To: Eric A. Cioppa & Bruce R. Ramge, Co-Chairs of the Principle-Based Reserving Implementation (EX) Task Force

From: Mike Boerner, Chair of the Principle-Based Review (EX) Working Group

Date: January 19, 2017

Re: PBR Company Pilot Project Final Report

**Executive Summary:**

The PBR Review (EX) Working Group was given a charge by the Task Force to conduct a PBR Pilot Project in 2016. The goal of the project was to involve a small number of life insurance companies who would volunteer to perform Principle-Based Reserve (PBR) calculations on their term and/or universal life with secondary guarantee products. The participating companies calculated the reserves according to VM-20 and reported the results using the new annual statement blank called the VM-20 Reserve Supplement. In addition, the companies completed the new PBR Actuarial Report. The PBR Actuarial Report is a non-public confidential document detailing how a company complies with all of the requirements of a PBR valuation as defined in the VM-31 PBR Actuarial Report Requirements. For each company, the regulators reviewed the reserve results, the VM-20 Reserve Supplement and the PBR Actuarial Report that was submitted. Regulators used that information to assess the clarity and completeness of the valuation manual and the adequacy of the VM-20 Reserve Supplement and instructions for reporting the reserves and to determine company compliance with all the requirements of a PBR valuation as defined in the Standard Valuation Law and Valuation Manual. The regulators also sought the perspective of the participating companies by asking for feedback on any and all aspects of the PBR Pilot Project. This was done in the form of a short survey sent to the participating companies. Details of the PBR Pilot Project Process and a summary of results of the PBR Pilot Project Company Survey are provided later in this report.

Eleven companies spread across nine states of domicile participated in the PBR Pilot Project. Table 1 below shows some statistics on the products tested under the PBR Pilot Project. As Table 1 shows, over 1.2 million policies were tested with a total face amount of over $829 billion and a reported reserve over $3.6 billion. The values in Table 1 represent the aggregation of five (5) issue years of business across ten (10) companies, and a single year of issued business for one (1) company.

<table>
<thead>
<tr>
<th>Product Tested</th>
<th>Number of Policies</th>
<th>Face Amount</th>
<th>Reported Reserve</th>
<th>Average Policy Size</th>
<th>Average Reserve per Policy</th>
<th>Average Reserve per $1,000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Term</td>
<td>1,202,860</td>
<td>794,754,740,729</td>
<td>1,255,885,003</td>
<td>660,721</td>
<td>1,044</td>
<td>1.58</td>
</tr>
<tr>
<td>ULSG</td>
<td>74,322</td>
<td>34,362,378,886</td>
<td>2,373,612,499</td>
<td>462,345</td>
<td>31,937</td>
<td>69.08</td>
</tr>
<tr>
<td>Total</td>
<td>1,277,182</td>
<td>829,117,119,615</td>
<td>3,629,497,502</td>
<td>649,177</td>
<td>2,842</td>
<td>4.38</td>
</tr>
</tbody>
</table>
Regulators reviewed the company data submissions, developed a list of follow-up questions for each company and conducted regulator only follow-up calls to discuss company responses to the follow-up questions.

Major findings and observations of the PBR Pilot Project and Company Survey include the following:

1. With some exceptions, companies followed the PBR Pilot Project instructions provided by the regulators in the Company Guidance Document on the PBR Pilot Project (Appendix B) regarding the mandatory calculations and the modeling of five years of issued business.

2. All companies completed the VM-20 Reserve Supplement as well as the PBR Actuarial Report.

3. There was a fairly wide range in the level of detail provided in the PBR Actuarial Report, which documents the requirements of a Principle-Based Valuation. Regulators felt that no single report was fully complete; however some reports provided significantly more detail than other reports. The company reports with less detail generated a great deal more regulator follow-up questions that companies had to respond to.

