



January 17, 2025

Peter Weber
Chair, Variable Annuities Capital and Reserve (E/A) Subgroup
National Association of Insurance Commissioners

Re: Draft Additions to the Variable Annuities Supplement in the Annual Statement

Dear Chair Weber:

On behalf of the Variable Annuity Reserves and Capital Subcommittee (VARCS) of the American Academy of Actuaries,¹ I appreciate the opportunity to provide comments to the Variable Annuities Capital and Reserve (E/A) Subgroup regarding the *Draft Additions to the Variable Annuities Supplement in the Annual Statement* exposed for comment until January 21, 2025. The VARCS supports improvements to the annual statement reporting and appreciates the VACR Subgroup's consideration of public comments.

We have a few comments to provide regarding the proposed format of the VA Supplement:

- To ensure consistency in reporting, we would propose providing definitions and examples in the instructions of products that fall into each of the product categories. For example, if a policyholder has taken an occasional/ad hoc withdrawal, would this still be considered in the accumulation phase or withdrawal phase?
- There may be a diversity of practice in the industry for Variable Annuity contracts with account values that have hit zero. Some companies may issue a supplementary contract and manage that with their payout business, while others may continue to manage these contracts with their Variable Annuities business. Given this diversity in practice, we would suggest that the Subgroup consider additional flexibility in reporting under the VA or VM-22 Supplements.

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 60 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.

- We suggest clarifying whether the reserves that are reported on the supplement will be gross or net of reinsurance. Additional clarification of whether the impact of reinsurance should be split by product category would be helpful.
- We do not believe it is critical to reflect the same categories as shown in the SPA assumptions, i.e. Tax Qualified/Non-Qualified or Simple 403(b) contracts. The impacts of those variations can be included in the VM-31 report if the Subgroup would like to further understand those additional categories.

If you have any questions or would like to discuss these comments further, please contact [Amanda Barry-Moilanen](#), the Academy's policy project manager, life.

Sincerely,

Maambo Mujala
Chair, Variable Annuity Reserves and Capital Subcommittee
American Academy of Actuaries