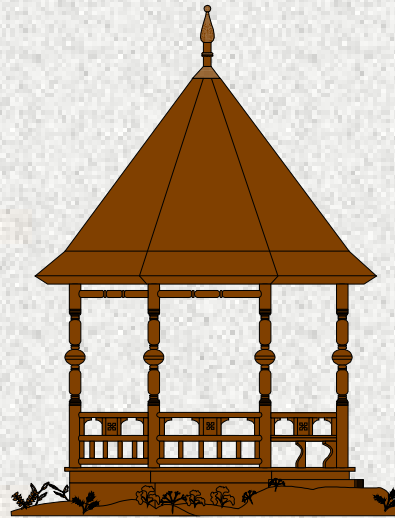


Critical Regulatory & Legislative Issues

Actuarial Issues

June 20, 1999

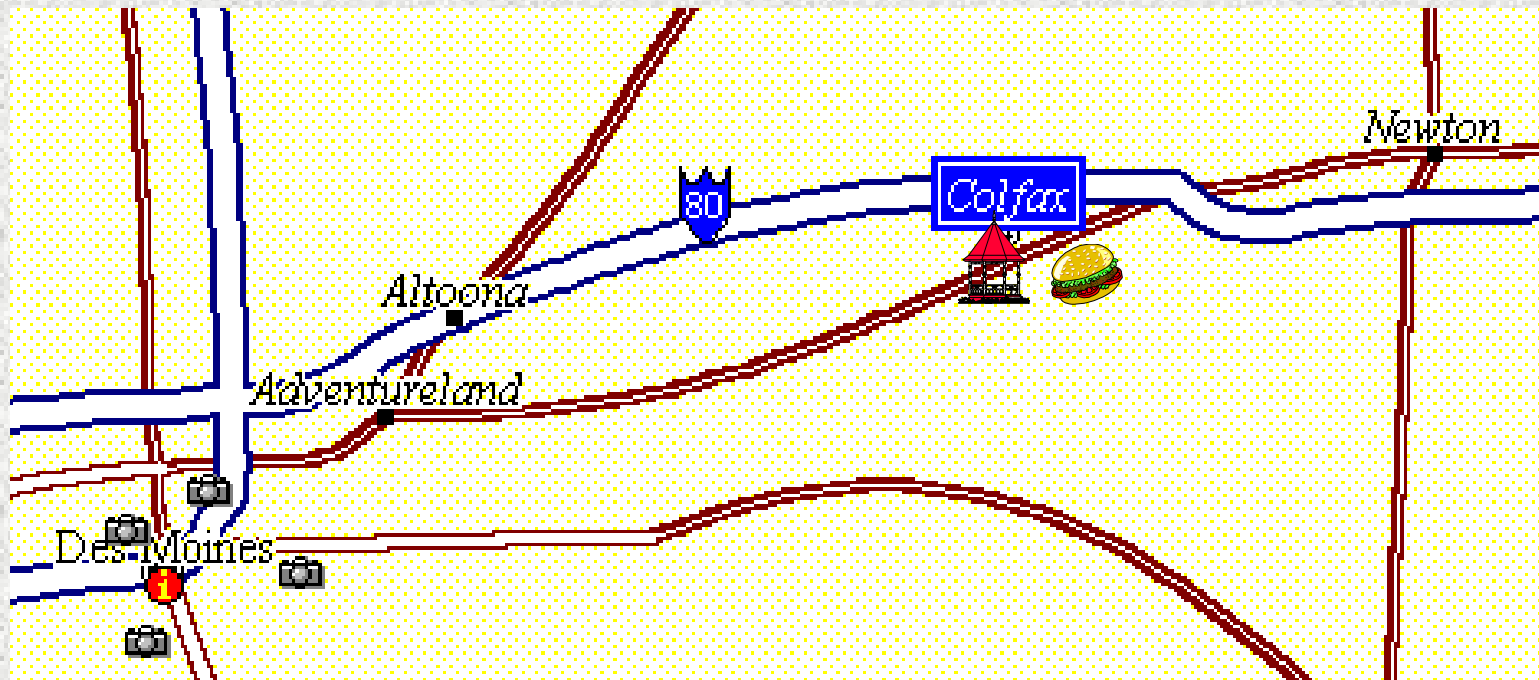
Boca Raton, Florida



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Consulting Actuary
Van Elsen Consulting
Colfax, Iowa

Where is Colfax, Iowa?