4. The structure of the PBR Actuarial Report from all companies was essentially identical. Companies responded to the requirements of VM-31 in the order in which they appear in VM-31. Regulators felt this was a positive outcome in that it provided a level of standardization to the reports. Regulators had some discussion on whether to modify VM-31 at some future point to eliminate some duplication of requirements in VM-31 and make it a requirement that a company’s report follow the order of the requirements in VM-31.

5. Ten companies tested level term products and seven companies tested Universal Life with Secondary Guarantees. Of the seven companies that tested Universal Life with Secondary Guarantees, two companies did not calculate the required stochastic reserve due to time or system constraints.

6. From the PBR Pilot Project Company Survey, three of the eleven companies indicated they would value products issued in 2017 under PBR, with one additional company indicating they might value products under PBR depending on the outcome of what Tax Reserve would be allowed under PBR by Treasury. Seven of the eleven companies indicated they would not value any business issued in 2017 under PBR. Combining this survey information with survey information from the Society of Actuaries (SOA) survey titled “Report of the Society of Actuaries 2016 Mortality & Other Implications of PBR (VM-20) Survey - Part 2” conducted in July of 2016 we have an indication that as many as 16 companies are planning to value products in 2017 under PBR. It should be noted however, that the actual number of companies going live with PBR on January 1, 2017 could be more or less than the 16 companies who responded they would go live, due in part to the low response rate of the life insurance industry to the SOA Survey.

7. Two out of the ten companies testing term products had a negative Deterministic Reserve. A negative Deterministic Reserve is possible under the VM-20 methodology if the gross premiums on the product are at such a level that when combined with the investment income earned on the invested assets, the resulting cash inflows are more than sufficient to pay all the claims and expenses under the product. However use of aggressive or unrealistic company experience assumptions can also generate a negative deterministic reserve. For the two companies generating a negative Deterministic Reserve, the regulators focused on each company’s experience assumptions and level of gross premiums to try to determine the driver of the negative
deterministic reserve. This issue points out a challenge regulators will face in examining companies under PBR. There are a great deal of moving parts in the reserving process such as gross premium structures, experience assumptions, net asset earned rates etc. that all must be evaluated for reasonableness and validated against past and developing experience.

8. All seven companies testing Universal Life with Secondary Guarantees had positive Deterministic Reserves. Only five of the seven companies calculated the required stochastic reserve, which in each case produced a positive reserve. In four of those five companies, the stochastic reserve exceeded the deterministic reserve.

9. Three companies reported no reinsurance ceded reserve and eight companies reported reinsurance ceded reserves. Seven of the eight companies reported a pre-reinsurance ceded reserve that was greater than the post-reinsurance ceded reserve. One of the eight companies reported a pre-reinsurance ceded reserve that was less that the post-reinsurance ceded reserve. Regulators discussed that since it is possible that the post-reinsurance ceded reserve could be greater than the pre-reinsurance ceded reserve, there was a need to review the reinsurance accounting rules to determine if any changes in statutory accounting rules need to be made to address such a situation.

10. During the pilot project, a number of questions arose regarding the interpretation of provisions within various sections of VM-20 and VM-31. Regulators have determined that certain clarifications of language need to be made and have formed a VM Review Drafting Group consisting of NAIC support, regulators, industry representation and several American Academy of Actuary members involved in PBR to address these various questions and interpretations. One example of such a provision in VM-20 that needs clarification regards the aggregate level of mortality experience used for the determination of the credibility percentage and the sufficient data period. The mortality assumption is a significant assumption for determining life insurance reserves and the Pilot Project revealed a wide range of processes used to determine company credibility. Regulators had some concerns with the appropriateness of the process used by some companies and therefore more clarity and specificity needs to be developed. Any revisions to the Valuation Manual to address these issues will be submitted to LATF by the Drafting Group for consideration.

