**Life Actuarial (A) Task Force/ Health Actuarial (B) Task Force**

**Amendment Proposal Form**

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

Staff of Office of Principle-Based Reserving, California Department of Insurance – Adding a definition.

1. Identify the document, including the date if the document is “released for comment,” and the location in the document where the amendment is proposed:

Valuation Manual (January 1, 2019 edition): VM-01.

1. 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.)

Please see attached Appendix.

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

Please see attached Appendix.

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NAIC Staff Comments:

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| --- | --- | --- | --- |
| **Dates:** Received | Reviewed by Staff | Distributed | Considered |
|  |  |  |  |
| **Notes: APF 2018-46 (CA BX), Revised 1/7/2019** | | | |

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# Appendix

#### ISSUE:

#### Term insurance is undefined.

#### SECTION:

VM-01

#### REDLINE:

**VM-01**

We request that LATF please add to VM-01 a definition for this item. Our suggested wording is:

The term “Term Life Insurance Policy” means a life insurance policy which meets at least one of the following criteria:  
(a) the policy has annually increasing premium rates per thousand of insurance in force during the premium paying period and will never develop nonforfeiture values; or

(b) the policy provides coverage over a specified period of time (the initial level premium period) shorter than lifetime coverage, with contractually guaranteed level premium rates payable on a fixed schedule of dates during the initial level premium period, such that if the insured dies during this initial level premium period, the death benefit of the policy will be paid to the beneficiary. If the policy provides for any further coverage after the initial level premium period, either in the form of one or more renewal term periods or lifetime coverage, it must do so at increased premium rates per thousand.

**Guidance Note:** A term policy may or may not have a current scale of premium rates lower than the contractually guaranteed scale.

#### REASONING:

Term Life Insurance Policy – To be consistent with the fact that UL and Variable Life are defined terms in the Valuation Manual. The definition shown expands upon the one from the APPM.