



STATE OF NEW YORK
INSURANCE DEPARTMENT
ONE COMMERCE PLAZA
ALBANY, NEW YORK 12257

George E. Pataki
Governor

Howard Mills
Superintendent

June 2, 2005

Requirements for Group Life Waiver of Premium Reserves

Regarding group life waiver of premium reserves, Section 4217(c)(2)(G) of the Insurance Law states that applicable valuation tables may be approved by the Superintendent. The Department is now willing to consider alternatives to the 1970 Intercompany Group Life Waiver of Premium Table (also known as the Krieger Table).

If you wish to submit a reserve destrengthening request for this block, then the following relative to your proposed reserving methodology for group life waiver of premium reserves should be provided:

- **Credibility** - Include a discussion of the number of claims, years of study, and the overall level of credibility in the data.
- **Margins** - Include a discussion of the types of margins imbedded in your proposed reserves compared to actual experience and how these margins compare to the margins built into the Krieger table. If the margins are different, please comment.
- **Impact** - Include a chart showing the reserves produced by the proposed methodology and the current methodology on a gross and net-of-reinsurance basis.

Any alternative to the Krieger table will need to be highly credible and contain margins consistent with the methodology underlying statutory formula reserves. The alternative methodology would need to be presented to the Department in a reserve destrengthening request in accordance with Sections 4217(a)(4) and 4217(c)(2)(G) of the New York Insurance Law and would be subject to the approval of the Department. If we do not receive sufficient information or have not reached agreement on an appropriately credible and conservative alternative to the Krieger Table, we will require reserves based on the Krieger Table with no modifications.

When a new valuation table is developed by the Society of Actuaries or other professional body, then this issue may be re-evaluated by the Department, with the possibility that the newly created table will be the new standard for group life waiver of premium reserves. If a table is adopted by the NAIC, then the Department would strongly consider adopting it.

Additional Guidance

Questions concerning this letter should be directed to Fred Andersen, FSA, MAAA (Supervising Actuary) via e-mail at fanderse@ins.state.ny.us or by phone at (518) 486 – 6805.

<http://www.ins.state.ny.us>