11. The PBR Pilot Project Company Survey asked companies to provide any comments on the PBR Pilot experience. All companies reported that they found the project to be a useful and valuable exercise. Companies indicated the project provided information on the extent of work and time involved in implementing PBR, on the work necessary to develop assumptions and margins, on technical corrections needed to the modeling software, on the opportunity to review, understand and explain modeling results and on understanding the impact on the deterministic and stochastic reserve due to the use of different discount rates used in the reserve calculations, e.g. the net asset earned rate is used to discount cash flows in the determination of the deterministic reserve and the scenario 1 year treasury rate is used to discount cash flows in the determination of the stochastic reserve.

12. Regulators found the pilot project to be extremely valuable. It provided an opportunity to see the differences between companies in how experience assumptions and margins were established, provided an opportunity to see and compare actual company principle-based reserve results, provided an opportunity to see the company differences in the level of detail provided in the PBR Actuarial Report and provided the opportunity to see the types of questions and interpretations that arose in applying the requirements of the VM-20 methodology to determine the reserves, pointing out areas within the Valuation Manual where additional clarification is needed. The
pilot project also provided both the regulators performing the review of their domestic company’s PBR Actuarial Report and other regulators listening to the presentations valuable experience in how PBR reviews could work when implemented and insight into those areas which will need particular scrutiny such as setting assumptions and margins.

While the Net Premium Reserve will serve as a floor for all Principle-Based valuations, the regulatory challenge will be to determine that the Principle-Based Reserve as reported in the VM-20 Reserve Supplement is in compliance with all the requirements of the Standard Valuation Law as detailed in the Valuation Manual. As noted earlier, there are many moving parts in a Principle-Based Valuation process including the product benefits, guarantees, gross premium structure and policy load and expense structure as well as company experience assumptions regarding mortality, morbidity, longevity, policy surrender rates, premium lapse rates, free withdrawal rates, policy loan rates and interest rate crediting strategy, asset earned rates, reinvestment and disinvestment strategies and expenses. Regulators will need the ability, and the NAIC is working on developing this capability, to collect and track actual individual company experience to assist the regulators in an evaluation and validation of individual company experience assumptions used in the reserving process. In addition, regulators will need the assistance of the NAIC staff in reproducing individual company modeling results on a smaller block of business scale.

The PBR Pilot Project Process:

The first step in the Pilot process involved soliciting company volunteers who were willing to invest the time and resources needed to undertake the substantial amount of work required by the project. The PBR Review (EX) Working Group solicited the help of LATF members to develop a list of companies willing to participate. In late January 2016, the Working Group ended up with 12 company volunteers spread across nine states of domicile who were willing to participate in the Pilot. Companies had major concerns regarding confidentiality of their work product. The company work product consisted of the VM-20 Excel Spreadsheet Template for the VM-20 Reserve Supplement and the PBR Actuarial Report as required by VM-31. NAIC staff, working with the Chair of the Working Group, decided that the companies would submit their work product to their state of domicile under existing state confidentiality statutes. Each state of domicile would in turn submit the company’s work product to NAIC staff supporting the Working Group and this would be done under a Confidentiality and Information Sharing Agreement between each of the 9 domiciliary states and the NAIC. NAIC legal staff drafted the Confidentiality and Information Sharing Agreement and executed the agreement with each of the nine states of domicile. This agreement bound the NAIC and the state of domicile to protect the confidentiality of both the participating companies and the work product of each company and allowed the state of domicile of the participating company to share with the NAIC, the Pilot Project work product of each company.

