January 22, 2018

Peter Hartt
Director, New Jersey Department of Banking and Insurance
Chair, NAIC Financial Stability Task Force
Peter.Hartt@dobi.nj.gov

Re: Exposure of Baseline Blanks Proposal and Note Blanks Proposal

Director Hartt:

The undersigned companies appreciate the opportunity to comment on the NAIC's Liquidity Assessment Subgroup's (the "Subgroup") "Modified Baseline Liquidity Data Blanks Proposal" and the corresponding proposal impacting Annual Statement Note 32 and new Note 33 (in total the "Proposals"), which were exposed by the Financial Stability Task Force (the "Task Force") at the NAIC Fall National Meeting on December 2, 2017.

We view the NAIC's Macro Prudential Initiative ("MPI") as an important effort that promises to further bolster the rigorous U.S. state-based framework for prudential oversight of insurance groups. The MPI's attention to improving the effectiveness and use of existing regulator tools and goal to develop liquidity risk assessment, recovery and resolution planning, capital stress testing, and counterparty exposure management tools will complement the effective group-wide supervisory measures that the NAIC has developed over the past several years, including own risk and solvency assessments ("ORSA"), supervisory colleges, and enhancements to group-wide supervision.

When coupled with the well-established, proven system of U.S. state-based supervision of insurance operating entities, the MPI and existing tools for group-wide supervision together will form an even more coherent and sound prudential framework for U.S.-domiciled insurance groups. Another important prudential benefit of the MPI is that it will establish tailored policy measures instrumental to the implementation of an activities-based approach ("ABA") to addressing potential systemic risk within the insurance sector. Indeed, we view the MPI as the leading edge of achieving an implementable ABA within the U.S. and could serve as a model to inform the International Association of Insurance Supervisors in its ongoing development of an ABA.

In this spirit, we look forward to engaging constructively with the NAIC in its work to develop the MPI. We agree that liquidity risk should rightly be the first and primary focus of the MPI, and we see merit in a liquidity risk assessment approach that comprises both liquidity stress testing as well as enhanced disclosure.

The Proposals exposed by the Task Force will provide regulators more detailed product information, which will enhance their product knowledge and risk assessments, including related to aspects of liquidity risk. As part of the Subgroup's efforts, we encourage a dialogue with industry representatives to ensure that the proposed new disclosures and future liquidity requirements meet the NAIC's objectives and any technical questions or issues are resolved to ensure consistent implementation by industry. The undersigned companies would appreciate the opportunity to partner with the NAIC in these efforts by providing insights on proposals to demonstrate impacts and applicability to objectives.

Finally, considering the review and analysis required on the Proposals, we would request a target implementation date of January 1, 2019, with the first reporting occurring as of year-end 2019, which should result in a consistent application across the industry and provide time for potential operational challenges such as system changes.

Thank you for considering these comments.

Sincerely,

Ann M. Kappler
Senior Vice President &
Deputy General Counsel
Prudential Insurance Company of America

Martin Mair
Martin Mair
Vice President
Liquidity Risk Management
MetLife

Timothy Carmon
Vice President
Risk Management and Liquidity Risk
MassMutual

Douglas A. Wheeler
Senior Vice President
Office of Governmental Affairs
New York Life Insurance Company

Martin Hansen
Managing Director, Regulatory Policy
American International Group, Inc.

CC: Justin Schrader, Chair, NAIC Liquidity Assessment Subgroup
Elise Liebers, Senior Director, NAIC
Mark Sagat, Assistant Director, Financial Policy and Legislation, NAIC
Todd Sells, Director, Financial Regulatory Policy & Data, NAIC
Ani Verma, International Insurance Technical Policy Advisor, NAIC