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

**Amendment Proposal Form**

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| **Dates:** Received | Reviewed by Staff | Distributed | Considered |
| 5/6/2019 |  |  |  |
| **Notes:** VM APF 2019-54 (CA OPBR/NAIC PBR) |

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

This APF was jointly prepared by the Office of Principle-Based Reserving, California Department of Insurance, and NAIC Support Staff.

This APF addresses recommendation #2 from VAWG’s 10/24/2018 memo regarding PBR Recommendations and Referrals to LATF.

2. 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-31 Section 3.C.12

3. 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.)

See attached Appendix.

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

See attached Appendix.

NAIC Staff Comments:

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#### Appendix

#### ISSUE:

The reporting requirements for riders and supplemental benefits need to be added.

VAWG Recommendation #2: Provide a description of all riders and supplemental benefits, whether there is a separate premium, and the reserve approach used, i.e. calculated as part of the base policy, or separately

#### SECTIONS:

**VM-31 (New) Section 3.C.12 –** adding section to request information on riders and supplemental benefits

#### REDLINE:

**VM-31 (New) Section 3.C.12**

1. Riders and Supplemental Benefits – The following information on the riders and supplemental benefits attached to the base policies subject to VM-20:
2. A brief description of the coverage provided and a list of the products to which the rider or supplemental benefit is attached;
3. Whether the rider or supplemental benefit has a separate premium or charge;
4. For the NPR, deterministic reserve, and stochastic reserve separately, an indication of whether the rider or supplemental benefit was valued with the base policy or separately, and a brief description of the valuation methodology used;
5. For the NPR, deterministic reserve, and stochastic reserve separately, whether the rider or supplemental benefit had a non-zero reserve and whether the reserve amount was included in the respective column of Part 1 of the VM-20 Reserves Supplement;
6. Any other information necessary to fully describe the company’s riders and supplemental benefits and the reserve methodology used.

[Subsequent paragraphs re-numbered.]

#### REASONING:

See the Issue section.