April 29, 2025

Rachel Hemphill

Chairperson, Life Actuarial (A) Task Force

National Association of Insurance Commissioners

Via email

Re: APF 2025-04(as of 04072025)

Dear Chairperson Hemphill:

Thrivent Financial appreciates the opportunity to provide feedback on the exposed APF 2025-04, which includes revisions to the criteria in VM-20 for passing the Stochastic Exclusion Ratio Test.

The exposed APF has a comment on Page 14 at the beginning of section “Appendix 2: SET Updates”(bold underlining added for emphasis), “During the National Meeting on 3/21, LATF agreed **to use anticipated experience assumptions for the SERT** and to keep the SERT threshold at 6%. LATF also agreed to the added flexibility for the SET Certification Method and the additional supporting narrative for the SERT. This section has just been updated to revert from [X]% back to 6%.”

However, the revised APF was exposed without removal of the strikeout of language in VM-20 Section 6.A.2.b.i.a. that was intended to allow the use of anticipated experience in the SERT. We feel that the intention was to remove that strikeout so that anticipated experience can be used for the SERT since the decisions was made to leave the threshold at 6%.

The correct reading of the section would be as follows:

**VM-20 Section 6.A.2.b.i.a**

1. The DR defined in Section 4.A, but with the following differences:
	* 1. Using anticipated experience assumptions with no margins.
		2. Using the interest rates and equity return assumptions specific to each scenario.
		3. Using NAER and discount rates defined in Section 7.H specific to each scenario to discount the cash flows.

While the current exposure reads:

**VM-20 Section 6.A.2.b.i.a**

1. The DR defined in Section 4.A, but with the following differences:
	* 1. Using the interest rates and equity return assumptions specific to each scenario.
		2. Using NAER and discount rates defined in Section 7.H specific to each scenario to discount the cash flows.

Thank you for the opportunity to provide feedback on this exposure and don’t hesitate to reach out if we could provide additional context.

 

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