NAIC staff, working with the Chair of the Working Group, then put together a Pilot Project plan and timeline. The project plan called for a Company Pilot Project Kickoff Webinar to be held on April 15, 2016 and to be conducted by the NAIC. This webinar was conducted on April 15, 2016 and represented the official commencement of the PBR Company Pilot Project. The power-point presentation used for webinar may be found in Appendix A of this report. That power-point presentation also contains the project plan and timeline. The 12 participating companies, along with regulators from the 9 participating states and the PBR Review (EX) Working Group Members were invited to the webinar. The webinar was conducted in a manner so that the participating companies remained confidential to each other. The webinar covered the following topics:

1. Project Plan and Timeline,
2. Confidentiality and Information Sharing Agreement between the state and the NAIC,
3. Process for participating companies to submit questions to the NAIC regarding the Pilot Project and how the questions would be addressed,
4. Required Calculations to be performed under the Pilot Project
5. Voluntary Calculations that the Company may wish to perform
6. Website link containing all documents associated with the Pilot Project, including VM-20, Excel Spreadsheet Template for VM-20 Reserve Supplement, PBR Actuarial Report requirements detailed in VM-31, and the Company Guidance Document on the PBR Pilot Project

The Company Guidance Document provided the participating companies instructions on such things as the number of issue years to run in the model, the valuation date, the required calculations that must be performed and the voluntary calculations that the company may choose to perform. The Company Guidance Document may be found in Appendix B of this report.

After the Company Pilot Project Kickoff Webinar was conducted, the project plan and timeline called for the companies to complete their work product between April 15 and August 15, 2016. Their work product consisted of building their PBR models, completing their PBR calculations, reporting the reserve results in the VM-20 Reserve Supplement and completing the PBR Actuarial Report. The due date for the company to submit their work product to their state of domicile was August 19, 2016, at which time the state of domicile would send the work product to NAIC staff per the Confidentiality and Information Sharing Agreement. NAIC staff would then compile and organize the Company results between August 20th and August 31st, in preparation for regulators to begin the review process which was scheduled to be completed between September 1 and November 30, 2016 with a final written report to be completed by the December National Meeting of the NAIC.

Between the April 15th and August 15th dates, one company decided to drop out of the Pilot Project due to lack of resources and time available to complete the work. That left 11 companies who ended up participating in the pilot project and completing all the required work. With the exception of two companies (who asked for and were granted an extension), companies completed their work product by August 19th and submitted the work product to the state of domicile. The states’ of domicile then sent the company work products to a designated NAIC staff person. To protect the confidentiality of the company work product, NAIC staff set up a confidential data base housing the company work products and gave access to the PBR Review (EX) Working Group Members, regulators from the nine participating states and other interested regulators. One participating state, through their Confidentiality and Information Sharing Agreement, limited access to their state’s company work product to the regulators of the nine participating states, which led to setting up a second confidential data base limited to the nine participating state regulators.

After the company work product documents were loaded to the confidential data bases and regulators given access, the NAIC staff compiled some initial statistics on the reported reserves such as reserve per policy and reserve per 1,000 of face amount and sent that data to the regulators (see Table 1 in the Executive Summary).

Beginning in early September, 2016 regulators set up a series of one hour conference calls to begin the review and discussion of each company’s work product. A one hour call was dedicated to each company’s review. During each call questions were noted and regulators were asked to send the list of questions to NAIC staff that would compile the questions and then send the list of questions to the regulator of domicile to forward on to their company seeking a response. A one hour follow-up conference call was then set up to review the company responses to the questions submitted by the regulators. To facilitate the company review process, regulators designed two review templates. One template called the company snapshot was used to summarize the company’s reserve results reported in the VM-20 Reserve Supplement and run some statistics on the Net Premium Reserve, Deterministic
Reserve and the Stochastic Reserve (if applicable) along with recording policy counts, face amounts and the reported reserve amounts. The other template was a listing of each VM-31 requirement with space provided to document how the company met the requirement. Prior to each company review and discussion call, the domestic regulator for that company would complete or fill out the two templates. These completed templates were sent out to regulators prior to the call and were used by the regulators on the call to conduct the company review and discussion process. In a similar manner, regulators were sent the company responses to the regulator follow-up questions prior to the follow-up review call and the domestic regulator would one by one present the company’s response to each question. In most cases the domestic regulator scheduled a call with their company to review the responses to the questions prior to the regulator only follow-up call.

