

Mazyck, Reggie

From: Tomasz Serbinowski <tserbinowski@utah.gov>
Sent: Friday, April 29, 2022 6:19 PM
To: Mazyck, Reggie
Cc: Andersen, Fred
Subject: Additional comments on the second exposure draft of AG AAT

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Reggie, I'd like to pass along the following additional comments I have received on the second exposure draft of AG AAT.

1. The definition of the Complex Asset is too broad. It should be refined. For example, it could be defined as "Complex Assets" are assets that are included in Schedule DB of the Blue Book or similarly complex assets.
2. The definition of the Investment Grade Net Yield for existing assets uses current spreads from Table F. This does not appear to make sense. For existing assets, with purchase dates which may be far in the past, the long term spreads are much more relevant than the current spreads. So long term spreads from Table H should be used for the existing assets.
3. The definition of the Investment Grade Net Yield for reinvestment assets uses long term spreads from Table H. It would appear to make more sense to grade the applicable spread based on how much in the future the reinvestment asset is to be purchased. Grading should be from the current spreads in Table F for assets purchased shortly after the valuation date, to the long term spreads in Table H for assets purchased many years after the valuation date.

Sincerely,

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, Actuary

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