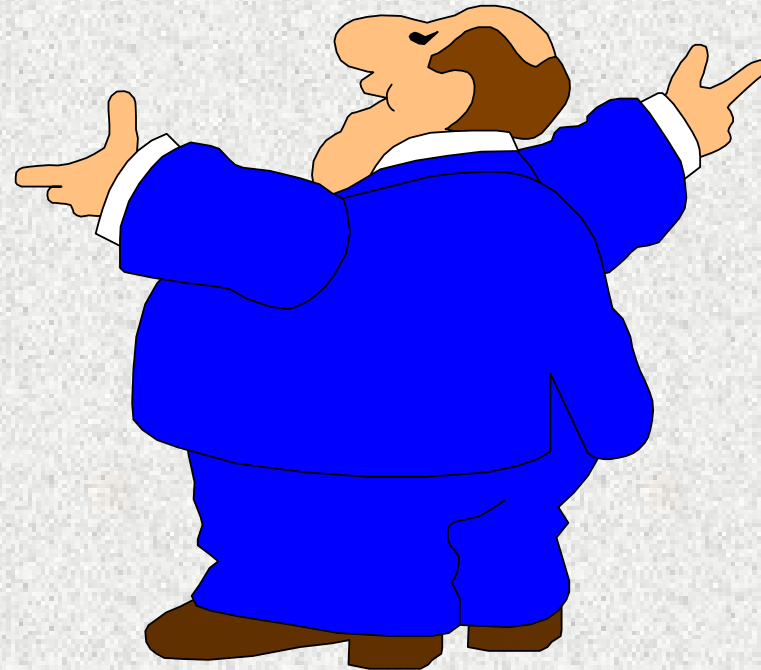


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Presentation Outline

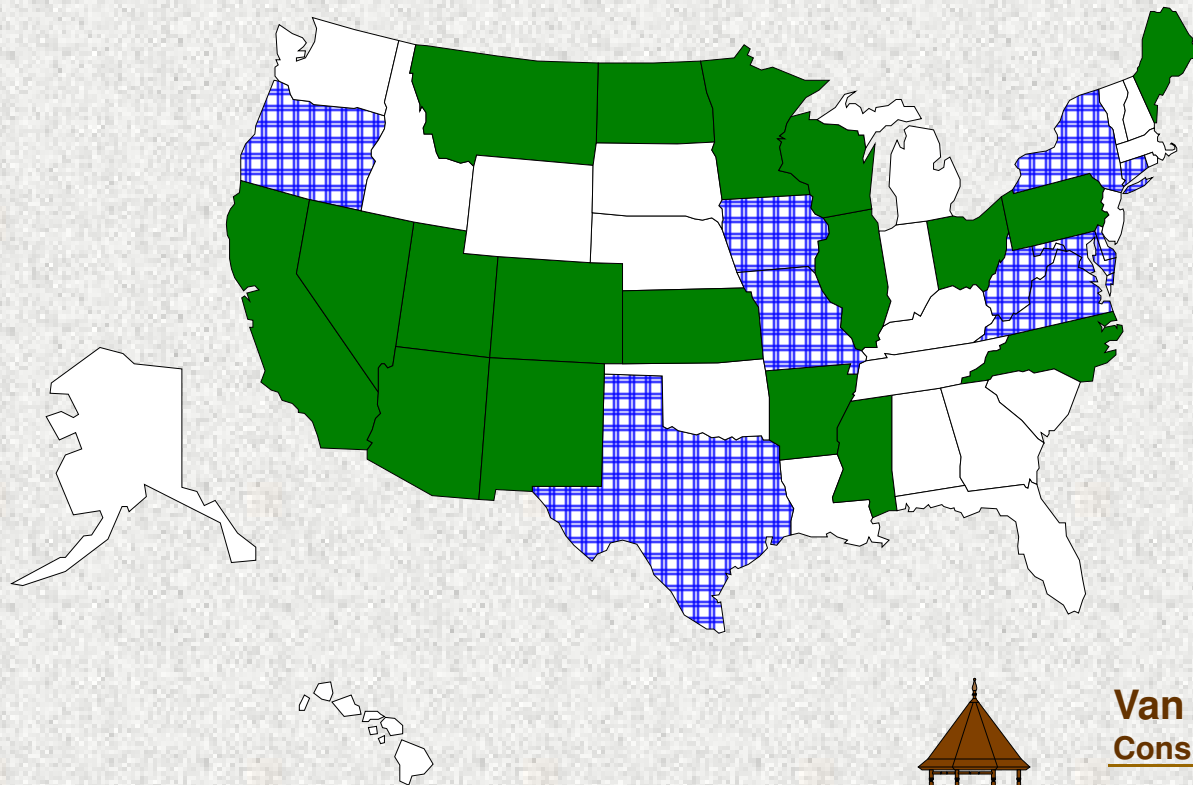
- ◆ XXX
- ◆ AOMR
- ◆ UVS
- ◆ SNFL & XYZ
- ◆ ZZZ, ZZZZ, NFZZZ, XXXX, VAGLB
- ◆ q , q^{DI} , q^{ADB} , q^A , etc.
- ◆ LHATF