Regulators completed the company review and follow-up calls in January 2017 about 1 month behind the original project plan schedule. The delay was mainly due to the problem of scheduling so many regulator calls and trying to find dates to get as many regulators on the call as possible. The 2016 PBR Pilot Project came to a conclusion with the completion of this written report and submission of this written report to the PBR Implementation (EX) Task Force.

**Pilot Project Company Survey:**

In early December, while working on the company review and follow-up calls, regulators decided to design a final survey to be sent to the participating companies to solicit information on whether the participating companies would go live with PBR in 2017 or defer implementation and to get feedback on the company’s experience in participating in the pilot study. To respect the fact that companies would be busy with year-end work, the survey was purposely kept short, consisting of only 4 questions. The survey was sent to companies on December 14, 2016 with a completion date of January 13, 2017. Key observations from the survey are covered in the Executive Summary of this report. A copy of the survey questions can be found in Appendix C attached to this report.

The Chair would like to thank all of the eleven companies who participated in the PBR Pilot Project and who invested a significant amount of time in completing their work product, responding to regulator questions and completing the PBR Pilot Survey. The Chair would also like to thank the nine state domestic regulators who worked with their companies coordinating all aspects of the PBR Pilot Project, completing the review templates and presenting the results for their companies. The Chair also expresses thanks to the members of the PBR Review (EX) Working Group and Interested Regulators who participated in the numerous regulator-only company review and follow-up conference calls. Finally the Chair would like to express a big thank you to all the NAIC staff who worked tirelessly to make this PBR Pilot Project a success.
Participating Company 2016
PBR Pilot Project Kickoff
Friday April 15, 2016
Larry Bruning, FSA, MAAA
Managing Life Actuary Financial Regulatory Services NAIC

Project Plan & Timeline

• April 15, 2016
  ➢ Company Pilot Project Kickoff Webinar

• April 15 – August 15, 2016
  ➢ Companies complete PBR Calculations per VM-20
  ➢ Companies complete Excel Spreadsheet VM-20 Supplement
  ➢ Companies complete VM-31 Actuarial Report

• August 19, 2016
  ➢ Due date to send Excel Spreadsheet VM-20 Supplement and VM-31 Actuarial Report to State of Domicile
  ➢ State to share documents with NAIC per the Confidentiality and Information Sharing Agreement for the PBR Pilot Project
Appendix A

Project Plan & Timeline

- August 20 – August 31, 2016
  - NAIC Staff to Compile and Organize Company Results prior to Regulatory Review & Discussion

- September 1 – November 30, 2016
  - Regulators Review PBR Calculations per VM-20
  - Regulators Review Excel Spreadsheets VM-20 Supplement
  - Regulators Review VM-31 Actuarial Report
  - Recommendations on any Future Changes to VM

Project Plan & Timeline

- August 26 – August 29, 2016
  - NAIC Summer National Meeting Update to PBR Implementation (EX) Task Force on Pilot Project

- December 10 – December 13, 2016
  - NAIC Fall National Meeting Final Report on Pilot Project given to PBR Implementation (EX) Task Force
NAIC/State Confidentiality and Information Sharing Agreement

• NAIC Executed Confidentiality and Information Sharing Agreement for PBR Pilot Project with each of 9 States

• Agreement allows States to share PBR Pilot information with NAIC

• 12 Companies will be kept Confidential from Public and Each Other

• Regulator Review of Results and Discussion will be done in Regulator Only Sessions and will be open to all Interested Regulators

Methodology Questions / Company Assistance

• Company Questions
  - May be submitted in e-mail, or in a word or pdf document attached to an e-mail
  - E-mail address to submit questions: pbrpilotstudy@naic.org

• Life Reserve Working Group of the American Academy of Actuaries
  - Available to provide answers to any questions on methodology and modeling processes if requested by Regulators
Methodology Questions / Company Assistance

