

**Statutory Accounting Principles (E) Working Group
2026 Summer National Meeting
Comment Letters Received**

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June 25, 2026

Mr. Kevin Clark, Chair
Statutory Accounting Principles (E) Working Group
National Association of Insurance Commissioners
1100 Walnut Street, Suite 1000
Kansas City, MO 64106-2197

Re: SAPWG Ref #2023-14 – Interest Maintenance Reserve (IMR)

Submitted Electronically

Dear Chair Clark:

The American Council of Life Insurers (ACLI) appreciates the opportunity to comment on the exposed item Ref #2023-14 – *Interest Maintenance Reserve (IMR)* from the Statutory Accounting Principles (E) Working Group (SAPWG). This letter provides comments on the proposed exposures reflecting changes to the revised SSAP No. 7, Issue Paper for SSAP No. 7, Revisions to Other SSAPs and Proposed Reporting Changes.

ACLI appreciates the NAIC's development of the interim solution and the subsequent Ad Hoc Working Group process to address negative IMR. We believe this work is important to appropriately reflect surplus and, therefore, insurer solvency. Over the past several years, the dialogue among regulators, ACLI, and its member companies has been constructive, transparent, and productive.

IMR was developed during a period of declining interest rates and generally positive IMR balances. At that time, regulators were concerned that insurers could sell higher-yielding bonds and reinvest in lower-yielding bonds while recognizing gains that increased surplus or were distributed, even though the insurer's claims-paying ability had not improved. IMR addressed this concern by requiring realized gains to be deferred and amortized over the remaining life of the assets sold, thereby preserving surplus at a level consistent with the pre-sale position and maintaining consistency between asset yields and the discount rates used for related liabilities.

Although it was recognized in 1992 that IMR conceptually should operate symmetrically, SAP was initially updated to reflect deferral of net gains, with the expectation that negative IMR would be addressed at a later date. That issue became more significant in recent years as rising interest rates, following decades of declining rates, caused IMR balances to turn negative. Through the Ad Hoc Working Group process, NAIC staff, state regulators, ACLI, and its member companies have addressed a number of complex issues necessary to accommodate negative IMR and to strengthen the broader statutory framework. These issues include the treatment of reinsurance, the incorporation of IMR into PBR and asset adequacy testing, the interaction of derivatives with IMR, treatment in separate and general accounts, refinement of IMR-eligible gains and losses, and the support needed for symmetrical treatment of negative IMR. ACLI believes

American Council of Life Insurers | 300 New Jersey Avenue, NW, 10th Floor | Washington, DC 20001

The American Council of Life Insurers (ACLI) is the leading trade association driving public policy and advocacy on behalf of the life insurance industry. 90 million American families rely on the life insurance industry for financial protection and retirement security. ACLI's member companies are dedicated to protecting consumers' financial wellbeing through life insurance, annuities, retirement plans, long-term care insurance, disability income insurance, reinsurance, and dental, vision and other supplemental benefits. ACLI's 275 member companies represent 94 percent of industry assets in the United States.

that symmetry is appropriately supported when lower-yielding assets are sold and proceeds are reinvested in higher-yielding assets, as demonstrated through proof of reinvestment. Consistent with positive IMR, deferring and amortizing realized losses over the remaining life of the assets sold helps preserve surplus at a level consistent with the pre-sale position and aligns asset yields in the financial statements with the liability discount rates established when the original assets were purchased.

For these reasons, ACLI supports full admittance of net negative IMR. This treatment is consistent with the adopted definition of IMR as a valuation adjustment intended to maintain consistency between insurance liabilities (for which the rate used to discount cash flows is often unchanged from origin), and the amortized cost of assets needed to support them (where the portfolio yield is updated any time there are fixed income realizations). While IMR was originally applied to realized gains, its broader purpose is to appropriately reflect surplus, and that objective applies equally to realized losses when supported by reinvestment.

The proof-of-reinvestment requirement provides an important safeguard by demonstrating that, in a higher interest rate environment, realized losses are offset by higher future yields with an equivalent present value, making the transaction non-economic from a surplus perspective. The framework should be durable and should not depend on the current interest rate environment. Otherwise, future changes in interest rates could recreate the same challenges as more life insurers experience negative IMR balances. Insurers should not be penalized, and policyowners should not be adversely affected, when insurer solvency is unchanged.