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Update on XXX



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Current Status

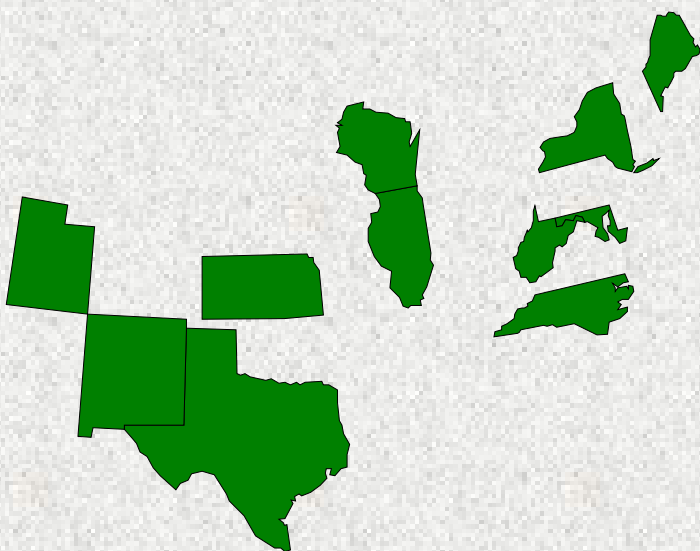
- Moving Toward 1/1/2000 Adoption (18)
 - AZ, AR, CA, CO, IL, KS, ME, MN, MS, MT, NV, NM, NC, ND, OH, PA, UT, WI
- Under Active Review (10)
 - CT, DE, IA, MD, MO, NY, OR, TX, VA, WV



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What Could Have Been



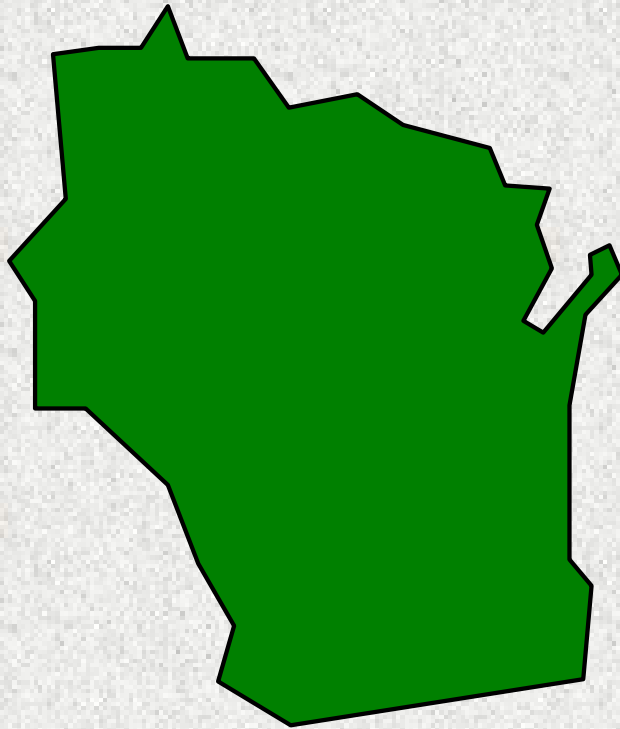
- ◆ Limited Adoptions
- ◆ 5-Year Guarantees
- ◆ More Conservative Mortality Standard
- ◆ Chaos in Term Market in 1999



