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Rachel Hemphill

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

Fred Andersen

Minnesota Department of Commerce

Re: The September 2025 Exposure of Actuarial Guideline LV (AG 55) Draft Templates

Dear Chair Hemphill and Mr. Andersen:

The American Council of Life Insurers (ACLI) appreciates the opportunity to provide further feedback on the most recent exposure of the draft templates for AG 55 reporting. We would also like to take this time to thank LATF members and NAIC staff for the work which has already gone into this effort, including the consideration and subsequent amending of the proposal based on previous commentary ACLI provided in a letter dated September 9th.

ACLI remains committed to maintaining an open, collaborative, and constructive relationship with all stakeholders in this process as we move further in the AG 55 implementation process. Following an initial review by our membership, we do have several higher-level considerations along with other, more detailed, feedback on the draft template sheets which are outlined further below.

As an overarching point, we encourage the development of instructions to provide greater clarity on expectations around completion of the template, particularly around items that are intended to be required versus optional use. This clarification would be beneficial in several areas:

- Clarify that the template only needs to be completed for arrangements that fall within scope of section 2.A of AG 55 (i.e., those over the size thresholds).
- Clarify if the template is required for Section 6 documentation; this section references Section 9.C. of AG 55 which states the template is a “sample”, suggesting it is optional to meet those requirements.

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The American Council of Life Insurers 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 275 member companies represent 93 percent of industry assets in the United States.

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- Clarify what tabs are required for specific analysis completed (e.g., the tabs directly related to CFT testing).
- If the liabilities and the assumptions are the same as the assumptions in the ceding company VM-30, clarify whether certain sections of the template do not need to be prepared.

We have included an appendix with additional feedback and questions on specific portions of the template for regulator consideration.

Thank you once again for the consideration of our feedback and we look forward to additional discussion on this topic soon at a future meeting of LATF.

Sincerely,

A handwritten signature in black ink, reading "B Bonferli Colin Masterson". The signature is written in a cursive, flowing style.

cc: Scott O'Neal, NAIC

Appendix:

ACLI also offers the following additional feedback and questions for regulator consideration:

General Feedback –

- This template assumes that each counterparty will have the same assumptions, which may not always be the case. Clarification in the instructions on what to do if assumptions are or are not the same.
- Can the final disclosure template allow users to add or remove tabs?
- It may be beneficial to color-code the tabs to indicate what needs to be completed based on the rigor of analysis (e.g., if CFT is performed or not).

Risk Identification Tab –

- A line for “Reserve Basis” should be added.
- Recommend in Row 7 that “Primary Security” should be removed and reworded to “collateral that falls under the definition of guideline excluded assets.”
- We would suggest that the yellow section should only be required if an exemption is obtained pursuant to Section 5.H rather than if CFT is not performed. Given that the use of the templates is not required, we would suggest removing the word “mandatory”.
- Given that transactions with counterparties who file a VM-30 report are out of scope, Row 10 – “Does the counterparty file a VM-30 report?” seems unnecessary.
- Given that the Guideline states that relevant risks “include one or more of the following”, we think there should be flexibility in items to include in this tab

Asset Yields – Ceding & Assuming Tab –

- Does <Asset Yields – Ceding> need to be filled out if the transaction is 100% reinsured?
- “Non-Primary Security” should be “Guideline Excluded Assets”.
- Should the Asset Yields Ceding tab be removed, since companies should be using assuming company assets for the analysis?

Assumptions – Product 1 Tab –

- Given that ceding companies are conducting the necessary cash flow testing, what is the intent of requesting Assuming Company assumptions or assumptions used in lieu of Assuming Company?
- ACLI suggests adding language at the bottom of these tabs similar to the attribution tab to allow assumptions and PADs to be provided in alternative formats.

Counterparty Portfolio Tab –

- The template includes an asterisk in row 1 that states, “Required if cash flow testing is performed for AG 55.” This seems inconsistent with 9.B.ii.e.1 which states that the AG 53 template is only required “if assets are significantly different than provided in the company’s AG 53 filing”.
- We think the footnote reference on Columns I, K and M should be 5 rather than 6.
- It is unclear what is intended to be captured in the “Affiliate Amount” column. As it may be difficult for a company to populate this column based on information available to cedant, we suggest removing this column.