



**SOCIETY OF
ACTUARIES**

Article from

Small Talk

July 2019

Issue 51

SmallCo Resource Corner

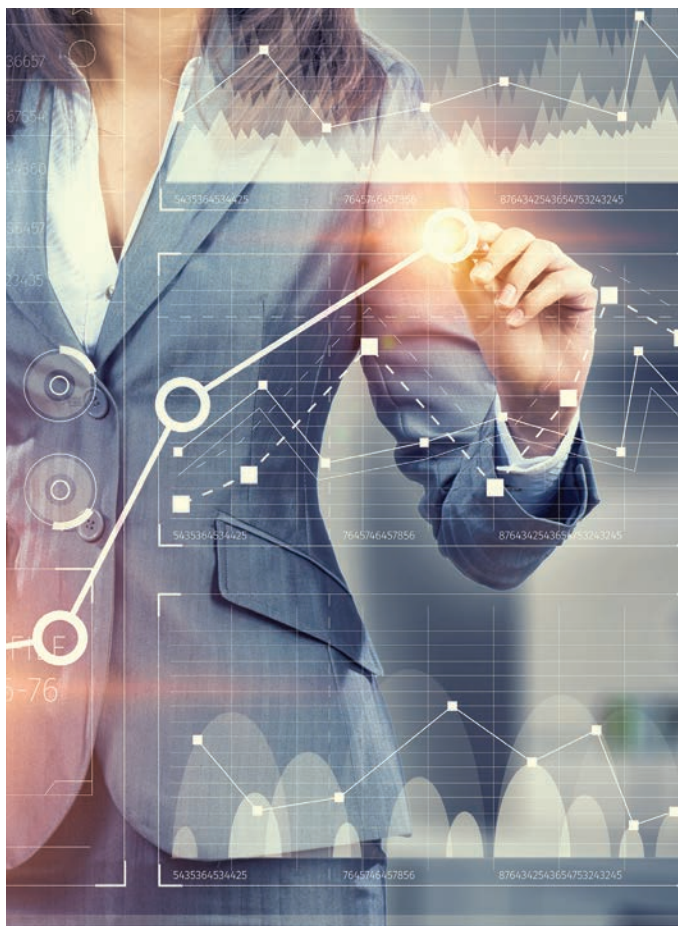
By Michael Watanabe

The insurance industry and the actuarial profession are constantly evolving, and it takes a fair amount of time and effort to keep up with all the changes. At a smaller life insurance company, it's a challenge to efficiently use the limited resources available to stay abreast of what's going on in the industry and profession and apply our understanding of those changes to projects and work products.

To help you navigate the vast array of resources available to actuaries, the editors at *Small Talk* have created the SmallCo Resource Corner. In each issue of *Small Talk*, the Resource Corner will feature a new tool, document or source of information to increase awareness of the various resources an actuary can leverage. For the first Resource Corner, we are featuring the *Life & Health Valuation Law Manual* from the American Academy of Actuaries (*Valuation Law Manual*, or *LHVLM*).

The most important thing to remember about this manual is that it is *not* the *NAIC's Valuation Manual (NAIC VM)*, which is a separate document and should be referred to when working on valuation work, such as principle-based reserving (PBR) or the current guidance for completing the Actuarial Opinion and Memorandum on reserves. The *LHVLM* contains more information than just comments on the *NAIC VM*. It also offers the current Actuarial Guidelines, information for filing the Actuarial Opinion and Memorandum in all 50 states, updates on changes in model laws and more.

The *LHVLM* is valuable for actuaries at smaller insurance companies who are looking for a “one-stop shop” for statutory and regulatory information.



If you're familiar with the *LHVLM* and have purchased it through the American Academy of Actuaries for several years, you have likely noticed a bunch of changes from previous versions of the manual. One of the more noticeable changes to the 2019 edition is that the current manual does not drop in large documents that are hosted elsewhere, such as the *NAIC VM* in its entirety. The *LHVLM* instead adds comments on recent activity related to the *NAIC VM* and what proposed changes may or will be coming up in future versions of the *NAIC VM*. The current *LHVLM* also separates comments on recent activity and places them in the corresponding section by topic. (Previous versions of the *LHVLM* contained one moderately long narrative describing all the changes from the previous manual.)

Although the *LHVLM* is not a free or inexpensive resource, it is valuable for actuaries at smaller insurance companies who are looking for a “one-stop shop” for statutory and regulatory information. With this 1,900-page document, an actuary working on valuation topics toward the end of the year can:

- follow the link to the most recent *NAIC VM* to refer to VM-30 for the requirements for the Actuarial Opinion and Memorandum on reserves;
- read up on any recent or proposed changes to the *NAIC VM* that would affect a relevant block of business;
- review any or all actuarial guidelines that pertain to the blocks of business the actuary must opine on, along with comments related to any developments that have occurred in the past year related to those guidelines;
- quickly view any state variations in model laws or model law adoptions, along with the state reference where the model law can be found;
- find the contact information for any state in which a company needs to file the Regulatory Asset Adequacy Issues Summary;
- quickly review the applicability guidelines for Actuarial Standards of Practice for various topics; and
- review other online resources linked in the *LHVLM*.

Many issues in the actuarial profession and the insurance industry are evolving, and it's important for all actuaries to be cognizant of those developments by bringing attention to and making use of various resources at our disposal. The *Life & Health Valuation Law Manual* is one such tool, but there are many others out there. If you have a resource you'd like to see discussed and highlighted in the *Small Talk* newsletter, please let us know. Better yet, write about it and share it with us! ■



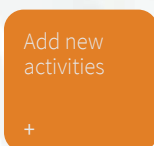
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