



AMERICAN ACADEMY *of* ACTUARIES

**Update Regarding a General Revision  
Of Life and Annuity Standard Nonforfeiture Laws  
From the American Academy of Actuaries' Nonforfeiture Modernization Work Group**

**Presented to the National Association of Insurance Commissioners'  
Life and Health Actuarial Task Force**

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Since the presentation of its report at the NAIC Spring 2012 National Meeting in New Orleans, the American Academy of Actuaries Nonforfeiture Improvement Work Group, now renamed the Nonforfeiture Modernization Work Group (Academy WG), has continued to hold regular conference calls. In addition, the Life Actuarial Task Force (LATF) has held two interim conference calls to discuss the report. Since these conference calls, LATF requested the Academy WG provide it with additional comments regarding the selection of any regulatory “guardrails” applicable to the Nonforfeiture Basis (since renamed the Guaranteed Nonforfeiture Basis (GNFB)) factors utilized in the proposed Gross Premium Nonforfeiture Method (GPNM) approach. These factors are to be articulated in the contract and used in the determination of the Required Policy Nonforfeiture Account (RPNA) for the policy.

The Academy WG has completed its draft “Report to LATF On Guaranteed Nonforfeiture Basis Factor Assumptions” (GNFB Report) and that draft report has been peer reviewed and is undergoing revision in response to peer review comments. It is anticipated that the GNFB Report will be ready for distribution to LATF within the next month. After its distribution, a request will be made to LATF to schedule an interim conference call to discuss the report.

The Academy WG plans to continue the process of informing LATF of the various actuarial and implementation aspects of the proposed GPNM approach to the determination of nonforfeiture values. It will continue to respond to LATF on various aspects of the proposed approach as directed by that group.

The Academy WG appreciates the opportunity to keep LATF apprised of its activities regarding its proposal for nonforfeiture mandate reform.