values reflect capped final factors ($\pm 10\%$ annual change limit). Rounding may result in the final change being slightly outside of the limit. In addition, there is a one-time reduction from 2026 to 2027 exceeding 10% for companies in the Other category in both years due to the combination of Niche Marketing and Other.

Maintenance per Policy Factor Comparison

Comparison to Prior Years					
Description	2025	Percentage Change	2026	Percentage Change	2027
Independent	\$61	7%	\$65	-2%	\$64
Career	\$68	6%	\$72	-1%	\$71
Direct Marketing	\$72	10%	\$79	10%	\$87
Niche Marketing*	\$39	-3%	\$38	11%	\$42
Other**	\$48	10%	\$53	-21%	\$42

*Niche Marketing category was eliminated beginning with 2027 GRET Factors.

** For 2025 and 2026, includes companies that did not respond to this or prior year surveys. For 2027, includes most companies that were in Niche Marketing in prior years' GRET Factors.

Note: All values reflect capped final factors ($\pm 10\%$ annual change limit). Rounding may result in the final change being slightly outside of the limit. In addition, there is a one-time reduction from 2026 to 2027 exceeding 10% for companies in the Other category in both years due to the combination of Niche Marketing and Other.

Recommendation for 2027 GRET Factors (Original)

Proposed 2027 GRET FACTORS (based on average of 2024/2025 data)					
Description	Acquisition per Policy	Acquisition per Unit	Acquisition per Premium	Maintenance per Policy	Company Count
Independent	\$212	\$1.20	53%	\$64	174
Career	\$235	\$1.30	59%	\$71	101
Direct Marketing	\$289	\$1.50	72%	\$87	25
Other*	\$139	\$0.80	35%	\$42	77
* Includes most companies that were in Niche Marketing in prior years' GRET Factors. Note: All values reflect capped final factors ($\pm 10\%$ annual change limit). Rounding may result in the final change being slightly outside of the limit. In addition, there is a one-time reduction from 2026 to 2027 exceeding 10% for companies in the Other category in both years due to the combination of Niche Marketing and Other.					377

Acquisition per Policy Factor Comparison

Comparison to Prior Years					
Description	2025	Percentage Change	2026	Percentage Change	2027
Independent	\$204	6%	\$217	-2%	\$212
Career		5%		-1%	\$235
Direct Marketing	\$239	10%	\$263	10%	\$289
Niche Marketing*		-4%		25%	\$158
Other**	\$159	10%	\$175	-10%	\$158

*Niche Marketing category was eliminated beginning with 2027 GRET Factors.

** For 2025 and 2026, includes companies that did not respond to this or prior year surveys. For 2027, includes most companies that were in Niche Marketing in prior years' GRET Factors.

Note: All values reflect capped final factors ($\pm 10\%$ annual change limit). Rounding may result in the final change being slightly outside of the limit. In addition, the limit was disregarded for the combined Niche Marketing and Other category for 2027.

Acquisition per Unit Factor Comparison

Comparison to Prior Years					
Description	2025	Percentage Change	2026	Percentage Change	2027
Independent	\$1.10	9%	\$1.20	0%	\$1.20
Career	\$1.20	8%	\$1.30	0%	\$1.30
Direct Marketing	\$1.30	8%	\$1.40	7%	\$1.50
Niche Marketing*	\$0.70	0%	\$0.70	29%	\$0.90
Other**	\$0.90	11%	\$1.00	-10%	\$0.90

*Niche Marketing category was eliminated beginning with 2027 GRET Factors.

** For 2025 and 2026, includes companies that did not respond to this or prior year surveys. For 2027, includes most companies that were in Niche Marketing in prior years' GRET Factors.

Note: All values reflect capped final factors ($\pm 10\%$ annual change limit). Rounding may result in the final change being slightly outside of the limit. In addition, the limit was disregarded for the combined Niche Marketing and Other category for 2027.

