

Actuarial Working Group
Member Call Summary
August 17, 2021

The Actuarial Working Group (AWG) met to discuss a referral from the Product Standards Committee regarding a request to amend the Additional Standards for Guaranteed Minimum Death Benefits for Individual Deferred Variable Annuities. The ACLI requested a change to the definition of incidental guaranteed minimum death benefits.

There was considerable discussion about the basis for the original standard including the implications of Section 11 of the SNFLA and whether there has been a change in the marketplace. The AWG decided to ask ACLI for further information. The group will ask the ACLI to respond to the following questions:

1. For a generic example product with features similar to those provided in the attached email, what is the life nonforfeiture value (under NAIC Model 808) of the total and additional death benefit provided over the account value? There may be more than one reasonable value. If there are multiple reasonable interpretations, we welcome a demonstration and discussion of each.
2. Similar question for a generic example Guaranteed Minimum Withdrawal Benefit design. What would be a reasonable present value of the guaranteed withdrawal benefits? If such value were to exceed the base contract maturity value, what would be the impact of reflecting the present value of the guaranteed withdrawals in the maturity value for the purpose of compliance with Section 6 of the SNFLIDA (model 805)? Again, multiple, reasonable interpretations are welcome.
3. Are products with these general features being filed and approved in the states? If yes, which states and which companies and products?

The AWG will meet in September to review the ACLI response.