**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 #27 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.8.a

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 |
| 3/26/19 |  |  |  |
| **Notes:** APF 2019-35 (CA OPBR/NAIC PBR) | | | |

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# Appendix

#### ISSUE:

#### Make it clearer that a given reinsurance agreement involves a captive.

#### SECTIONS:

VM-31, Section 3.C.8.a

#### REDLINE:

8. Reinsurance – The following information regarding the reinsurance assumptions used by the company in performing a principle-based valuation:

1. Agreements – For those reinsurance agreements included in the calculation of the minimum reserve as per VM-20 Section 8.A, a description of each reinsurance agreement, including, but not limited to, the type of agreement, the counterparty, the risks reinsured, the portion of business reinsured, whether one party to the reinsurance agreement is a captive of the other, and whether the agreement complies with the requirements of the credit for reinsurance under the terms of the AP&P Manual.

Alternative Language:

8. Reinsurance – The following information regarding the reinsurance assumptions used by the company in performing a principle-based valuation:

1. Agreements – For those reinsurance agreements included in the calculation of the minimum reserve as per VM-20 Section 8.A, a description of each reinsurance agreement, including, but not limited to, the type of agreement, the counterparty, the risks reinsured, the portion of business reinsured, identification of both affiliated and non-affiliated, as well as captive and non-captive, or similar relationships, and whether the agreement complies with the requirements of the credit for reinsurance under the terms of the AP&P Manual.

#### REASONING:

Clarity.