Acquisition per Premium Factor Comparison

Comparison to Prior Years					
Description	2025	Percentage Change	2026	Percentage Change	2027
Independent	51%	6%	54%	-2%	53%
Career	57%	5%	60%	-2%	59%
Direct Marketing	59%	10%	65%	11%	72%
Niche Marketing*	33%	-3%	32%	22%	39%
Other**	40%	10%	44%	-11%	39%

*Niche Marketing category was eliminated beginning with 2027 GRET Factors.

** For 2025 and 2026, includes companies that did not respond to this or prior year surveys. For 2027, includes most companies that were in Niche Marketing in prior years' GRET Factors.

Note: All values reflect capped final factors ($\pm 10\%$ annual change limit). Rounding may result in the final change being slightly outside of the limit. In addition, the limit was disregarded for the combined Niche Marketing and Other category for 2027.

Maintenance per Policy Factor Comparison

Comparison to Prior Years					
Description	2025	Percentage Change	2026	Percentage Change	2027
Independent	\$61	7%	\$65	-2%	\$64
Career	\$68	6%	\$72	-1%	\$71
Direct Marketing	\$72	10%	\$79	10%	\$87
Niche Marketing*	\$39	-3%	\$38	24%	\$47
Other**	\$48	10%	\$53	-11%	\$47

*Niche Marketing category was eliminated beginning with 2027 GRET Factors.

** For 2025 and 2026, includes companies that did not respond to this or prior year surveys. For 2027, includes most companies that were in Niche Marketing in prior years' GRET Factors.

Note: All values reflect capped final factors ($\pm 10\%$ annual change limit). Rounding may result in the final change being slightly outside of the limit. In addition, the limit was disregarded for the combined Niche Marketing and Other category for 2027.

Recommendation for 2027 GRET Factors (Updated)

Proposed 2027 GRET FACTORS (based on average of 2024/2025 data)					
Description	Acquisition per Policy	Acquisition per Unit	Acquisition per Premium	Maintenance per Policy	Company Count
Independent	\$212	\$1.20	53%	\$64	174
Career	\$235		59%	\$71	101
Direct Marketing	\$289	\$1.50	72%	\$87	25
Other*	\$158	\$0.90	39%	\$47	77
* Includes most companies that were in Niche Marketing in prior years' GRET Factors. Note: All values reflect capped final factors ($\pm 10\%$ annual change limit). Rounding may result in the final change being slightly outside of the limit. In addition, the limit was disregarded for the combined Niche Marketing and Other category for 2027.					377

Reference: Expense Seed Factors

- Based on averages from 2006–2010 SOA studies of term and permanent products.
- Blended, non-differentiated seeds used across all channels since 2015.

	Acquisition per Policy	Acquisition per Unit	Acquisition per Premium	Maintenance per Policy
Term				
• Weighted Average	\$149	\$0.62	38%	\$58
• Unweighted Average	\$237	\$0.80	57%	\$76
• Median	\$196	\$0.59	38%	\$64
Permanent				
• Weighted Average	\$167	\$1.43	42%	\$56
• Unweighted Average	\$303	\$1.57	49%	\$70
• Median	\$158	\$1.30	41%	\$67
Current Seed Factors	\$200	\$1.10	50%	\$60

Additional Survey Results: GRET Usage

Percentage of Companies that use GRET Factors	
Survey Year	Percentage
2025	25%
2024	34%
2023	44%
2022	35%
2021	31%
2020	29%
2019	26%
2018	28%
2017	30%

Annual industry survey on GRET factor usage for individual life sales illustrations.

The results show that usage among the survey respondents remains in the 30% range for the past nine years.

Questions?

