**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 – Make VM-20 consistent with VM-21 as to revenue-sharing rules.

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-20 Section 9.G.8.b

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.)

See attached Appendix.

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

See attached Appendix.

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NAIC Staff Comments:

|  |  |  |  |
| --- | --- | --- | --- |
| **Dates:** Received | Reviewed by Staff | Distributed | Considered |
|  2/27/19 |  |  |  |
| **Notes:** APF 2019-18 (CA APF DA) |

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# Appendix

#### ISSUE:

#### VM-21 revenue sharing rules are changing, and VM-20 ought to be changed in the same manner.

#### SECTION:

#### VM-20 Section 9.G.8.b

#### REDLINE:

b. Is the company’s estimate of non-contractually guaranteed net revenue-sharing

income multiplied by the following factors:

1. 1.0 in the first projection year.
2. 0.95 in the second projection year.
3. 0.90 in the third projection year.
4. 0.85 in the fourth projection year.
5. 0.80 in the fifth and all subsequent projection years.

#### REASONING:

#### Consistent rule.