

## LIFE INSURANCE (A) COMMITTEE

### Reference:

1986 Proc. I p. 626  
1985 Proc. II p. 595

Susan L. Walker, Chairman—S.D.  
Margurite C. Stokes, Vice Chairman—D.C.

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### AGENDA

1. Report of Universal and Other New Plans Task Force
2. Report of Life Cost Disclosure Task Force
3. Report of Life and Health Actuarial Task Force
4. Report of AIDS Advisory Committee
5. Any Other Matters Brought Before the Committee

The Life Insurance (A) Committee met in Salon E of the Marriott Copley Place Hotel in Boston, Mass., at 9 a.m. on June 11, 1986. A quorum was present and Susan L. Walker (S.D.) chaired the meeting. The following committee members or their representatives were present: Margurite C. Stokes, Vice Chair (D.C.); John Montgomery (Calif.); George F. Grode (Pa.); James M. Thomson (Va.); Fred E. Wright (W.Va.); and Thomas P. Fox (Wis.).

Susan Walker announced that the AIDS Advisory Report will be made only to the Accident and Health Insurance (B) Committee and not to the A Committee as previously indicated. She stated that it was felt not necessary for it to make the same report to both committees. The change was also at the request of the Advisory Committee to comply with some traveling schedules of the members.

#### 1. Report of Universal and Other New Plans Task Force

Alan Lauer (Pa.) gave the report of the Universal and Other New Plans (A) Task Force. He reviewed the six recommendations of the Life and Health Actuarial (EX5) Task Force as adopted and as set forth in paragraphs A through F of the task force minutes. The recommendations include adopting models for exposure and adopting the Illustration Guidelines for Variable Life Insurance and the Modified Guaranteed Life Insurance Regulation as NAIC models at this time.

The Advisory Committee on the Model Universal Life Regulation was invited to review the exposure drafts on the proposed revision to the Universal Life Model and the revision to the minimum cash surrender values for flexible premium universal life policies.

Gilbert V.I. Fitzhugh (Pruco Life Insurance Company) was appointed chair of the Advisory Committee on Indexed Products Other Than Universal Life Insurance.

Upon motion duly made and seconded, the Committee adopted the task force report.

#### 2. Report of Life Cost Disclosure Task Force

It was then clarified that in item 1(C) of the task force report, it was hoped to have the NAIC adopt the Guidelines for Variable Life Nonforfeiture Values in December even if the Universal Life Model Regulation is not complete at that time.

It was announced that the Life Cost Disclosure Task Force did not have a meeting and, therefore, would not be giving a report. Superintendent Stokes asked when the work of this Task Force would be complete. Brad Giles (Wis.) replied that work was progressing and a complete report would be made in December 1986 to the NAIC. The proposed schedule was reiterated by John Montgomery.

The Committee then heard from Tony Spano (American Council of Life Insurance), who spoke in favor of the proposed models for adoption.

### 3. Report of Life and Health Actuarial Task Force

John Montgomery (Calif.) reviewed the report of the Life and Health Actuarial Task Force, including the priority recommendations set forth in the report. (See Attachment One to the Life & Health Actuarial Task Force.) Upon motion duly made and seconded, the Committee adopted recommendation number one in the report which states:

"The January 1, 1989 cut-off date should be removed from the NAIC Procedure for Permitting Same Nonforfeiture Standards for Men and Women Insured under the 1980 CSO and 1980 CET mortality tables."

Mr. Montgomery then reviewed the remaining six recommendations in the report on proposed projects. (These projects will be assigned priority by the Technical Services (EX5) Subcommittee). Projects under consideration include a complete revision of the Standard Valuation Law and Standard Non-forfeiture Laws, a massive undertaking expected to take a number of years to complete; and a provision for catastrophic mortality, in as much as the 1958 CSO Mortality Tables may not be adequate in some situations to deal with the extra mortality on AIDS and the 1980 CSO Tables are clearly inadequate. Therefore, the task force members recommended that item number 7-Adding a New Project for Provision for Catastrophic Mortality be pursued.

Upon motion duly made and seconded, the Committee voted to receive the report and recommended the projects onto the Technical Services (EX5) Committee for prioritizing.

### 4. Any Other Matters Brought Before the Committee

Dick Barnsback (ACLI) presented a film by the ACLI and the Health Insurance Association of America on "Risk Classifications."

Having no further business, the Life Insurance (A) Committee adjourned at 9:50 a.m.

Susan L. Walker, Chairman, S.D.; Margurite C. Stokes, Vice Chairman, D.C.; Bruce A. Bunner, Calif.; David A. Gates, Nev.; Earl R. Pomery, N.D.; George R. Grode, Pa.; James M. Thomson, Va.; Fred E. Wright, W.Va.; Thomas P. Fox, Wis.