Experience Studies

Project Name	Link/Expected Completion Date
2020-2024 Individual Payout Annuity Mortality Experience Study	https://www.soa.org/resources/experience-studies/2026/2020-24-individual-payout/
2015-2024 Deferred Annuity Mortality Study	8/31/2026
2024-2025 Registered Index-Linked Annuity Policyholder Behavior	9/30/2026
2018-2024 Individual Life Mortality Study	10/31/2026
2009-2024 Post-Level Term Mortality and Lapse	12/15/2026
ILEC SI AUW Underwriting	6/30/2027

Practice Research

Project Name	Objective	Link/Expected Completion Date
Complex Assets in Insurance and Annuity Industries	Examine the use of complex assets in the life and annuity industry compared to traditional public corporate bonds	https://www.soa.org/resources/research-reports/2026/complex-assets-insurance-annuities/
Fairness Metrics for Life Insurance	Identify and discuss a variety of quantitative metrics that could be used to evaluate fairness of life insurance products under different definitions of fairness	https://www.soa.org/resources/research-reports/2026/fairness-metrics-life-insurance/
International Reinsurance Landscape Overview for U.S. Life & Annuities	Examine the offshore reinsurance landscapes	https://www.soa.org/resources/research-reports/2026/international-reinsurance-landscape-overview/
2025 Mortality Improvement Assumption Survey	Update of 2022 MI survey	8/14/2026
Quantifying Mortality and Morbidity Impacts from Climate Risks: A Practical Framework for Decision Making	Quantifying Mortality and Morbidity Impacts from Climate Risks: A Practical Framework for Decision Making	8/14/2026
Criminal Histories and Mortality	Examine the link between individuals with a criminal history and mortality	8/31/2026
Impact of AI Supported UW on Mortality Slippage - Report	Get a holistic and in-depth understanding of the industry's current approaches to AI supported underwriting and its impacts on mortality slippage	8/31/2026
Considerations in Developing Combination LTC Products	Combo LTC analysis	9/30/2026
Mortality by Socioeconomic Category through 2024	Update of life tables by socioeconomic decile through 2024	9/30/2026
Mortality by Socioeconomic-Demographic Analysis - Collection of Analyses	Collection of analyses of county-level mortality variations by socioeconomic and demographic characteristics that are both methodologically rigorous and practically informative	9/30/2026

Update on Actuarial Guideline 53 reviews

Fred Andersen, Minnesota

NAIC NATIONAL ASSOCIATION OF
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2026 SUMMER NATIONAL MEETING

NAIC

Areas of focus

- Unmodeled cliff risk of complex assets
- Unmodeled illiquidity risk of complex assets
- Valuation of level 3 assets

Unmodeled cliff risk of complex assets

- Some asset types have high gross yields and may have low risk of default in an 85th percentile scenario
- But fat tail risk
 - Substantial loss of value beyond 85th %-tile
 - Some claim this risk is beyond moderately adverse
- Run 1,000 Treasury scenarios which all show no chance of loss

Unmodeled cliff risk of complex assets

- Indirectly, the issue of high assumed yields and disregarding risks has been addressed
 - Outlying high net yield assumptions have been reduced with VAWG / domestic regulator engagement for 30 companies

Unmodeled cliff risk of complex assets

- What would more rigorous modeling show?
 - Consideration of the full distribution of risk is required
 - Would averaging of 70th through 100th percentile asset risk (CTE 70) show worse downside than reflected in default assumption?
 - How should really bad asset scenarios be reflected in reserve adequacy testing?

Unmodeled cliff risk of complex assets

- CFT / AG 53 reports should at least disclose what a scenario leading to bad asset performance would look like
 - Even if it's not the reserve adequacy basis
 - Helps provide regulators comfort that the company understands the high-yield asset type and its risk

Unmodeled illiquidity risk

- CFT / AG 53 reports should at least disclose what a scenario leading to an illiquid asset leading to losses would look like
 - Even if it's not the reserve adequacy basis
 - Helps provide regulators comfort that the company understands the illiquid asset type and its risk

Unmodeled illiquidity risk

- Could be up interest rate scenario
 - Disintermediation risk
 - Lapse for cash surrender value when asset market values fall
- Could be down interest rate scenario
 - e.g., guaranteed withdrawal income is more in the money in down scenario
 - More unexpected cash flow demands if more policyholders select GLWB income

Level 3 valuations

- Asset value is determined by the insurer
- Asset value has direct impact on CFT results if asset is assumed to be sold
- Indirect impact: artificially high valuation could give false sense of low risk (low CFT default assumptions)
- Also RBC impact