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Wisconsin



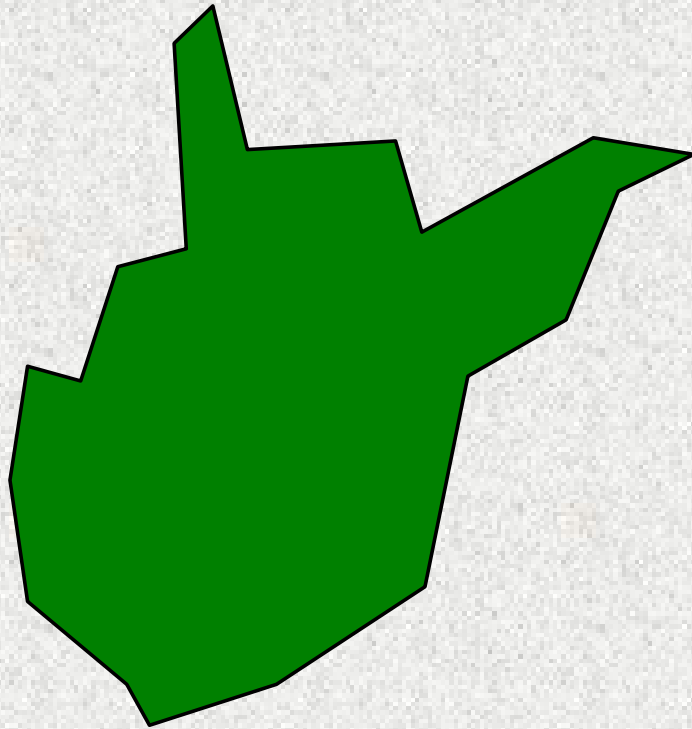
- ◆ Adopted 1995 XXX Effective 1/1/1999
- ◆ Deferred to 7/1/1999
- ◆ 1999 XXX Will Replace
- ◆ Technically Period Where 1995 XXX Is In Effect



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West Virginia



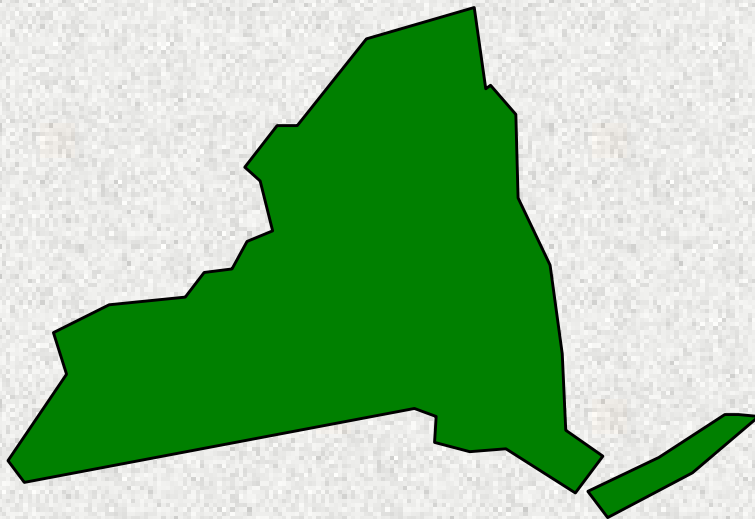
- ◆ Adopted 1995 XXX
Effective 1/1/98
- ◆ Rule Delaying Issued in
1998
- ◆ Legislature Repealed in
1999
- ◆ Working on 1999 XXX
- ◆ Not in Hurry



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New York



- ◆ Regulation 147 Adopted Effective 1/1/1994
- ◆ Similar to 1995 XXX
- ◆ Expect to Adopt 1999 XXX in 2000
- ◆ Effective 1/1/2000
- ◆ Modifications?



