**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.

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

This APF addresses recommendation #13 from VAWG’s 10/24/2018 memo regarding PBR Recommendations and Referrals to LATF.

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-31 Section 3.C.3.h

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 Appendix attached.

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:

|  |  |  |  |
| --- | --- | --- | --- |
| **Dates:** Received | Reviewed by Staff | Distributed | Considered |
| 12/3/18 |  |  |  |
| **Notes:** VM APF 2018-61 (CA APF CJ) | | | |

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# Appendix

#### ISSUE:

#### Need greater clarity surrounding what is required by VM-31 for credibility calculations.

#### SECTIONS:

VM-31, Section 3.C.3.h

#### REDLINE:

VM-31 Section 3.C.3.h

h. Credibility – Identification of the method used to determine credibility percentage(s) for the company’s mortality exposure period, including a listing of the credibility percentage that was used in VM-20 Section 9.C.6.b for each mortality segment, and an indication of whether each such credibility percentage was determined at the mortality segment level or at a higher level using aggregate mortality experience.

#### REASONING:

There appeared to be some confusion at 2017 year end among some companies as to what this section was asking for.