



American Council of Life Insurers

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December 17, 2018

Justin C. Schrader, CFE

Chief Financial Examiner, Nebraska Department of Insurance

Chair, Liquidity Assessment (EX) Subgroup

Justin.Schrader@nebraska.gov

Re: Comments on the Revised Scope of Insurers Subject to Liquidity Stress Test

Dear Mr. Schrader:

The American Council of Life Insurers (ACLI) advocates on behalf of approximately 290 member companies dedicated to providing products and services that contribute to consumers' financial and retirement security. ACLI members represent 95 percent of industry assets, 93 percent of life insurance premiums, and 98 percent of annuity considerations in the United States. 75 million families depend on our members' life insurance, annuities, retirement plans, long-term care insurance, disability income insurance and reinsurance products. Taking into account additional products including dental, vision and other supplemental benefits, ACLI members provide financial protection to 90 million American families.

Thank you, as always, for the opportunity to comment on the important work of the NAIC Liquidity Assessment Subgroup. While we understand the Subgroup's desire to move on to the Design Elements of liquidity stress testing, it is our hope that the issues raised in the Scope consideration will be open to discussion. The Subgroup should focus on whether the expected results of any liquidity stress testing will actually provide useful insights that meet the objectives of the exercise. If not, the Subgroup should be open to changes in the scope and data collection metrics.

We continue to urge that careful attention be devoted to the process issues raised in our previous letters, and also highlighted by other stakeholders. Confidentiality, timing, legal authority, potential regulatory consequences, comparability and similar issues are extremely important to ACLI member companies. We understand the stated purpose of liquidity stress testing is to provide insights into potential risks emanating from the life insurance sector to the broader economy, or conversely from the broader economy to the life insurance sector. We hope this can be accomplished in an efficient manner and look forward to commenting constructively on the Design Elements phase of this project.

Technical Correction

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ACLI notes that the proposed criteria for fixed and indexed annuities references the “Analysis of Increase in Annuity Reserves” Annual Statement Supplement, which will be eliminated as part of the adoption of 2018-22BWG MOD. We suggest the criteria be updated to reference the sum of “Analysis Of Increase In Reserves During The Year – Individual Annuities” columns (2) and (3). Additionally the current year total reserve line is (16) instead of (15) in this exhibit and should be reflected in the criteria.

Thank you again for the opportunity to comment, and please let me know if we can provide additional information.

Sincerely,

A handwritten signature in black ink that reads "David M. Leifer". The signature is written in a cursive style with a large initial 'D' and 'L'.

David Leifer

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CC: Elise Liebers, Senior Director, NAIC
Todd Sells, Director, Financial Regulatory Policy & Data, NAIC
Ani Verma, International Insurance Technical Policy Advisor, NAIC