The accounting framework also should not discourage prudent investment activities, such as trades made for credit, duration, or other risk-management purposes—that benefit policyowners, insurers, and regulators. In this context, the framework, including the proof of reinvestment, provides a more targeted and economically grounded approach relative to the broader rules-based limitations, helping to avoid unintended distortions in surplus recognition and better align outcomes with insurers' asset-liability management practices and prudent interest rate risk management.

Summary of Additional Safeguards Proposed for IMR

1. Documented "proof of reinvestment" primarily derived from annual statement data provides evidence of reinvestment in fixed income securities with a higher yield.
2. Asymmetrical treatment of liquidity sales – all gains are deferred but not losses.
3. Requirement to record losses on liquidity sales immediately, have documented controls and procedures in place to identify them, and require related attestation.
4. Requirement to deduct admitted IMR from beginning invested assets used in cash flow testing—increases the likelihood of increasing asset adequacy reserves.
5. Actuarial opinion and memorandum requirement to reconcile admitted IMR to reported IMR for PBR and cash flow testing.
6. Changes to NAIC Designation guidance for determining IMR eligible losses – narrowing losses eligible for IMR but all gains still deferred.
7. Losses related to impairments or credit events are not eligible for IMR deferral.
8. Authorized control level risk-based capital of 300 required to admit negative IMR.
9. Expanded exhibit of capital gains and losses that provides additional discipline around IMR process – reconciles where all current year capital gains and losses are included within the financial statements.
10. Admitted negative IMR shown as a write-in for special surplus.

We look forward to discussing these issues with SAPWG members so we can clarify any points and answer any questions you may have.

The remainder of our letter includes more specifics to the various exposures. Comments of an editorial nature are in appendices although we highlight meaningful items due to their prominence.

Revised SSAP No. 7

The ACLI provides the following comments on key elements of the proposed changes to the accounting guidance for IMR as impacted by net negative IMR. We have also attached a markup version of the exposed SSAP No. 7 reflecting editorial revisions which have been discussed with NAIC staff.

- The editorial changes to SSAP No. 7 should be consistent as is reflected in the Issue Paper.
- For known liquidity sales in paragraph 13, companies must attest to this and additional clarity is needed. The proposal introduces disclosure concepts (paragraph 29b) while retaining principle-based definitions, which avoids rigid rules that could be exploited.
- ACLI proposes editorial changes to paragraphs 20-21 on reinsurance that will assist with the interaction with SSAP No. 61 – *Life, Deposit-Type and Accident and Health Reinsurance* and the Annual Statement Instructions. We support improving clarity and consistency for modified coinsurance (“Modco”) and funds withheld (“FWH”) reinsurance reporting using the Modco and Funds Withheld Reporting table as part of the Proposed Reporting Revisions. However, the table may be better located outside the IMR section (e.g., to Schedule S) to improve alignment and accessibility.

We also note that potential overlap with exposure SAPWG Ref #2026-02 and encourage consideration of these interdependencies. The table should include more precise line-item references and more clearly distinguish between Modco and FWH treatment. Given the complexity, we recommend continuing dialogue with ACLI, NAIC staff, and SAPWG to refine the guidance.

Issue Paper

The ACLI provides the following comments on key elements of the proposed changes to the IMR Issue Paper as part of SSAP No. 7. We have also attached a markup version of the exposed Issue Paper for SSAP No. 7 reflecting editorial revisions which have been discussed with NAIC staff.

- The editorial changes to the Issuer Paper should be consistent as is reflected in SSAP No. 7.
- The tables in paragraph 47 and the Appendices should be in the annual statement instructions as they are important to the implementation of changes to IMR.
- ACLI proposes a targeted adjustment to the proof of reinvestment to address known liquidity sale losses. Because these sales are reported in income, they should be excluded from the reinvestment requirement.

Revisions to Other SSAPs

The ACLI provides the following comments on key elements of the proposed changes to other SSAPs. We have also attached markup version of the exposed Revisions to Other SSAPs reflecting editorial revisions which were discussed with NAIC staff.

- We recommend revisions to SSAP No. 86, paragraph 24, and the related guidance in SSAP No. 86, Exhibit B, to clarify the application of the guidance in determining whether realized gains and losses on derivatives should be deferred in the IMR or reflected as an adjustment to the hedged item.

