

Liquidity Assessment (EX) Subgroup: Revised Scope Criteria

The Subgroup proposes to include in the scope of the Liquidity Stress Testing Framework any insurer /group that exceeds the following thresholds for any of the noted activities (or account balance as a proxy for that activity). The thresholds have been established taking into consideration both the account balance of the insurer/group to the total balance for the life insurance sector, as well as the aggregate account balance of insurers/groups within scope to the aggregate account balance for the life insurance sector.

Account Balances	Threshold in \$ billions “greater than”	Reference to 2017 NAIC life/accident and health (A&H) annual financial statement blank
(1)	(2)	(3)
Fixed and Indexed Annuities	25	<p>Analysis of Increase in Annuity Reserves <u>Page:</u> Supplement 62 <u>Line:</u> Reserves December 31, current year (15) <u>Column:</u> Sum of Individual Fixed Annuities, Individual Indexed Annuities, Group Fixed Annuities, and Group Indexed Annuities</p>
Funding Agreements and GICsⁱ	10	<p>Deposit-Type Contracts <u>Page:</u> Exhibit 7 – Deposit-Type Contracts <u>Line:</u> 9 <u>Column:</u> Guaranteed Investment Contracts (Column 2) + Column: Premium and Other Deposit Funds (Column 6) IF the amount of FHLB Funding Reserves from Note 11.B(4)(b) suggests funding agreements are not reported in Column 2 of Exhibit 7 + Synthetic GICS <u>Page:</u> Exhibit 5 – Interrogatories <u>Line:</u> 7.1</p>

Derivatives – Notional Value (absolute value)	<p>75</p>	Derivatives – Notional Value (absolute value) <u>Pages:</u> Schedule DB, Part A; Schedule DB, Part B, Section 1 <u>Column:</u> Notional Value (sum all)
Securities Lending	<p>2</p>	Securities Lending Collateral Assets <u>Pages:</u> Schedule DL, Part 1; Schedule DL, Part 2 <u>Lines:</u> Total (9999999) <u>Column:</u> Fair Value
Repurchase Agreements	<p>1</p>	Repurchase Agreements <u>Page:</u> Notes to Financial Statement Investments Restricted Assets <u>Lines:</u> Sum of 05L1C, 05L1D, 05L1E, 05L1F <u>Column:</u> Total (General Account Plus Separate Account)
Borrowed Money (includes commercial papers, letters of credit, etc.)	<p>1</p>	Borrowed Money <u>Page:</u> Liabilities <u>Line:</u> Borrowed Money (22) <u>Column:</u> Current Year

ⁱ In performing the addition of the FHLB funding agreement amount to the GICs amount, NAIC staff discovered that the reporting of FHLB funding agreements is not consistent in Exhibit 7, Deposit-Type Contracts. The source of the FHLB amount is Note 11.B(4)(b):

Line: Funding agreements, current year, amount as of the reporting date, borrowing from FHLB, collateral pledged to FHLB

Column: Funding Agreement Reserves Established

For some insurers, we were able to match amounts from the FHLB funding agreement footnote to the exact same amount in Exhibit 7, either Column 2 (GICs) or Column 6 (Premiums and Other Deposit Funds). For those insurers where the FHLB amount matched Exhibit 7, Column 2, we did not add the FHLB funding agreement amount to the GICs amount, because that would be double-counting the FHLB funding agreements. For other insurers, even though the amounts did not match exactly, we were able to assume the FHLB funding agreements were reported in either Column 2 or Column 6 (e.g., the amount in Exhibit 7, Column 2 was zero or much smaller than the FHLB note, while the Column 6 amount was larger). However, for several insurers, we were not able to make an informed assumption (e.g., both Column 2 and Column 6 amounts were larger than the FHLB funding agreement amount). To be conservative in these instances, we added the FHLB funding agreement amount to the GICs amount. Overall, for the \$10 billion threshold, adding FHLB funding agreements to GICs does not result in a different list of insurance groups from the list with GICs of more than \$10 billion.