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Texas



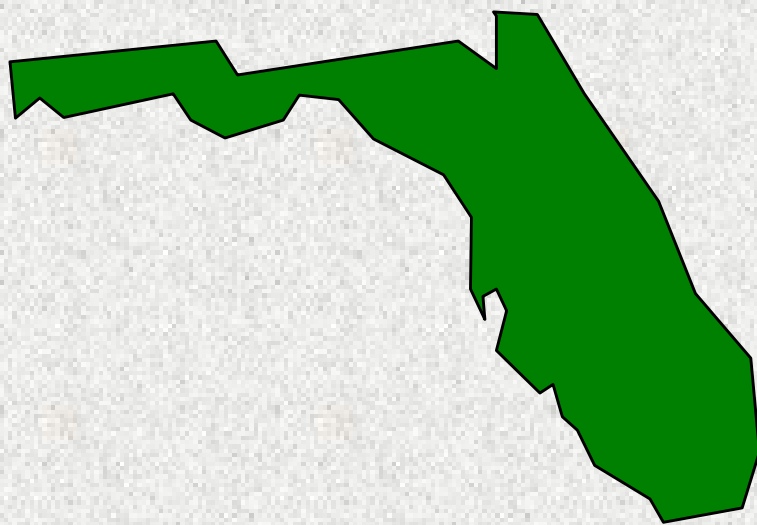
- ◆ 1995 XXX Effective 1/1/2000
- ◆ Staff Concerned About Authority for Distinct Mortality Tables
- ◆ Staff Recommending Adoption 1/1/2000
- ◆ Modifications?



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Florida



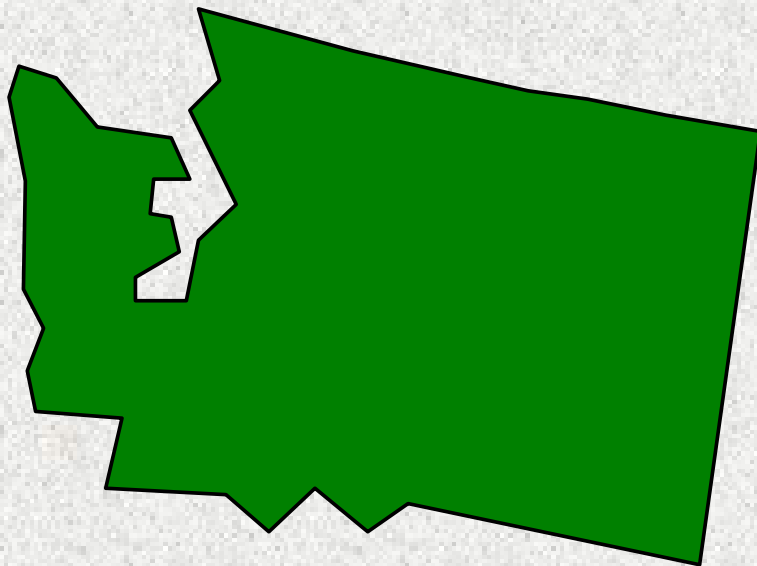
- ◆ ACLI Bill to Authorize Commissioner to Adopt XXX Failed
- ◆ Authority Not Needed
- ◆ Now Feel They Can't Proceed
- ◆ Current Renewable Term Law In Effect



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Washington



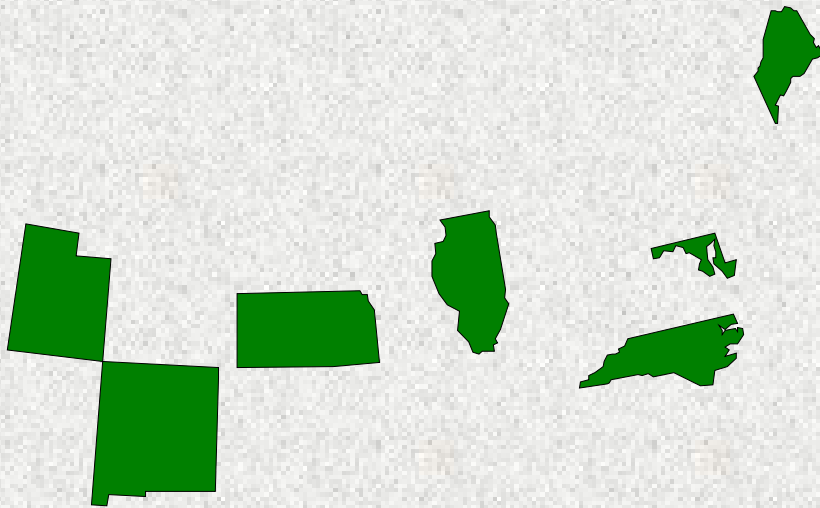
- ◆ Staff Has Recommended Adoption
- ◆ Recommends Not Allowing X Factor
- ◆ Not Moving
- ◆ Not Sure of Commissioner's Position



