

Non-Variable Annuity PBR Update

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Review of VM-23 Proposed Timeline

- Target implementation date of 1/1/2022
- Methodology would apply to YE 2022 valuations
 - For new business only
 - 3-year transition option, similar to VM-20
- VM-21 expected to apply to 2020 valuations

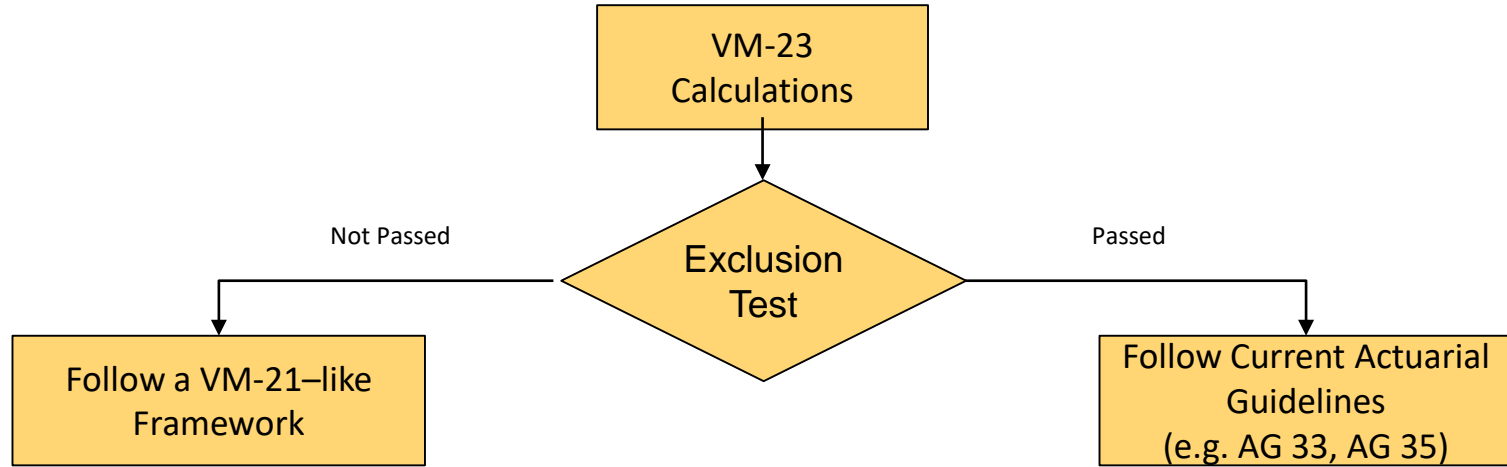


Implications of VM-23 Proposed Timeline

- ARWG recommendations for VM-23 would need to be completed by the end of 2019
 - ▣ Modeled Reserve and Exclusion Test methodologies
 - ▣ Identification of consistencies and variances with VM-21
 - ▣ Methodologies for products not contemplated in VM-21
- LATF conceptual approval and VM-23 drafting to begin in 2020
- Plans for any field testing—to be determined



VM-23 Approach



- ❑ An exclusion test will determine which set of calculations to follow
- ❑ The ARWG will focus on areas of VM-21 that need to be modified for non-variable annuities



VM23 Draft / ARWG recommendations

- ARWG recommendations will be documented in a draft of VM-23
- The draft documents our effort to combine the principle-based approaches of VM-20 and VM-21
- The initial structure of the VM-23 draft was provided by the LATF VM-23 subgroup chair
- ARWG is targeting a 2019 completion and handoff to the LATF VM-23 subgroup



Questions?

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