**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 prepared by Mike Boerner, Texas Department of Insurance.

This APF is intended to reduce allocation of a deterministic or stochastic reserve in excess of the net premium reserve to policies which did not generate such excess. This also is believed to reduce reinsurance allocation concerns as conveyed by the American Academy of Actuaries Reinsurance Work Group. Addresses VAWG #25.

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 2.C

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.)

C. The reserve for each product group as determined in Section 2.A.1, Section 2.A.2 or Section 2.A.3 shall be allocated to each policy within that product group in the same proportion as the minimum NPR for that policy to the minimum NPR for the product group with the exception to make best efforts to minimize allocating the deterministic or stochastic reserve in excess of the net premium reserve, with any adjustment for due and deferred premiums, to policies which did not produce this excess. A clear example is to use the NPR per policy in Section 2.A.3.a as the allocated reserve per policy given no deterministic or stochastic reserve is used in Section 2.A.3.a.

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

Reduce allocation of a deterministic or stochastic reserve in excess of the net premium reserve to policies which did not generate this excess.

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NAIC Staff Comments:

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| **Dates:** Received | Reviewed by Staff | Distributed | Considered |
|  3/21/19 |  |  |  |
| **Notes:** APF 2019-32 |

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