

**Comments on Proposed Actuarial Standard of Practice
“Principle-Based Reserves For Life Products”**

To: Members of The Actuarial Standards Board

May 26, 2017

Dear Members,

It is my privilege to contribute a few thoughts to PBR in general, and this ASOP in particular. I write on my own behalf, not that of my employer.

My comments are as follows:

1. In definition 2.13, “Principle-based Reserve”, I am concerned about the term “as specified in the Valuation Manual” as it pertains to the Standard Valuation Law. The Valuation Manual contains VM-05, entitled “NAIC Model Standard Valuation Law”. This is model law, not state law; however, since it is contained in the Valuation Manual, it might be interpreted as a source of guidance. I don’t believe this was the intent of the drafters of the ASOP. Therefore, I suggest a definition of “Standard Valuation Law” be added to the ASOP, to make clear that it means the law of a state of domicile and not the model law that is included in the Valuation Manual.
2. Section 3.3.1: The second line directs this guidance to “the company”; I suggest it be to “the actuary”.
3. In Section 3.5.2, I suggest that the term “net premium reserve” be replaced by the defined term **minimum net premium reserve**.

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4. General: The Valuation Manual is under rigorous review and this will likely continue for some time. Consequently, quoting statements directly from the text of VM-20 puts the ASOP at risk of requiring more frequent revisions than might normally be expected. I suggest you take this into consideration.

Thank you.

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