Proposed Reporting Changes

The ACLI provides the following comments on key elements of the Proposed Reporting Changes. We have also attached a markup version of the exposed Proposed Reporting Changes reflecting editorial revisions which have been discussed with NAIC staff.

- Incorporate tables from paragraph 47 and the Appendices in the Issue Paper into the annual statement instructions and modify the 'Modco and Funds Withheld Reporting' table as highlighted at the end of the proposal.
- We evaluated the Exhibit of Capital Gains and Losses as proposed and noted inconsistencies with other Annual Statement exhibits. While we support the Exhibit's intent, refinements are needed to the columns and descriptions. ACLI will continue to work with NAIC staff to create clarifications prior to this item being sent to the Blanks Working Group for exposure.
- We support the new "Form for Calculating the Interest Maintenance Reserve" and related instructions and respectfully suggest a few adjustments to ensure a complete rollforward and consistent reporting across all components.

Other comments

As ACLI has evaluated the proposed above changes to the accounting and reporting of IMR, our members have begun addressing the necessary system and process changes needed to comply with the updates to statutory reporting requirements. Based on discussions with investment accounting vendors, to comply with the 'Designation Change Guidance' located in the proposed SSAP No. 7, paragraph 31a, it will take significant effort to get certain investments held prior to 2020 to be tagged with the appropriate NAIC Designation Category. Vendors will also need to implement broader enhancements, including updates to calculation methodologies, reinvestment tracking, reporting outputs, and related controls.

Implementation will require coordination across multiple insurer systems, data sources, and control environments, including internal processes and reporting frameworks, along with sufficient time for integration, testing, and validation. To the extent these capabilities are not fully developed and deployed by vendors, the burden will shift to insurers to build interim solutions, increasing operational complexity and risk.

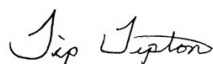
Since the effective date needs to be at the beginning of a calendar year, we believe consideration should be given to when is an optimal time to implement the changes, including delaying the implementation by one year to support orderly adoption and mitigate operational and reporting risks.

We welcome the opportunity to discuss our comments further and to address any questions you may have.

Sincerely,

A handwritten signature in cursive script that reads "Shannon Jones".

Shannon Jones, CPA
Senior Director - Financial Reporting
ShannonJones@accli.com
202-624-2029

A handwritten signature in cursive script that reads "Tip Tipton".

Tip Tipton, CPA
VP - Accounting Policy
TipTipton@accli.com
202-624-2015

June 25, 2026

Mr. Kevin Clark, Chair
Statutory Accounting Principles (E) Working Group
National Association of Insurance Commissioners
1100 Walnut Street, Suite 1000
Kansas City, MO 64106-2197

RE: SAPWG Ref #2023-14: Interest Maintenance Reserve

Dear Mr. Clark:

We appreciate the opportunity to comment on the Statutory Accounting Principles (E) Working Group (“SAPWG”) SSAP No. 7 exposure of the revised guidance pertaining to the interest maintenance reserve (“IMR”) and asset valuation reserve (“AVR”).

Nationwide and its subsidiaries (“Nationwide”) form one of the largest insurance and financial services companies in the United States, operating both property and casualty and life insurance businesses with combined surplus of \$24.1 billion.

Nationwide supports the American Council of Life Insurers (“ACLI”) proposal of eliminating the 10% admissibility limitations for negative IMR under INT 23-01 and adopting full admittance of negative IMR.

Reasons for Full Admittance of Net Negative IMR

As clarified in the exposed SSAP No. 7, IMR is a valuation adjustment intended to maintain consistency between the valuation of insurance liabilities and the amortized cost basis of the supporting fixed-income assets. When a book-value IMR eligible asset is sold, IMR defers and systematically amortizes the recognition of non-economic realized gains and losses arising from investment activity that effectively unlocks interest rate–related unrealized gains and losses. This treatment aligns recognition of those amounts with the long-duration nature of insurance liabilities and the reinvestment of asset proceeds.

The proof of reinvestment appropriately emphasizes that the core premise of negative IMR is the reinvestment of proceeds from fixed-income asset sales into new fixed-income assets with higher yields. Nationwide agrees with this principle and believes that, when combined with the revised SSAP No. 7 guidance requiring immediate recognition of material liquidity sale losses and a formal attestation supporting that conclusion, the proof of reinvestment framework provides an adequate basis to support full admittance of net negative IMR. In our view, retaining a quantitative admissibility limitation would create an inconsistency between the valuation of liabilities and the valuation basis of the supporting assets, contrary to the stated purpose of IMR.

