

The Life Practice Council

2007 Highlights

DURING THE PAST 12 MONTHS, the Life Practice Council made significant progress in the Academy's principles-based initiative by moving forward on a variety of fronts.

➤ Members of the Life Financial Soundness/Risk Management Committee are working on a recommendation for a new approach to the Standard Valuation Law and for the NAIC Risk-based Capital instructions with statutory reserving and solvency methods that are principles based;

➤ The Life Reserves Work Group continues its work developing a recommendation for a principles-based approach to determining reserves for all life products, which is being incorporated into the NAIC Valuation Manual;

➤ Members of the Valuation Law and Manual Team are working on a new NAIC Valuation Manual to support life and annuity reserve proposals;

➤ The Variable Annuity Reserve Work Group has developed a proposed reserve methodology for variable annuity products that uses the C-3 Phase 2 approach;

➤ The Life Capital Work Group and the Annuity Capital Work Group are working on proposals for principle-based Risk-based Capital requirements;

➤ The Annuity Reserves Work Group is developing principles-based reserve requirements for all non-variable annuity products;

➤ The Life Experience Subcommittee is working with the Joint SOA/Academy Preferred Mortality Project Oversight Group on the development of a new valuation table process to support a principles-based framework;

➤ The Life Governance Team has completed a recommended actuarial guideline for the independent review requirements of principles-based reserves and commented on the NAIC exposure of a proposed Corporate Governance Act;

➤ The Economic Scenario Work Group

formulated economic scenarios that can be used when determining principles-based reserves and RBC, and is working on a tool to properly select those scenarios.

And that's just in the area of principles-based reserves and RBC. The Life Practice Council's work groups have also advanced other Academy initiatives:

➤ The Non-Forfeiture Improvement Work Group provided reports to the NAIC on potential proposals to revise the standard Nonforfeiture Law;

➤ The Invested Asset Work Group submitted a report on developing a long-term RBC solution for Hybrid Securities;

➤ The Group Life Waiver of Premium Valuation Table Work Group proposed an update to the NAIC on statutory reserves for group life premium waiver benefits.

Over the course of the last year, the Life Practice Council also:

➤ Submitted reports and presented testimony to the NAIC on the issue of actuarial appropriateness of travel underwriting;

➤ Held the annual Life and Health Qualification Seminar;

➤ Provided actuarial practice notes on applying FAS 133 to variable annuities with guaranteed benefits, C3 Phase 2 RBC and AICPA SOP 05-1, and an update to the Practice Note on Regulation XXX.

To keep actuaries and regulators up to speed on this dizzying array of activities, the Life Practice Council continued to hold regular webcasts and several related seminars on principles-based developments. We also updated the special page on the Academy website devoted to the principles-based projects.

The Life Practice Council reached all of these accomplishments through record levels of member involvement—over 100 volunteers put in thousands of volunteer hours.

Life Practice Council

Thomas Campbell, *Vice President*

Dave Neve, *Vice Chairperson*; Cande Olsen, *Vice Chairperson*

Life Financial Reporting Committee

Patricia Matson, *Chairperson*; Leonard Reback, *Vice Chairperson*

Life Products Committee

Cande Olsen, *Chairperson*; John McBain, *Vice Chairperson*

Nonforfeiture Improvement Work Group

John McBain, *Chairperson*

Illustrations Work Group

Linda Rodway, *Chairperson*

Life Financial Soundness/Risk Management Committee

Donna Claire, *Chairperson*

Tax Work Group

Arthur Panighetti, *Chairperson*

PBA Website Work Group

Shawn Loftus, *Chairperson*

Life Governance Team

Helen Galt, *Chairperson*

Valuation Law and Manual Team

Michael Boerner, *Chairperson*

Accounting Practices Work Group

William Hines, *Chairperson*

Consistency: Principles, Summary, Definitions, and Report Format Work Group

Bob DiRico, *Chairperson*

Life Reinsurance Work Group

Sheldon Summers, *Chairperson*

Modelling Efficiency Work Group

Anthony Dardis, *Chairperson*

Life Principles-based Approach Practice Note Work Group

Todd Erkis, *Chairperson*

