

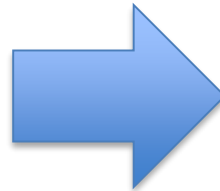
Actuary's View on Principle Based Reserving and VA Reform

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Overview

- Formulaic
- Prescribed
- Static



- Guided Framework
 - Unique Risks
 - Unique Features

Life Insurance
Annuities

Specifics

- VM 20 – Life Insurance
- VM 21 – Variable Annuities
- VM 31 – PBR Actuarial Report

Life Insurance (VM20) Implementation

- Product Development
- Modeling
- Assumption Setting
- Financial Reporting

- Actuarial Standards of Practice (ASOPs) and Practice Notes
- Communication with regulator

Variable Annuity (VM21) Reform

- 2 Quantitative Impact Studies
- Major changes:
 - Standard Scenario – to catch outliers
 - Policyholder Behavior Assumptions
 - Economic Assumptions
- Implementation
 - Drafting Underway
 - Model Readiness
 - Revised Hedge Strategies

Actuarial Report (VM31)

Implementation

- Evolving Guidance
 - Eliminate redundancy
 - Standardize
 - Clarify

Next Steps

- Life - Accelerated Underwriting
- Variable Annuity - Drafting
- Fixed Index Annuities
- State-Specific Guidance
- Implementation
- Continued Evolution

Q & A