Asset adequacy testing provides another important safeguard supporting the full admittance of negative IMR. In asset adequacy testing, admitted negative IMR is incorporated as part of the assets supporting the liabilities, which can make it more difficult to demonstrate asset sufficiency and therefore increases the likelihood that an insurer would need to establish additional asset adequacy reserves. As a result, negative IMR is explicitly contemplated within the actuarial framework ensuring that assets, including negative IMR, are sufficient to meet policyholder obligations under a range of stress scenarios.

As originally highlighted within INT 23-01, we emphasize that limiting the admissibility of net negative IMR would not accurately reflect insurer investment performance, as it would, in cases where the cap is exceeded, result in an immediate reduction to surplus and risk-based capital when bonds are sold in a rising interest rate environment, despite the reinvestment of proceeds at higher prevailing yields. In general, rising interest rates are favorable to the financial health of the insurance industry and policyholders, but the accounting outcome would inappropriately suggest a deterioration in financial strength despite an improvement in future earnings and could encourage companies to avoid prudent investment transactions and strategies. Furthermore, such a limitation may introduce unintended consequences, including potential adverse interpretations by rating agencies and impacts on product pricing, ultimately affecting policyholders.

The current admissibility limitation also creates unintended consequences in the reinsurance market, particularly for U.S.-domiciled reinsurers. Depending on the underlying insurance liabilities transferred as part of a reinsurance transaction, and the issue year of those policies, the historical discount rate established at contract issue may be used for all or part of the post reinsurance measurement of those liabilities. These liabilities are not remeasured or “unlocked” as part of the transaction. In contrast, the supporting assets must be brought onto the reinsurer’s balance sheet at fair value, effectively resetting their measurement basis to current market interest rates. This asymmetry—where liabilities remain on a historical basis while assets are recorded at current value—can result in the generation of negative IMR when current market rates differ from the original issue-date assumptions, even though the underlying economics of the block and the asset portfolio have not changed. In this context, IMR serves its intended purpose as a valuation adjustment to restore consistency between the measurement of assets and liabilities. However, because the resulting IMR is treated as newly established on the reinsurer’s books, under the current proposal it can inappropriately contribute to the 10% admissibility cap despite reflecting no new economic loss or incremental risk. As a result, reinsurers would have to actively consider this artificial constraint when pricing transactions, which can increase the cost of reinsurance or limit capacity. This dynamic places U.S. reinsurers at a competitive disadvantage relative to offshore counterparties that are not subject to the same reserving requirements and, therefore, are unimpacted by IMR and related U.S. statutory admissibility limitations.

Additionally, reinsurance transactions are subject to regulatory review and approval and involve transferring an established block of business without altering the underlying liability structure, which fundamentally differentiates the resulting transactional IMR from the IMR generated through discretionary investment activity. For these reasons we believe that negative IMR arising

from reinsurance transactions should be fully admitted because it is solely the result of a measurement mechanic and not a change in the underlying risk of the block being transferred.

Based on the above reasons, we fully support the recommendation of the ACLI to eliminate the net negative IMR admissibility limitation from the revised SSAP No. 7 guidance.

Sincerely,

Andrea Iacoboni

Andrea Iacoboni
Vice President, Controller – Financial Reporting and Accounting Policy
Nationwide

June 29, 2026

Mr. Kevin Clark, Chair
Statutory Accounting Principles Working Group
National Association of Insurance Commissioners
1100 Walnut Street, Suite 1000
Kansas City, MO 64106-2197

RE: Comments on SAPWG Ref #2023-14 - Proposed Revisions to Statement of Statutory Accounting Principles (SSAP) No.7, Asset Valuation Reserve and Interest Maintenance Reserve and Related Issue Paper

Dear Mr. Clark:

MetLife, Inc. appreciates the opportunity to comment on the exposed item *Ref #2023-14 – Interest Maintenance Reserve (IMR) from the Statutory Accounting Principles (E) Working Group (SAPWG)* as referenced above.

