



January 29, 2024

Rachael Hemphill
Chair, NAIC Life Actuarial (A) Task Force
National Association of Insurance Commissioners

Re: APF 2023-12

Dear Chair Hemphill,

On behalf of the of the Life Valuation Committee of the American Academy of Actuaries¹ (“the committee”), thank you for the opportunity to comment on the re-exposure of APF 2023-12.

The committee supports a requirement to reflect the volatility of “equity-like Instruments” in VM-30 cash flow testing. The committee also supports documenting the approach used to reflect such volatility, along with the supporting rationale. However, we note that the APF includes specific examples of possible approaches. The committee suggests that it would be more appropriate to address possible approaches in a guidance note (within VM-30) and/or in a practice note rather than via specific examples in the APF. We encourage clarification that the examples are not prescriptive to allow for other possible approaches.

Practice notes offer examples of current and emerging approaches to actuarial tasks such as cash flow testing. The committee is updating the practice note on asset adequacy analysis and is planning to address this important topic, along with possible approaches.

Thank you for considering our comments. If you have any questions or would like further dialogue on the above topics, please contact Amanda Barry-Moilanen, life policy analyst, at barrymoilanen@actuary.org.

Sincerely,

Craig Morrow
Chairperson, Life Valuation Committee
American Academy of Actuaries

¹ The American Academy of Actuaries is a 20,000-member professional association whose mission is to serve the public and the U.S. actuarial profession. For more than 50 years, the Academy has assisted public policymakers on all levels by providing leadership, objective expertise, and actuarial advice on risk and financial security issues. The Academy also sets qualification, practice, and professionalism standards for actuaries in the United States.