- Companies may volunteer to:
  - Share all model specifications/inputs with NAIC and NAIC will model results in parallel process to assist companies and regulators
  - If company uses GGY Axis modeling software, company may just send model
  - All model specifications/inputs or models will be sent to the state of domicile and then shared with the NAIC under the Confidentiality and Information Sharing Agreement for PBR Pilot Project
  - Any confidential information regarding model inputs or models shared under the Confidentiality and Information Sharing Agreement for the PBR Pilot Project will be destroyed after completion of the PBR Pilot Project

PBR Pilot Required Calculations

- Valuation Date 12/31/2015
- Prefer 5 Issue Years of modeled new business with reserves reported by issue year and on a combined basis
- VM-20 NPR for Term and ULSG
- Deterministic Reserve Term and ULSG
- Stochastic Exclusion Test Term and ULSG
- Stochastic Reserve Term and ULSG if fail SET
- See Company Guidance Document on PBR Pilot Project [link to be provided] for more information
Appendix A

PBR Pilot Voluntary Calculations

• Term
  ➢ Deterministic Reserve with 100% shock lapse if less than 100% was used for the required calculation
  ➢ Deterministic Reserve with 100% shock lapse and a 0.5% per year mortality improvement beyond the valuation date
  ➢ Results of the Deterministic Exclusion Test
  ➢ Stochastic Reserve if Stochastic Exclusion Test was passed

• ULSG
  ➢ Results of the Deterministic Exclusion Test
  ➢ Stochastic Reserve if the Stochastic Exclusion Test was passed

• See Company Guidance Document on PBR Pilot Project [link to be provided] for more information

NAIC Website Pilot Project

• NAIC 2016 PBR Pilot Project Website Link
  ➢ NAIC Website: [link to be provided]
  ➢ VM-20 Version to use for Pilot Project
  ➢ Excel Spreadsheet Template for VM-20 Supplement
  ➢ VM-31 Actuarial Report Requirements
  ➢ Company Guidance Document on PBR Pilot Project
  ➢ All documents will be available by April 20th
End of Webcast
Company Guidance Document on the PBR Pilot Project
April 15, 2016

Valuation Date

The date of valuation shall be 12/31/2015.

Issue Years

Regulators prefer that participating companies model 5 years of business for each product tested (2011 through 2015). If the products tested were issued in 2011 through 2015, participating companies can value the inforce as of 12/31/2015. If the products being tested were not issued in any calendar year prior to 1/1/2015, the company should take the new business issued for the first full calendar year of issues and assume that amount of new business was issued in each of the calendar years where there was no new business issued. So for example, if I am testing a product that was only issued in calendar year 2015 and I issued 500 policies with a total face amount of $700,000 in 2015, I would assume that I issued 500 policies with a total face amount of $700,000 in each year from 2011 through 2014. In this way, a company can generate 5 issue years of data. Companies can assume the same age, sex, underwriting class distribution as the 500 policies issued in 2015 example for the other calendar year issues.

Required Calculations

Regulators request that each participating company calculate the following:

Term Products:
- Net Premium Reserve (NPR)
- Deterministic Reserve (DR)
- Stochastic Exclusion Test (SET)
- Stochastic Reserve (SR) if SET is failed

ULSG Products:
- Net Premium Reserve (NPR)
• Deterministic Reserve (DR)
• Stochastic Exclusion Test (SET)
• Stochastic Reserve (SR) if SET is failed

The required calculations above are what should be reported in the Excel Spreadsheet VM-20 Supplement and disclosed in the VM-31 PBR Actuarial Report Requirements. The combined reserves would be reported in the Excel Spreadsheet VM-20 Supplement Part 1 and the Issue Year reserves would be reported in the Excel Spreadsheet VM-20 Supplement under the tab labeled Issue Year Results. For the PBR Pilot Project, Part 2 and Part 3 of the VM-20 Supplement can be ignored and do not need to be completed. The versions of VM-20, Excel Spreadsheet VM-20 Supplement and the VM-31 PBR Actuarial Report Requirements are found on the NAIC website [Reggie will provide link].

