



2023 Spring National Meeting
Louisville, Kentucky

LIFE ACTUARIAL (A) TASK FORCE

Monday, March 20, 2023

8:00 a.m. – 4:30 p.m. ET

Tuesday, March 21, 2023

8:00 a.m. – 11:00 a.m. ET

Meeting Summary Report

The Life Actuarial (A) Task Force met March 20–21, 2023. During this meeting, the Task Force:

1. Adopted its March 2, Feb. 23, Feb. 2, and Jan. 26 minutes, which included the following actions:
 - A. Exposed referrals received from the Valuation of Securities (E) Task Force.
 - B. Exposed a Valuation Manual (VM)-20, Requirements for Principle-Based Reserves for Life Products/VM-21, Requirements for Principle-Based Reserves for Variable Annuities, Economic Scenario Generator Technical Drafting Group topics, timing, and decision points document.
 - C. Adopted amendment proposal form (APF) 2022-09, which addresses reporting issues in VM-31, PBR Actuarial Report Requirements for Business Subject to a Principle-Based Valuation.
 - D. Exposed APF 2023-04, which clarifies VM-31 reporting requirements that support company experience mortality rates.
 - E. Reported that it met Feb. 9 in regulator-to-regulator session, pursuant to paragraph 6 (consultations with NAIC staff members related to NAIC technical guidance) of the NAIC Policy Statement on Open Meetings, to discuss the economic scenario generator corporate model.
 - F. Adopted its 2022 Fall National Meeting Minutes.
 - G. Exposed proposed charges for the proposed Economic Scenarios (E/A) Subgroup.
 - H. Adopted APF 2022-10, which clarifies VM-20 requirements for universal life policies with non-material secondary guarantees.
 - I. Adopted APF 2023-02, which adds disclosure requirements to VM-31 to explain any reporting discrepancies between the annual statement and the principle-based reserving (PBR) actuarial report.
 - J. Exposed APF 2023-01, a non-substantive amendment to clarify the value of starting assets in VM-21.
 - K. Exposed APF 2023-03, which addresses a series of clean-up items in VM-20, VM-21, and VM-31.
 - L. Responded to a referral from the Financial Regulation Standards and Accreditation (F) Committee by conveying the Task Force’s recommendation to remove the *Actuarial Opinion and Memorandum Regulation* (#822) as an accreditation standard.
 - M. Adopted APF 2022-07, which clarifies a VM-20 net premium reserve (NPR) mortality adjustment.
 - N. Adopted APF 2022-08, which clarifies that companies only reporting VM-21 reserves determined using the alternative methodology are subject to limited governance requirements under VM-G, Appendix G — Corporate Governance Guidance for Principle-Based Reserves.



2. Adopted the reports of the Longevity Risk (E/A) Subgroup, the Variable Annuities Capital and Reserve (E/A) Subgroup, the Indexed Universal Life (IUL) Illustration (A) Subgroup, and the Index-Linked Variable Annuity (A) Subgroup.
3. Adopted the report of the VM-22 (A) Subgroup, including its March 1 minutes. During this meeting, the Subgroup took the following actions:
 - A. Heard an update on the VM-22, Requirements for Principle-Based Reserves for Non-Variable Annuities, project plan.
 - B. Discussed the VM-22 exemption.
4. Heard a presentation on the impact of a rising interest rate environment.
5. Heard an update on the *Actuarial Guideline LIII—Application of the Valuation Manual for Testing the Adequacy of Life Insurer Reserves* (AG 53) review plan.
6. Adopted the report of the Experience Reporting (A) Subgroup and heard an update on VM-50, Experience Reporting Requirements, and VM-51, Experience Reporting Formats, of the *Valuation Manual*.
7. Exposed APF 2021-08, which would reduce the time lag in the VM-50/VM-51 mortality experience collection.
8. Heard a presentation on the VM-21/C3 Phase II Economic Scenario Generator field test results.
9. Exposed APF 2023-05, which revises hedge modeling language in the *Valuation Manual* to address index hedge modeling.
10. Heard an update from the American Academy of Actuaries (Academy) Life Practice Council.
11. Received an update on the activities of the Economic Scenario Generator Governance Drafting Group, the VM-20/VM-21 Economic Scenario Generator Technical Drafting Group, and the Standard Projection Amount Drafting Group.
12. Heard an update on the Society of Actuaries' (SOA's) research and education.
13. Heard an update from the Academy Council on Professionalism and Education.
14. Heard an update on mortality trend.
15. Adopted parts of APF 2023-03, which clarifies VM-20 treatment of hedge modeling error and adds considerations to VM-20 regarding the assumed cost of borrowing and the treatment of risk factors other than interest and equities that are stochastically modeled.
16. Adopted APF 2023-01, which clarifies the value of starting assets in VM-21.