

AG 55 draft guidance document

Fred Andersen proposed revisions

- Section II.a.(14)
 - Remove requirement for VM-22 reserve to be provided
 - Many companies are not ready for VM-22 calculations

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- Section II.c
 - Remove requirement for RBC denominator and RBC ratio to be provided
 - Outside scope of Appointed Actuary work
 - Remove related Section V.c details, too
 - Keep commentary of RBC ratio impact
 - Estimates?
 - Commentary on direction and general magnitude impact?

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- Section V.e
 - Remove requirement for MYGA companies to provide a self support test
 - Since this applies to a small portion of companies within the AG 55 scope, tailor any requests outside the guidance document

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Fred Andersen proposed revisions

- New Section V.e
 - Handling of limitations of information
 - Especially for certain non-affiliated transactions
 - Use available information and reasonable estimates

AG 55 – other notes

- Long-term care is asset intensive business
 - The scope section's reference to Sections 5 and 7 were only intended to generally impact the relative size of a block to other asset-intensive business
 - e.g., we didn't want a large health company's short-term health business to impact the scope calculation

AG 55 – other notes

- Excess capital's role in the alternative run section also applies to the mandatory run
 - If all or nearly all assets supporting a block are assigned to the cash-flow testing starting asset amount...
 - A demonstration that excess capital is available to handle beyond moderately adverse conditions is expected