



AMERICAN ACADEMY
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NEWS RELEASE

Immediate Release

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Actuaries Present Valuation Manual Draft to the NAIC, Move Toward Principles-Based System

SAN FRANCISCO – 4 June 2007 – The **American Academy of Actuaries** presented on Friday a draft Valuation Manual to the National Association of Insurance Commissioners (NAIC) Life and Health Actuarial Task Force (LHATF), who then voted to expose it for comment. The Valuation Manual will provide a set of centralized standards for statutory reserves for life, annuity and health products. At the beginning, many of these standards will be the same as the current NAIC models while a few will provide new standards for a principles-based approach.

“The Valuation Manual is a key step towards establishing a coordinated and manageable process for implementing a principles-based approach,” said **Dave Sandberg**, vice president of the Academy’s **Life Practice Council**. “Following the requirements in the Valuation Manual, as provided under the current exposure of the Standard Valuation Law, will ensure uniformity across all United States jurisdictions. Coordination with the Accounting Practices and Procedures Manual will also permit a more efficient exposure and adoption process as changes are made in the future.”

Sandberg said the current draft provides regulators, industry and consumers with an understanding of the proposed structure of the Valuation Manual and how reserve standards will fit into the manual. The Academy expects to have a “substantially complete” version of the Valuation Manual in September that will reflect the comments it receives from the current exposure and as additional regulatory decisions are made on principles-based life reserve requirements. The new approach is expected to lead to better and more affordable products and is based on principles of risk management, transparency and credibility as applied within a context of professional actuarial standards and regulatory requirements. The Academy anticipates working with the NAIC during the next several years to refine the principles-based standards and expand their scope to include more products.

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The Academy's draft Valuation Law Manual was produced by the **Valuation Law Manual Team**, a group of 30 dedicated Academy members under the leadership of **Chairperson Mike Boerner**. For a copy of the draft manual or for more information, contact Andrew Simonelli, media relations manager for the American Academy of Actuaries, at 202.785.7872.

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The American Academy of Actuaries is the public information organization for the U.S. actuarial profession. Academy committees, task forces, and work groups regularly prepare testimony and provide information to Congress and senior federal policy makers, comment on proposed federal and state regulations, and work closely with the National Association of Insurance Commissioners and state officials on issues related to insurance, pensions, and other forms of risk financing.