MetLife supports the NAIC's efforts to modernize the IMR framework and agrees that a well-designed proof of reinvestment test is a more principles-based approach to evaluating the deferral of realized losses. However, to fully achieve that objective, we believe (i) the existing 10 percent cap should be removed for losses that satisfy the proof, and (ii) the framework must be aligned with operational feasibility to avoid unintended reporting complexity, volatility, and implementation risk. This framework also plays an important role in the insurance context by supporting policyholder outcomes—promoting stability in earnings and capital recognition over time and reinforcing the alignment between assets and liabilities that underpins insurer solvency.

At the same time, the proposed framework introduces significant operational complexity and implementation risks, particularly with respect to current implementation timing, data availability, and reporting processes. Accordingly, MetLife encourages the NAIC to align policy design with operational feasibility to ensure that the framework can be implemented in a manner that supports high-quality, consistent, and decision-useful statutory reporting. MetLife also has significant concern with the unintended consequences of the proposal to reinsurance treaty accounting and the possible introduction of significant volatility to settlements.

Finally, MetLife worked closely with the ACLI in the development of specific feedback on draft SSAP 7, how it integrates with the Issues Paper, and various other relevant issues. MetLife supports the ACLI comment letter submitted in response to SAPWG Ref #2023-14. Our support is focused on the key IMR framework recommendations reflected in that letter.

We outline below more detailed considerations.

MetLife Supports Full Admittance of Net Negative IMR

MetLife supports the proof of reinvestment test in theory (with some operational considerations below) because it provides a robust and effective way to ensure appropriateness of deferring realized losses through IMR. In MetLife's view, the 10 percent cap on admitted net negative IMR was a useful temporary guardrail when there was insufficient time to develop and implement a proof of reinvestment approach and regulators sought to provide timely relief to the industry.

However, MetLife believes the 10 percent cap is no longer necessary once a proof of reinvestment framework is implemented as recommended by the ACLI in their comment letter, which reflects broad industry alignment on this issue. In this context, the proof of reinvestment serves as a more precise and economically grounded safeguard, replacing a broad, rules-based limitation with a targeted validation of reinvestment behavior.

In practice, the existence of the 10 percent cap could result in otherwise qualifying reinvestment losses being non-admitted, which MetLife believes is an unintended consequence of the framework. This potential outcome may be particularly relevant for certain products, such as pension risk transfer (PRT), where asset turnover and reinvestment dynamics during initial portfolio construction can give rise to temporary realized losses even when insurers are prudently managing interest rate risk and aligning assets with liabilities.

For example, in PRT transactions, insurers typically receive a large, one-time premium and subsequently invest those proceeds over a defined period to establish the intended long-term asset portfolio. To manage interest rate risk during this transition, insurers often temporarily invest in duration-matched U.S. Treasury securities, which are then rotated into higher-yielding assets. If interest rates rise during this period, the sale of these temporary investments may generate realized losses, even though reinvestment into higher-yielding assets offsets those losses over time.

Under a proof of reinvestment framework, these outcomes would appropriately support deferral through IMR. However, the 10 percent cap could limit the ability to admit such losses, particularly in larger or longer-duration transactions, where relatively modest interest rate movements could consume the available buffer.

While the cap may be sufficient for lines of business with limited asset turnover, its application in these contexts may disproportionately affect certain products and discourage prudent interest rate risk management. Accordingly, MetLife respectfully recommends that the NAIC remove the 10 percent cap for net negative IMR, consistent with the ACLI recommendation.

MetLife recognizes the policy objective of maintaining guardrails around surplus recognition. However, where a robust proof of reinvestment test is satisfied, the continued application of a cap creates an additional constraint that does not enhance prudential outcomes but instead distorts economic alignment.

MetLife Has Significant Concern with Proof of Reinvestment Operational Complexities

At its core, the proposed framework introduces a structural sequencing mismatch—requiring end-of-period data to validate accounting determinations that must be executed early in the close process.

The proposed framework requires reporting entities to pass both a reinvestment test and a weighted average yield test before moving into, or increasing, a net negative IMR balance. If the proof is not satisfied, realized losses in excess of current-year gains would be recognized directly in surplus rather than deferred through IMR. More fundamentally, the framework requires reassessment of IMR eligibility after initial recognition, introducing the potential for retrospective adjustments within the close process. Of particular concern is the resulting risk of late-stage rework across the statutory reporting cycle. These challenges fall into three primary categories: (i) timing and sequencing constraints within the close process, (ii) data availability and cross-system dependencies, and (iii) downstream reporting and reinsurance impacts. Within these categories, we highlight the following key risks:

- **Timing mismatch between IMR accounting and proof inputs.** IMR accounting is typically performed at the beginning of the statutory reporting process so that amortization, income statement impacts, balance sheet presentation, and downstream exhibits can be prepared within established statutory deadlines.