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51% States



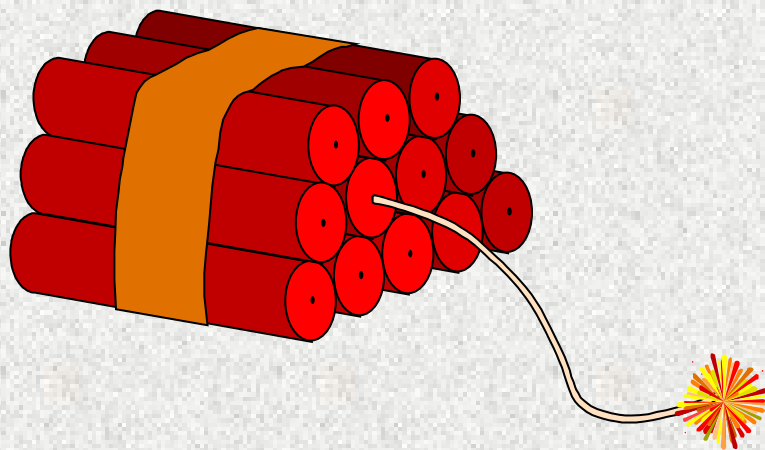
- ◆ Adopted 1995 XXX with “Illinois Provision”
- ◆ Will Adoption of 1999 XXX Affect Provision?
- ◆ Illinois Says No
- ◆ Other States
- ◆ All On Track to Adopt



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Other Potential Problems



- ◆ State Variations
- ◆ States That Don't Adopt XXX
 - Keeping the “Tail”
 - Potentially Unlevel Playing Field
- ◆ Late Adoptions Could Still Be Effective
1/1/2000

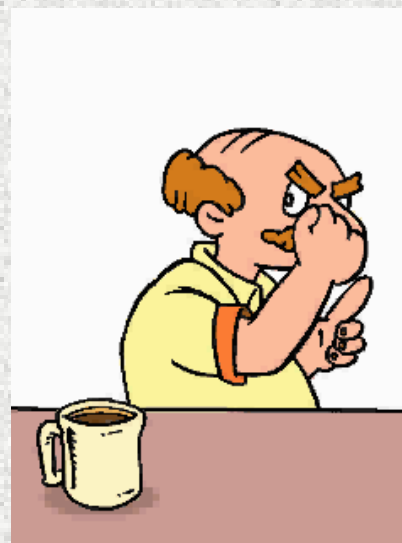


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Actuarial Opinion & Memorandum Regulation (AOMR)

- ◆ New Proposal
 - If Conditions Met, Use Domicile State
 - Commissioner Considers Individual Requests
 - Commissioner Determines Products To Be Disclosed
- ◆ Not Available for Section 7
- ◆ Codification Used for Disclosure

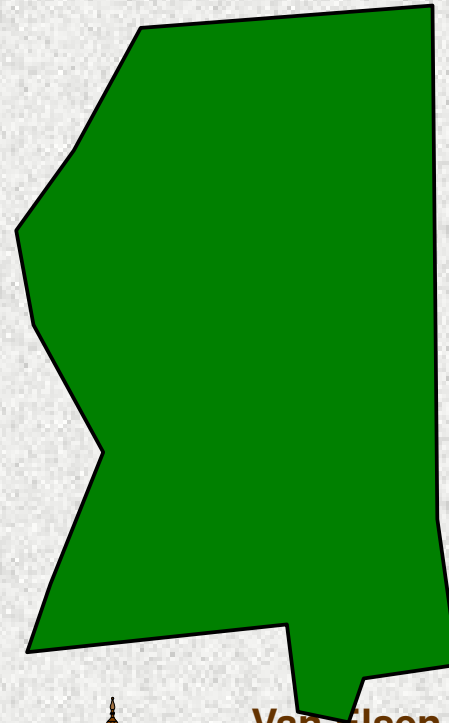


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Mississippi

- ◆ Modified Regulation 96–104 (Cause 99-3703)
Effective 6/17/99
- ◆ Requires Actuarial
Opinion Based on State
Where Written
- ◆ ACLI Ignored, NALC
Alerted AAA
- ◆ Write Now!!!



