

**Comment #1 – 7/22/13 – 1:26 p.m.**

A very quick observation. Definitions in the ASOP may differ from VM-01 if the ASB so desires, but the ASB might wish to explain these differences. Obviously, the ASB probably does not want to change a definition in an ASOP every time the NAIC changes one for the same term, but it may have been easier to define Margin – the meaning ascribed in VM-01 as of November 13, 2012, or the initial effective date of Valuation Manual upon approval of the changes to the Standard Valuation Law by the minimum number of required states and only change that date in the ASOP if a material change to the definition is adopted in a subsequent valuation manual.

If I have more to write, I will send another email.

Kerry Krantz

## **EXPOSURE DRAFT Proposed Actuarial Standard of Practice Principle-Based Reserves for Life Products**

2.7 Margin—An amount included in a prudent estimate assumption that is intended to provide for estimation error and adverse deviation related to a corresponding anticipated experience assumption.

## **VALUATION MANUAL Adopted by the Life Insurance and Annuities (A) Committee August 17, 2012**

Revisions adopted September 28, 2012 and November 13, 2012

Definitions for Terms in Requirements – VM-01

31. The term “margin” means an amount included in the assumptions, except when the assumptions are prescribed, used to determine modeled reserve that incorporates conservatism in the calculated value consistent with the requirements of the various sections of the Valuation Manual. It is intended to provide for estimation error and adverse deviation.

(Used in VM-05, VM-20, VM-21, VM-25, VM-26 and VM-31)