

**Brian Bayerle**  
Senior Actuary

June 8, 2022

Mr. Mike Boerner  
Chair, NAIC Life Actuarial Task Force (LATF)

Mr. Fred Andersen  
Chief Life Actuary, Minnesota Department of Commerce

Re: June 2<sup>nd</sup> Exposure of Actuarial Guideline Asset Adequacy Testing

Dear Messrs. Boerner and Andersen:

The American Council of Life Insurers (ACLI) appreciates the opportunity to submit the following comments on the June 2<sup>nd</sup> (Fourth) exposure of Actuarial Guideline (AG) on Asset Adequacy Testing (AAT, collectively Guideline). We have the following feedback on the Guideline by section of the document, with an accompanying redlined version (AG AAT - 4th Exposure - ACLI Markup):

- It may be more streamlined to put “best efforts” into an earlier part of the Guideline rather than at the end of Section 5 since it logically applies to most of the requirements of the Guideline.
- The Appointed Actuary, not the company, is providing the actuarial opinion, so suggest changing references from “company” to “Appointed Actuary” throughout.
- Guidance Note after 1. Effective Date: Given the expectation that these requirements will be revisited before potential incorporation into VM-30, we suggest clarifying the Guidance Note to avoid suggesting aspects of the Guideline are still effective even if other aspects are incorporated into VM-30.
- 3.G: Call provisions are very common in corporate bonds and are well-understood by market participants and regulators. The risk of achieving a low yield should be captured in low interest rate scenarios in the model when a bond is called away and the proceeds must be reinvested in a lower interest rate environment. For this reason, we suggest that regulators consider striking “non-callable” from the requirements. At a minimum, this item could include a materiality qualifier, e.g., “public fixed-rate corporate bonds with immaterial callability and convertibility.”
- Section 4.B.ii: Suggest adding “materially” to “more favorable” to avoid cases where simplifications could lead to a small difference in results.
- 4.E: Suggest striking “in light of the complexity of the assets” since it is irrelevant to the expected expenses associated with the assets.

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The American Council of Life Insurers (ACLI) is the leading trade association driving public policy and advocacy on behalf of the life insurance industry. 90 million American families rely on the life insurance industry for financial protection and retirement security. ACLI's member companies are dedicated to protecting consumers' financial wellbeing through life insurance, annuities, retirement plans, long-term care insurance, disability income insurance, reinsurance, and dental, vision and other supplemental benefits. ACLI's 280 member companies represent 94 percent of industry assets in the United States.

- 6.A: Suggest striking “hardship” from the extension language.

ACLI is appreciative of your consideration of our comments and looks forward to a future discussion.

Thank you for your consideration,

A handwritten signature in cursive script, appearing to read "B. Banerji".

cc: Reggie Mazyck, NAIC; Ben Slutsker, Minnesota Department of Commerce