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Rachel Hemphill,
Chair, NAIC Life Actuarial (A) Task Force (LATF)

Fred Andersen,
Minnesota Department of Commerce

Re: Actuarial Guideline 55 (AG 55) Template

Dear Chair Hemphill and Mr. Andersen:

The American Council of Life Insurers (ACLI) appreciates the opportunity to provide comments on the August exposure of the AG 55 template and cover letter. We recognize the significant amount of effort to get to AG 55 adopted, and we wish to provide feedback to improve clarity in instructions and consistency in filings.

As a general observation, there are areas where the template could be interpreted to be more prescriptive than the AG55 text. As examples:

- The template asks for details of collateral and description of conditions in which funds would become available to cedant. Section 9.B.i.(e) of AG 55 states these details are required only “If applicable and significant to understanding risk and exposure”, so we would appreciate the guidance be clarified.
- As noted on the individual slides, AG 55 does not mandate running NY 7, so template should be able to accommodate alternative analysis.
- The template provides a format for reporting attribution results. AG 55 states “Present the results in the template included in the template worksheets in Section 9.C or in a user-friendly format providing similar information as in the template”. Additionally, AG 55 states “Explanation of margins on assumptions, including consideration of volatility in underlying factors, should be provided, along with results of appropriate sensitivity tests”. It needs to be clear that the format shown for reporting attribution results in the template is not mandatory.

American Council of Life Insurers | 101 Constitution Ave, NW, Suite 700 | Washington, DC 20001-2133

Feedback on the Presentation Deck:

- General: We recommend flexibility in the format of the template (PDF, Excel, etc.) to the extent it is being submitted. Consistent with the AG 53 template, we request none of the tabs of the workbook be locked.
- Slide 4 (Counterparty Information): The slide indicates more columns can be added, but this could become cumbersome if explanations and descriptions are required here.
- Slide 5 (Risk Information): It is unclear what the intent of this slide is so we appreciate what information regulators are contemplating including in this section. It should be clarified that alternative analysis may have been performed.
- Slide 6 (Counterparty Portfolio and Assumptions): Some companies will not have AG 53 information available as not all reinsurers are able to share assumptions, so requirements may not be equitable across companies. We suggest limiting this requirement to a high-level narrative around counterparty portfolio and assumptions. Additionally, for transactions using a similar memo, the AG 53 information may not exactly match the AG 53 template so would request that there is some flexibility in how the asset summaries are provided.
- Slide 7 (Cash Flow Testing Results): Given the NY 7 runs are not mandatory, we would suggest that the NY 7 table in the template be noted as an example of how CFT results may be organized and suggest companies utilize a similar format to what they include in their AOM submission.
- Slide 8 (Attribution Analysis of Reserve Decrease): Regarding the question posed in the cover, we would support optional inclusion of targeted capital pre- and post-reinsurance. Suggest clarifying the value allocated to these columns is at the discretion of the company, if they choose to use it. Finally, we suggest adding broader categories such as Liability Assumption Update, Investment Assumption Update, Reserving Methodology Difference.
- Slide 9 (Margins): Suggest including additional rows for Partial Withdrawals, Assets, and Other margins.

Some assuming non VM-30 filing companies also record US stat and prepare AAT on a US basis. In the case that the liabilities and assets are essentially prorated to the assuming company, all the information about the assuming testing is presented in the ceding company VM-30. Repeating this in the AG 55 is burdensome work that provides no new information to the reviewer. We suggest adding an additional section, or an opening section for the reserve and assumption disclosure, after the presentation of the AAT results that asks the following questions:

- *Has the Attribution Analysis of Any Reserve Decrease been prepared? If not, please explain.*
- *Has the Margin in Assumptions been prepared? If not, please explain.*

Thank you again for the consideration of our comments and we look forward to further discussion at a future LATF session.

Sincerely,

 Colin Masterson

cc: Scott O'Neal, NAIC