## **LIFE COST DISCLOSURE (A) TASK FORCE**

**Reference:**

1986 Proc. I p. 630  
1985 Proc. II p. 604

Thomas P. Fox, Chairman—Wis.  
Bruce A. Bunner, Vice Chairman—Calif.

The Life Cost Disclosure (A) Task Force did not meet during the NAIC 1986 Summer National Meeting.

Thomas P. Fox, Chairman, Wis.; Bruce A. Bunner, Vice Chairman, Calif.; Afa Roberts, American Samoa; Gil McCarty, Ky.; Peter Hiam, Mass.; Josephine M. Driscoll, Ore.

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## UNIVERSAL AND OTHER NEW PLANS (A) TASK FORCE

Reference:

1986 Proc. I p. 655  
1985 Proc. II p. 607

George F. Grode, Chairman—Pa.  
John G. Richards, Vice Chairman—S.C.

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### AGENDA

1. Report of Life and Health Actuarial Task Force
2. Report of Advisory Committee on Model Universal Life Regulation
3. Report of Advisory Committee on Indexed Products Other Than Universal Life
4. Any Other Matters Brought Before the Task Force

The Universal and Other New Plans (A) Task Force met in Salons C & D of the Marriott Copley Place Hotel in Boston, Mass., at 1 p.m. on June 8, 1986. A quorum was present and George F. Grode (Pa.) chaired the meeting. The following task force members or their representatives were present: Bruce A. Bunner (Calif.); Michael J. Dugan (Neb.); James P. Corcoran (N.Y.); Catherine Brown Fryer (Texas); and James M. Thomson (Va.).

#### 1. Report of Life and Health Actuarial Task Force

John Montgomery (Calif.) presented the report of the Life and Health Actuarial (EX5) Task Force. The Actuarial Task Force requested that the Universal and Other New Plans (A) Task Force adopt the following six recommendations contained in the report:

- A. Receive as an exposure draft the Guideline for Variable Life Insurance Separate Account Investments.
- B. Adopt the Illustrations Guideline for Variable Life Insurance.
- C. Retain the Guideline for Variable Life Nonforfeiture Values as an exposure draft pending resolution of the Universal Life Model Regulation revision for nonforfeiture values.
- D. Adopt the Model Modified Guaranteed Life Insurance Regulation.
- E. Receive as an exposure draft a proposed revision of Article V, Valuation to the Universal Life Model Regulation.
- F. Receive as an exposure draft a proposed revision of Article VI, Nonforfeiture, Section 1: Minimum Cash Surrender Values for Flexible Premium Universal Life Insurance Policies.

The proposed Investment Guideline in Recommendation A is a new version. The Actuarial Task Force recommended to delay action of the proposed Nonforfeiture Guideline in Recommendation C because portions of this guideline correspond to the portions of the Universal Life Insurance Model Regulation that are being revised in Recommendation F.

The Actuarial Task Force had made five technical changes from the previous exposure draft of the Model Modified Guaranteed Life Insurance Regulation in Recommendation D.

Upon motions duly made and seconded, the Universal and Other New Plans (A) Task Force adopted the six recommendations of the Actuarial Task Force stated above.

## 2. Report of Advisory Committee on Model Universal Life Regulation

James Jackson gave a report of the Advisory Committee. He gave a brief history of the committee and the work done to create the Universal Life Insurance Model Regulation. Currently the Advisory Committee has taken an observatory role but is ready to meet if called upon by the Universal and Other New Plans Task Force.

Commissioner Grode invited the Advisory Committee to review the new exposure drafts received in Recommendations E and F of the Actuarial Task Force.

## 3. Report of Advisory Committee on Indexed Products Other Than Universal Life

At the Dec. 10, 1984, meeting of the Task Force, an advisory committee was established to assist in the study of indexed products other than universal life. Alan Lauer (Pa.) reported that Gilbert V.I. Fitzhugh (Pruco Life Insurance Company) has accepted the chair position of the advisory committee. Mr. Fitzhugh is contacting the people on the recommended membership list to create the advisory committee.

Having no further business, the Universal and Other New Plans (A) Task Force adjourned at 2 p.m.

George F. Grode, Chairman, Pa.; John G. Richards, Vice Chairman, S.C.; Afa Roberts, American Samoa; Bruce A. Bunner, Calif.; Gil McCarty, Ky.; Peter Hiam, Mass.; Michael J. Dugan, Neb.; David A. Gates, Nev.; James P. Corcoran, N.Y.; Catherine Brown Fryer, Texas; James M. Thomson, Va.

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