However, the proposed proof of reinvestment relies on current financial statement information and investment activity data that may not be finalized until later in the reporting period. This creates a timing gap where the IMR position may be calculated before the entity can confirm whether it has passed the required proof.

- **Risk of late-stage rework and downstream reporting impacts if the proof fails.** If the company initially records current-year realized losses through IMR and later determines that the proof of reinvestment was not satisfied, losses originally deferred through IMR may need to be removed and recognized directly in surplus. This would require re-performance of IMR accounting and related reporting in a compressed close window, including updates to the statutory balance sheet, surplus, investment income amortization, IMR roll-forward, annual statement exhibits, notes, disclosures, management reporting, regulatory analytics, RBC-related support, and internal control evidence.
- **Potential inability to increase a negative IMR balance.** Under the proposed approach, failure of the proof would limit the ability to add additional realized losses to an existing negative IMR balance, except to the extent such losses offset current-year realized gains. This creates operational uncertainty for entities managing portfolios in a rising-rate or repositioning environment, as the final statutory treatment may depend on proof results that are not known until late in the process. A further operational constraint is determining which realized losses, and from which portfolios or reinvestment strategies, must be excluded from negative IMR treatment and instead recognized as a direct charge to surplus, particularly when the exclusion cannot be identified until after portfolio activity and proof results are finalized.
- **Data availability and reconciliation complexities.** The proof requires timely access to sale activity, acquisition activity, book yields, investable premiums, mortgage loan activity, bond classifications, and other investment data. Because these data points may reside in different systems and may not be finalized at the same time, the proof would require additional cross-system reconciliations, data validation, and review procedures within an already compressed statutory reporting timeline.
- **Compressed reporting timeline and elevated filing risk.** If the proof cannot be finalized until late in the reporting period, statutory reporting teams may have limited time to revise IMR accounting, update exhibits and disclosures, obtain

approvals, and complete quality control reviews. This increases the risk of late adjustments, inconsistent reporting, audit comments, or regulatory questions.

- **Unintended Consequences to Reinsurance Treaties.** The issues presented above for the Proof of Reinvestment will have downstream impacts on reinsurance and present similar operational complexity. Reinsurance agreements typically settle monthly, and any changes to the IMR deferral amounts and related amortization may affect the ModCo or Funds Withheld reserves (inclusive of IMR) and the preparation, timing and amounts net settled. The impacts of precluding IMR deferrals of realized capital losses (RCLs) would generally move in the opposite direction of the direct impacts and may provide a full or partial offset within the income statement and surplus, although the timing of such offsets may vary and will depend on the negotiated terms in the reinsurance agreement.

To address these challenges, MetLife encourages refinements to clarify the sequencing of the proof of reinvestment relative to IMR recognition, including timing expectations within the close process, to minimize the need for retrospective adjustments after initial reporting, and to provide reasonable implementation flexibility to align with existing reporting timelines and cross-system dependencies.

MetLife Supports a One Year Implementation Delay

The proposed changes introduce substantial technical and operational complexities across multiple dimensions of the IMR framework, including revised treatment of negative IMR, proof-of-reinvestment requirements, and the interaction of IMR with reinsurance structures. Implementing the proposed changes would require extensive modifications to reconciliation and reporting systems, including updates to calculation logic, data sourcing, and reporting outputs, as well as alignment across multiple upstream and downstream processes.

In addition, the proposed guidance introduces new interpretive considerations that will require coordinated updates across actuarial, finance, and investment systems. These changes will require sufficient time for design, development, testing, and parallel validation to ensure that results are complete, accurate, and consistent across reporting entities.

Given the current level of uncertainty in certain areas of the proposal and the need for cross-functional integration, a January 1, 2027 effective date presents a significant risk to implementation quality, operational stability, and the integrity of statutory reporting. Absent sufficient implementation time, there is a heightened risk of inconsistent

application across insurers, increased audit findings, and additional regulatory inquiries during early adoption periods.

