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July 10, 2017

Michael W. Boerner, MAAA, ASA
Chair, Life Actuarial Task Force
National Association of Insurance Commissioners
Via email: RMazyck@naic.org

Re: APF 2017-28 (Changes to VM-31)

Dear Mr. Boerner,

On behalf of the VM-31 Subgroup of the American Academy of Actuaries,¹ I commend your efforts to simplify the VM-31 Principle-Based Reserve (PBR) Actuarial Report. Choosing to include an executive summary and specific product group reports should be helpful when reviewing results.

The changes to Section 3.C (formerly an overview, now executive summary) eliminate the summary of methods and assumptions, which would have covered multiple product groups. In order to determine consistency across the company (among the product groups), the reviewer will need to review the pertinent section within each sub-report. For example, if there are two life PBR reports and one variable annuity PBR report, the reviewer would now need to assess three documents to determine whether asset allocation methods were consistent among the product groups.

When VM-31 is next updated, we suggest that the executive summary be expanded to include a brief description of methods, assumptions, and risk management practices, with an explanation for differences between product groups.

Thank you for the opportunity to comment on changes to VM-31. If you have any questions, please contact Heather Jerbi, the Academy's assistant director of public policy, at 202-785-7869 or jerbi@actuary.org.

Sincerely,

Arnold A. Dicke, MAAA, FSA, CERA
Chairperson, VM-31 Subgroup
PBR Governance Work Group
American Academy of Actuaries

¹ The American Academy of Actuaries is a 19,000-member professional association whose mission is to serve the public and the U.S. actuarial profession. For more than 50 years, the Academy has assisted public policymakers on all levels by providing leadership, objective expertise, and actuarial advice on risk and financial security issues. The Academy also sets qualification, practice, and professionalism standards for actuaries in the United States.