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October 12, 2025

Life Actuarial (A) Task Force
NAIC

- Re: Reinsurance Asset Adequacy Testing - AG 55 Template
  https://content.naic.org/sites/default/files/inline-files/AG%2055%20Templates%20Draft%201_092525%20%281%29.xlsx

Dear Members of the LATF:

I am a retiree and am writing to comment as a consumer and annuity contract owner. I depend on annuities for a considerable portion of my retirement income. I purchased annuities as a source of retirement income I would not outlive - not as speculative investments. I appreciate the opportunity to comment on the proposed AG 55 template.

Again, I propose that AG 55 filings be made available to all stakeholders. Asset adequacy, whether at the carrier level or at the counterparty level, has a direct bearing on whether an insurer will be able to pay claims when due. This is important to policy owners, professionals who advise them, as well as academics, researchers, journalists and all stakeholders. As NAIC Counsel stated in an earlier call, many reinsurers are shielded from NAIC regulatory action due to Covered Agreements. This effectively ties your hands when it comes to protecting consumers. However, by sharing the information you collect, consumers and those who advise them can draw their own conclusions and protect themselves.

Here are my specific suggestions for the proposed AG 55 template:

1. Risk Identification Tab - add a new information field for disclosure of regulatory exemptions granted to the counterparty, as follows:

   List all regulatory exceptions granted to the counterparty whether affirmatively granted or by non-disallowance, including details of the exceptions, the effect of the exceptions and the impact if the exceptions had not been granted.

   Without disclosure of these exemptions, the Template fails to identify a serious component of counterparty risk. Examples of these exceptions include:

   A. Connecticut granted Concord Re and Palisado Re (PHL Variable Life's reinsurers) an exemption from cash flow testing due to their status as captive insurers, a regulatory allowance that has since been identified as a key factor contributing to PHL's financial failure, since regulators lacked a crucial tool for assessing the company's financial health.

   B. Texas granted a "disclaimer of affiliation" for Brookfield Asset Management (BAM) and American National Group in 2023. It is important to note that this exemption wasn't affirmatively granted - it was obtained through "non-disallowance" - a passive "process" by which an insurer proposes an exemption and if the regulator does not object to a company's

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proposal within a specified review period, it's considered approved.

This ruling allowed Brookfield Reinsurance, which acquired American National in 2022, to treat its parent company, Brookfield Asset Management, and American National as unaffiliated for statutory reporting purposes.

As a result, Brookfield is allowed to label affiliated transactions as unaffiliated transactions - sidestepping transparency, gaming RBC and putting consumers at risk.

2. Counterparty Portfolio Tab

   A. Relabel the "%" columns "% of assets"

   B. After each % of assets column, add a "% of surplus" column.

   While % of assets is an interesting metric, % of surplus is much more relevant when evaluating asset adequacy and claims-paying ability. If an insurer has no surplus, it ceases to be viable ongoing entity.

   For example, an insurer may list $2B in assets on the Counterparty Portfolio Tab, but if the insurer's surplus is $60M and they're holding $800M in Schedule BA assets issued by an affiliate, a 10% decline in their Schedule BA assets would wipe out their **<u>ENTIRE</u>** surplus.

Thank you for your consideration of my comments and for the work that you do to protect consumers.

Yours truly,

Peter Gould