

Life Practice Council Update

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Life Actuarial Task Force (LATF) Meeting—March 31, 2022

Agenda

- Webinars and Events
- Recent and Ongoing Activities
- Life Experience Committee
- Professionalism



Webinars and Events

- Recent
 - Winter 2022 Life Policy Update Webinar (January)
- Upcoming
 - ASOP No. 2 Webinar, on Nonguaranteed Elements—
[*The Revised ASOP No. 2: What You Need to Know*](#) (April 5)
 - ASOP No. 11, *Treatment of Reinsurance or Similar Risk Transfer Programs Involving Life Insurance, Annuities, or Health Benefit Plans in Financial Reports*—Webinar (May 12)
 - Life Policy Update Webinar (May 2022)
 - Webinar on VM-31 PBR Actuarial Report Reviews (Fall 2022)



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Recent Activity

- Presented potential Academy model office testing for the National Association of Insurance Commissioners (NAIC) economic scenario generator proposals
- Proposed an amendment proposal form to LATF on transitioning from LIBOR to SOFR (APF 2022-04)
- Presented recommendations on updated C-2 mortality factors to the NAIC's Life Risk-Based Capital (E) Working Group



Recent Activity (continued)

- Submitted comments to LATF on high yielding asset actuarial guideline for asset adequacy analysis
- Provided comments to LATF related to the Actuarial Guideline 49 exposure
- Shared a comment letter with the Index-Linked Variable Annuity (A) Subgroup on the nonforfeiture interim value actuarial guideline exposure



Recent Activity (continued)

- Published an updated version of the [VM-21 Variable Annuity Practice Note](#)
- Submitted comments to the NAIC Life Risk-Based Capital (E) Working Group on the Pension Risk Transfer in light of C-2 longevity risk charges
- Submitted comments to Accelerated Underwriting (A) Working Group
- Submitted comments on APF 2020-12, hedging strategies, to LATF



Ongoing Activities

- Developing fixed annuity principle-based approach joint field study for non-variable annuities in coordination with the NAIC and ACLI
- Providing input on economic scenario generator transition and field study
- Continue providing comments and ideas related to active LATF issues: high-yielding asset actuarial guideline, nonforfeiture, and Actuarial Guideline 49



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Life Experience Committee

- Assist practicing actuaries and regulators with respect to assumptions regarding life insurance and annuity products
- First goal: Addressing mortality questions such as:
 - How COVID-19 should be reflected in PBR/asset adequacy/RBC calculations
 - Modeling a product where mortality improvement is both a positive and a negative
 - Changes to be made to reflect accelerated underwriting
- Other projects
 - Review other assumptions, such as lapse, benefit utilizations



Life Experience Committee (continued)

- Work with the SOA, which does the experience studies and develops the CSO Tables
 - Interface with LATF with respect to any changes needed to the Valuation Manual, Actuarial Guidelines and RBC
 - Write practice notes to assist the practicing actuary who works with mortality and other assumptions
 - Interface with the Actuarial Standards Board with respect to any changes needed to actuarial standards of practice



Professionalism

- The Actuarial Standards Board (ASB) adopted revisions to the following actuarial standards of practice (ASOPs):
 - ASOP No. 2, *Nonguaranteed Elements for Life Insurance and Annuity Products* (Effective June 2022)
 - ASOP No. 22, *Statements of Actuarial Opinion Based on Asset Adequacy Analysis for Life Insurance, Annuity, or Health Insurance Reserves and Other Liabilities* (Effective June 2022)
 - ASOP No. 38, *Catastrophe Modeling* (Effective Dec. 2021)



Professionalism (continued)

- The ASB is currently working on the following ASOPs:
 - ASOP No. 7, *Analysis of Life, Health, or Property/Casualty Insurer Cash Flows*
 - ASOP No. 10, *Methods and Assumptions for Use in Life Insurance Company Financial Statements Prepared in Accordance with U.S. GAAP*
 - ASOP No. 12, *Risk Classification*
 - ASOP No. 24, *Compliance with the NAIC Life Insurance Illustrations Model Regulation*
 - ASOP No. 40, *Compliance with the NAIC Valuation of Life Insurance Policies Model Regulation with Respect to Deficiency Reserve Mortality*
 - ASOP No. 41, *Actuarial Communications*
 - New ASOPs on reinsurance pricing and actuarial opinions without asset adequacy analysis



Thank You

- Questions?
- For more information, please contact the Academy's deputy director for public policy, Devin Boerm, at boerm@actuary.org.