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Unified Valuation System (UVS)

- ◆ Redefining Valuation Theories
- ◆ More Actuarial Judgment & Modeling
- ◆ Encompasses RBC
- ◆ Viability Report
- ◆ Reviewing Actuary
- ◆ Has “Legs”

Small Company Actuary

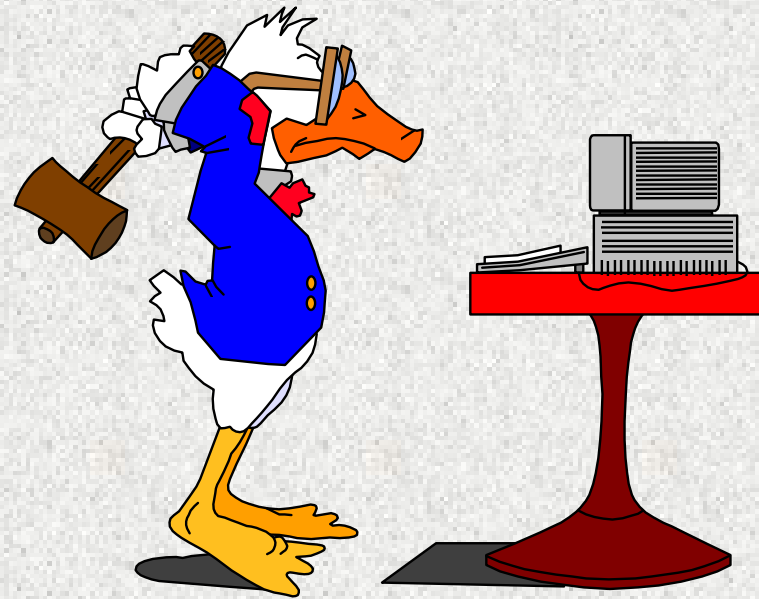


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Standard Nonforfeiture Law (SNFL)

- ◆ Under Development Since 1981
- ◆ Latest Effort Headed by Frank Dino (Florida)
- ◆ No Formula Minimums
- ◆ New Pressure From 2000 CSO
- ◆ XYZ for Universal Life

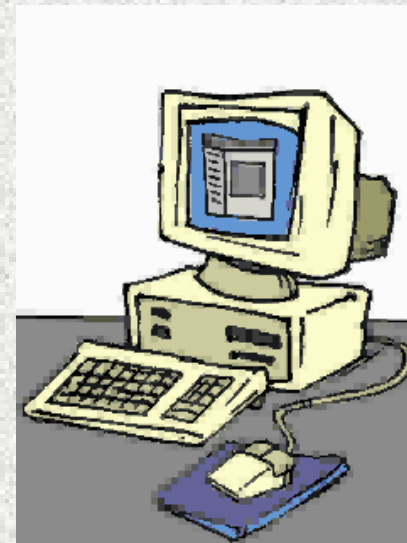


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Actuarial Guidelines Under Development

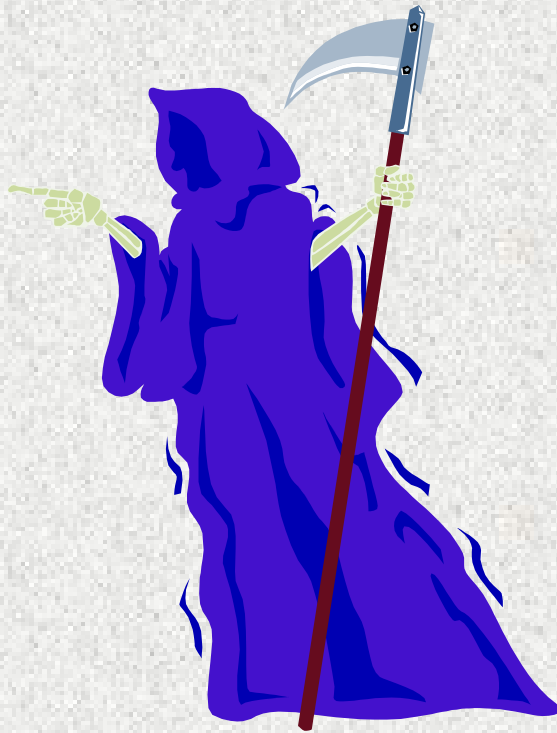
- ◆ ZZZ Adopted (AG35):
EIA's
- ◆ ZZZZ: EIUL
- ◆ NFZZZ: Nonforfeiture
for EIA's
- ◆ XXXX: XXX for VL &
VUL
- ◆ VAGLB: VA Guaranteed
Living Benefits