**Voluntary Calculations**

Participating companies may choose to volunteer to perform the following additional calculations:

Term Products:
• Deterministic Reserve using 100% shock lapse if less than 100% shock was used in the required Deterministic Reserve calculation
• Deterministic Reserve using 100% shock lapse and a 0.5% per year mortality improvement beyond the valuation date
• Deterministic Exclusion Test (DET)
• Stochastic Reserve (SR) if SET is passed

ULSG Products:
• Deterministic Exclusion Test (DET)
• Stochastic Reserve (SR) if SET is passed

Any voluntary calculations are not to be reflected or disclosed in the VM-31 Actuarial Report. Regulators are requesting that if a participating company performs voluntary calculations, the results be reported in the Excel Spreadsheet VM-20 Supplement under the tab labeled Voluntary Calculations.
Model Specifications/Inputs

Regulators are also encouraging but not mandating that all the participating companies submit their model specifications and inputs for the products tested to their domiciliary regulator. The domiciliary regulator will then share the model specifications/inputs with the NAIC under the NAIC/State Confidentiality and Information Sharing Agreement. This process will allow the NAIC to model results in a parallel process to assist companies and regulators in understanding model results and calculations. If a company is modeling their products in GGY Axis software, the company can submit the model to their state of domicile rather than the model specifications and inputs for each product. Any confidential information regarding model inputs or models will be destroyed after the completion of the PBR Pilot Project as stated in the Confidentiality and Information Sharing Agreement between the State and the NAIC. Model specifications/inputs may be described reported in a word or pdf document or in an excel spreadsheet or combination of the above to the state of domicile.

Company Questions on Methodology, Process or the Pilot Project

The NAIC has set up an e-mail address which will allow companies to submit any questions they have. The e-mail address is: pbrpilotstudy@naic.org. The questions and answers will be posted to the NAIC PBR Pilot Study Website [link to be provided]. The source of any question will be kept confidential. The Life Reserve Working Group of the American Academy of Actuaries will be available to provide answers to any questions on methodology and modeling processes if requested by the Regulators.

Confidentiality

The NAIC has entered into a Confidentiality and Information Sharing Agreement with each of the 9 States of domicile participating in the PBR Pilot Project. This agreement binds the NAIC to the same confidentiality standard as the State regarding any information shared under the PBR Pilot Project. The 12 participating companies will be kept confidential from the public and from each other. Regulator review of the results of the PBR Pilot Project will be conducted in regulatory only sessions, but open to all interested state regulators.
NAIC/State Regulator/Participating Company Coordination

It is anticipated that as the company completes its part of the PBR Pilot Project between April 15 and August 15, there will be regular communication, updates and follow-ups between the NAIC, states and companies as questions arise and as modeling results are generated and analyzed. This pilot project will be a learning experience for the NAIC, State Regulators and companies. The NAIC is taking the lead role in executing the PBR Pilot Project on behalf of the State Regulators.
PBR Pilot Company Survey Questionnaire

1. Do you plan to value any products issued in 2017 under VM-20? If yes, indicate product type (e.g. Term, ULSG, Whole Life etc.)

2. Considering the documents VM-20, VM-20 Blanks Reserve Supplement and VM-31 PBR Actuarial Report, please identify sections, if any, within each document that you found confusing, needing more clarification, redundant or that contained reference errors.

3. Considering specifically the requirements of Section 8 “Reinsurance” and Section 9 “Assumptions & Margins” of VM-20, are the requirements sufficiently detailed and clear so as not to leave any questions on how to model and report reinsurance and how to establish assumptions and margins? If no, please identify specific sections that need more clarity and detail.

4. Provide other comments, if any, on your PBR Pilot experience.