

Life and Health Actuarial Task Force Amendment Proposal Form*

1. Identify yourself, your affiliation and a very brief description (title) of the issue.

Dave Neve, chair, American Academy of Actuaries Life Reserves Work Group
Create consistency across VM-20 in allowing simplification or approximation methods

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:

3/25/10 VM-20 Exposure Draft

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.)

Updates to language in Section 2.H, and 7.E.2.a.

Section 2.H

A company may use simplifications and approximations to calculate the net premium reserve, the deterministic reserve and/or the stochastic reserve required by this section if the company can demonstrate that the impact of such simplifications and approximations does not materially understate the resulting reserve.

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Section 7.E.2.a

Grouping of assets is allowed if the company can demonstrate that grouping does not materially understate the minimum reserve that would have been obtained using a seriatim approach.

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

Many sections of VM-20 speak to the use of simplified methods and approximations. In most places, the focus of VM-20 is for allowing these methods, so long as a general goal is met: that there is no underestimation of the overall minimum reserve --- for examples, see Section 7.D.1.c., Section 9.B.4, Section 9.B.7., and Section 9.D.1.a, among others. In some other sections there is some vagueness about simplified and approximation methods. This amendment aims to have consistent language across VM-20.

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* 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
Notes:			

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