August 11, 2025

**To:** Dale Bruggeman (MO), Chair, Statutory Accounting Principles (E) Working Group

Kevin Clark, (IA), Vice Chair, Statutory Accounting Principles (E) Working Group

**From:** Rachel Hemphill (TX), Chair, Life Actuarial (A) Task Force,

Craig Chupp (VA), Vice Chair, Life Actuarial (A) Task Force

**RE:** Life Actuarial (A) Task Force Coordination with the Statutory Accounting Principles (E) Working Group 2025

The Statutory Accounting Principles (E) Working Group charges requires the Working Group to coordinate with the Life Actuarial (A) Task Force on changes to the AP&P Manual related to the *Valuation Manual* (VM)-A, Requirements, and VM-C, Actuarial Guidelines, as well as other VM requirements. This process will include the receipt of periodic reports on changes to the VM on items that require coordination. To facilitate the coordination, the Task Force will provide to the Working Group a memorandum of VM amendments, actuarial guidelines and valuation related NAIC model revisions. This memorandum provides the Working Group updates to the publications since the 2024 NAIC Summer Meeting.

**Valuation Manual** – Attachment A to this memo includes a detailed listing of the amendments made to the VM since the 2024 NAIC Summer Meeting. The amendments were adopted by the Life Insurance and Annuities (A) Committee on July 14, 2025. The full amendments package adopted by the A Committee is available at <https://content.naic.org/pbr_data.htm> under the “Next Year” subsection of the “Valuation Manual” website section. All of the amendments will be considered by the Executive (EX) Committee and Plenary at the 2025 NAIC Summer Meeting.

The working group should consider the following amendments, in particular:

* Amendment Proposal Form (APF) 2024-13 which clarifies the reflection of negative interest maintenance reserves (IMRs) in principle-based reserving and asset adequacy analysis,
* APF 2025-04 that implements the generator of economic scenarios (GOES) and includes an optional phase-in of the impacts to reserves, and
* APF 2025-11 which adds a new principle based reserving methodology for non-variable annuities and includes an optional implementation period.

**Actuarial Guidelines** – Since the 2024 NAIC Summer Meeting the Task Force has created or revised the actuarial guidelines created listed below:

**Actuarial Guideline LV (AG 55) – Application of the Valuation Manual for Testing the Adequacy of Reserves Related to Certain Life Reinsurance Treaties**

* AG 55 addresses state insurance regulators concerns about potential asset inadequacy and insufficient reserves resulting from certain reinsurance transactions by requiring additional disclosures for in-scope reinsurance transactions. Depending on the risk of the reinsurance treaty and other factors, the additional disclosures could include cash-flow testing, attribution analysis, or other analyses.
* Life Insurance and Annuities (A) Committee adoption – July 14, 2025
* Executive (EX) Committee and Plenary consideration for adoption – August 13, 2025

**NAIC Models** – The Task Force has not created or revised any models since the 2024 NAIC Fall Meeting.

**Attachment A**

| LATF VM Amendment | Valuation Manual Reference | Valuation Manual Amendment Proposal Descriptions | LATF Adoption Date |
| --- | --- | --- | --- |
| 2024-11 | Valuation Manual Section II, Subsection 1.G | This amendment is to coordinate with Blanks updates that have been made. Specifically, in Exhibit 1, Part 1 there is now an “individual” column rather than an “ordinary” column and the separate industrial and credit life columns were removed, by BWG 2022-14. | 9/5/2024 |
| 2024-14 | VM-31 Section 3.F.3.f | This amendment adds VM-31 Section 3.F.3.f(iii) to require reporting on waiver of surrender charges provisions. | 11/15/2024 |
| 2024-13 | VM- 20 Section 7.D.7  VM-30 Section 3.B.5 | This amendment clarifies the reflection of negative interest maintenance reserves (IMRs). | 12/12/2024 |
| 2024-15 | VM-21 Section 11.B.3 (Mortality) | This amendment corrects an error introduced in amendment 2024-07 that unintentionally changed the industry mortality table from a ceiling to a floor for variable annuity guaranteed living benefits (VAGLBs). | 12/12/2024 |
| 2025-01 | VM-20, Sections 3.C.1.g and 6.B.5.d | This amendment ensures that groups with higher anticipated mortality reflect appropriate margins in the mortality rates used for the basic reserve/NPR calculation. | 3/22/2025 |
| 2025-03 | VM-20, Section 9.D.5 | This amendment modifies the universal life with secondary guarantee (ULSG) lapse assumption for policies with minimal cash surrender value (CSV) so that the required industry table is a guardrail rather than a prescribed assumption. | 3/22/2025 |
| 2025-02 | VM-02 Section 3.A. (Nonforfeiture Rates); VM-20 Section 3.C.2.a. and 3.C.2.b. | This amendment clarifies the rounding rules associated with the calculation of rates from the NAIC model Standard Valuation Law and model Standard Nonforfeiture Law for Life Insurance. | 4/24/2025 |
| 2024-16 | VM-02, Section 3, Guidance Note | The addition to the guidance note in this amendment adds clarity to the nonforfeiture requirements for UL policies where the CSV is based on multiple sets of accounts with different guaranteed interest rates. | 5/8/2025 |
| 2025-07 | VM-21, Section 6  VM-31, Section 3.12 | As of January 1, 2025, the company-specific market path method (CSMP) is no longer an option for calculating the Additional Standard Projection Amount (ASPA) under VM-21. This amendment removes references to the CSMP. | 5/8/2025 |
| 2025-08 | VM 30, Section 3.A.4 | This amendment revises the Identification Section of the Life Actuarial Opinion to handle appointed actuaries who are employed by one company within an insurance group, and who sign opinions on behalf of other companies within the group. | 6/5/2025 |
| 2025-09 | VM-20, Section 8.C.3.c | This amendment clarifies requirements to ensure that expense risk in reinsurance is adequately reserved for. | 6/5/2025 |
| 2025-10 | VM-20 Section 7.E.1.g and VM-21 Section 4. D.4.b | This amendment revises the reinvestment guardrail to have a minimum quality rather than a prescribed quality. | 6/5/2025 |
| 2025-04 | VM-20 Section 6, VM-20 Section 7, VM-20 Appendix 1, VM-21 Section 8, VM-31 Section 3 | This amendment updates the Valuation Manual economic scenario generator references for the adoption of the Conning-maintained prescribed economic scenario generator. | 6/12/2025 |
| 2025-06 | VM-01 definitions of Qualified Actuary and Appointed Actuary | This amendment updates the definitions of Qualified Actuary and Appointed Actuary to add reference to the knowledge statements adopted by LATF. | 6/12/2025 |
| 2025-11 | Valuation Manual, Section II Subsections 2, 3, 6, VM-01, VM-22, VM-31, VM-G, and VM-V | This amendment introduces a new principle-based reserving framework for non-variable annuities, located in Section VM-22 of the NAIC Valuation Manual. | 6/18/2025 |