Update on Actuarial Guideline 55 reviews

Fred Andersen, Minnesota

NAIC NATIONAL ASSOCIATION OF
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2026 SUMMER NATIONAL MEETING

NAIC

AG 55 background

- Adopted by the NAIC last year
- Disclosures on reserve adequacy after certain reinsurance
 - Are reduced reserves resulting from these transactions still adequate to pay future claims?
 - Are reserves available to cover moderately adverse conditions and capital available to cover more severe conditions?
- First filings: 2Q 2026
 - 80 life insurers with filings; over 100 AG 55 reports
 - Some ceding companies: multiple treaties within scope

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AG 55 Reviews

- Started with prioritized companies
 - e.g., high percentage of liabilities ceded offshore or to captive
- Reviews still in early stages
- Interactions with early review companies
- No firm conclusions at this point
- Mainly observations, areas to pursue better understanding

AG 55 findings

- Many annuity blocks have lower reserve amount supporting it after offshore / captive reinsurance
- Most common reasons for reduced reserves (reported by companies):
 - Asset returns are higher than US statutory discount rate
 - Policyholder behavior is less efficient than in US stat
 - VM-22 changed some of the dynamics

AG 55 findings

- If reserves are not reduced?
 - Company may say, "holding 100% US Statutory reserve"
 - But little or no extra money to support the block
 - Equivalent of near 0% RBC ratio
 - Company may say, pursuing "capital efficiency"
 - AG 55 contemplates reserves and capital supporting assumed business
 - Reviews are digging into this issue
- Other identified issues – Top 10 list (to pursue better understanding)

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AG 55 – top 10 topics of regulatory interest

1. High net yield assumptions without modeling of downside
 - Illiquidity or other causes of downside – not always triggered by int. rate path
 - Interaction with policyholder behavior (guarantee selection, cash demands)
 - Should default assumptions on floating rate assets vary by int. rate scenario?
2. Valuation of level 2/3 assets

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- Are companies able to kick the can down the road when initial

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AG 55 – top 10 topics of regulatory interest

3. Transparency of assets held by offshore reinsurer

- Information on asset types is contained in AG 55
- Details on assets – riskier than in U.S.?
- Risk different if affiliated / non-affiliated; funds w/h vs. on reinsurer's bal. sheet?

4. Unmodeled cliff risk of certain assets

- How should sens. / stress tests impact cash-flow testing assumptions?
- Should average in and disclose cliff possibility even if beyond 85th %-tile

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AG 55 – top 10 topics of regulatory interest

5. Reinsurer balance sheet verification

- Verification of post-reinsurance reserve (starting asset amount for AG 55)
- Any questionable offsetting asset on reinsurer's balance sheet?
- Establish protocol to increase transparency?

6. Low capital after reinsurance

- "Holding reserves at US statutory level" when total assets held are lower
- Still sufficient capital to handle beyond moderately adverse conditions?

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AG 55 – top 10 topics of regulatory interest

7. Reasons for offshore / captive reinsurance

- What are reasonable reasons?
- Beyond perceived US Stat “CARVM” conservatism? “Fixed” with VM-22?

8. Company understanding of risks

- Rapid growth: rich-guarantee annuity sales matched with complex assets and offshore reinsurance
- Do all market entrants understand the risks: product, asset, reinsurance?

AG 55 – top 10 topics of regulatory interest

9. Probability / impact of reinsurer failure

- Consideration of collectability risk should be part of standard cash-flow testing
 - ASOP #22 and AG 53

10. Misunderstanding of AG 55

- Most common: not applying AG 55 definition of Post-reinsurance Reserve when establishing cash-flow testing starting asset amount
- Testing the reserve amount actually held

Next steps

- Continue reaching out to companies, gaining more understanding on these 10 (and other) issues
 - Macro and company-specific analysis
- Guidance document development
 - LATF discussion later in August
 - More details on policyholder behavior assumptions, alternative run justification, reserve decrease drivers if no attribution analysis provided