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New Valuation Tables



- ◆ 2000 CSO
- ◆ Individual, Group, & Credit DI
- ◆ Accidental Death Benefits
- ◆ Individual Annuity (Update Annuity 2000)
- ◆ Group Annuity
- ◆ Long Term Care



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LHATF Week

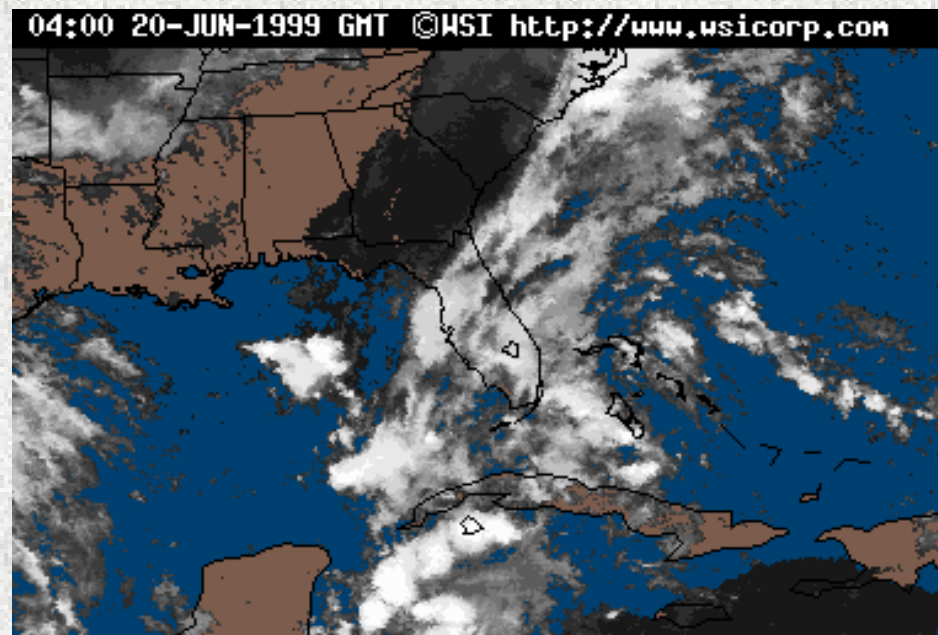
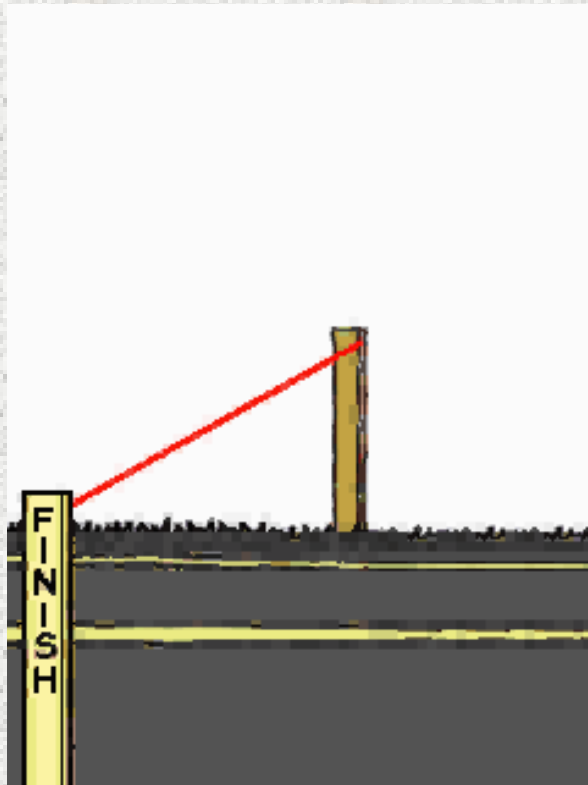
- ◆ Life & Health Actuarial (Technical) Task Force
- ◆ Week of August 23
- ◆ Kansas City



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The End



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