Project (3): **Principle based reserves under the VM-20**

Consultant: Tim Cardinal

The life industry is undergoing a paradigm shift in the determination of U.S. statutory life reserves from a rules-based reserves to a principle-based approach (PBA) as defined in the Valuation Manual for life insurance, including section VM-20. VM-20 consists of calculating a rules-based reserve and two principle based reserves – a deterministic reserve (DR) and a stochastic reserve (SR). Projects could include exploring and constructing examples illustrating: DR and SR calculations, the impact of credibility and margins, the impact of asset allocation methods, and the impact of alternative dynamic policyholder behavior assumptions.

Students:

  Ahmad Aiman Ahmad Shahabuddin
  Jiang He
  Yufei Hou