Accordingly, MetLife strongly recommends that the NAIC defer the effective date to January 1, 2028. A one-year preparation period would provide the necessary runway to properly implement system enhancements, perform comprehensive testing, validate results under various market scenarios, and ensure that appropriate governance and control frameworks are in place. This additional time would also allow for more consistent interpretation and application of the guidance across the industry, reducing the risk of divergence in practice. We believe that aligning the effective date with the operational realities of implementation will ultimately support the NAIC's objectives by promoting higher-quality reporting, stronger controls, and more consistent application of the IMR framework across insurers. A measured implementation timeline will be important not only for individual company readiness but also to promote consistent interpretation and application across the industry.

Conclusion

MetLife supports the NAIC's objective of strengthening the IMR framework through a proof-of-reinvestment approach that better reflects economic outcomes. To fully realize these benefits, we recommend removing the 10 percent cap where losses satisfy the proof, thereby avoiding unintended constraints on prudent risk management. Equally important, we urge the NAIC to recognize the significant operational complexity associated with the proposed framework and to provide sufficient time and flexibility for implementation. A measured approach—grounded in both sound policy and practical feasibility—will promote more consistent application across the industry and ultimately enhance the quality, transparency, and reliability of statutory financial reporting. Taken together, we believe these refinements will better align the framework with its intended objectives while ensuring it can be implemented in a robust, consistent, and auditable manner across the industry. Additionally, we believe these recommendations are consistent with the NAIC's objective of promoting financial stability, transparent reporting, and policyholder protection.

We would welcome the opportunity to discuss our comments further and address any questions you may have.

James A. Granese
Chief Financial Officer of Investments
MetLife, Inc

Copied: Julie Gann,
Robin Marcotte,
Jake Stultz,
Jason Farr,
Wil Oden

June 30, 2026

Mr. Kevin Clark, Chair
Statutory Accounting Principles (E) Working Group
National Association of Insurance Commissioners
1100 Walnut Street, Suite 1000
Kansas City, MO 64106-2197

Re: SAPWG Ref #2023-14 – Interest Maintenance Reserve (IMR)

Dear Chair Clark:

Everlake Life Insurance Company appreciates the opportunity to comment on SAPWG Ref #2023-14 regarding the proposed revisions to the Interest Maintenance Reserve (IMR) framework.

Everlake strongly supports the adoption of a permanent solution that permits the full admittance of net negative IMR, subject to the safeguards included within the revised framework. The ACLI and numerous industry participants have similarly concluded that full admittance is the appropriate outcome under the proposed framework. As recognized throughout the SAPWG process, these transactions generally do not diminish an insurer's claims-paying ability and therefore should not result in an artificial reduction of admitted surplus.

The following section sets out why we support full admission.

- The fundamental purpose of IMR is to maintain consistency between the valuation of insurance liabilities and the fixed-income assets that support those liabilities. Historically, IMR has deferred the recognition of interest rate-related realized gains to avoid artificial increases in surplus that do not reflect a change in an insurer's underlying financial strength. The same principle should apply when insurers realize losses and reinvest proceeds into higher-yielding assets. In those circumstances, immediate recognition of losses can create a surplus outcome that is inconsistent with the economics of the transaction and with the long-term nature of insurance liabilities.
- The proposed proof-of-reinvestment approach, together with the other protections incorporated into the proposal, provides a sound and principled basis for recognizing negative IMR and appropriately reflects the economic realities of insurers' asset-liability management activities. Other protections include restrictions on liquidity-sale losses, asset adequacy testing considerations, actuarial review and attestation requirements, enhanced reporting and disclosure, limitations related to credit-related losses, and risk-based capital thresholds. Taken together, these safeguards provide regulators with robust oversight while allowing statutory accounting to more faithfully reflect economic substance.
- The accounting framework should support, rather than discourage, prudent portfolio management. Insurers routinely reposition investment portfolios to manage duration, credit exposure, liquidity, and other risks in support of policyholder obligations. The treatment of



negative IMR should not create disincentives for risk-management actions that strengthen asset-liability alignment and improve long-term financial outcomes for policyholders.

For these reasons, Everlake respectfully encourages SAPWG to remove the current admissibility limitation and adopt full admittance of net negative IMR as contemplated by the proposed revisions to SSAP No. 7.

We appreciate the considerable work undertaken by SAPWG, NAIC staff, and industry stakeholders on this important issue and thank you for your consideration of our views.

Respectfully submitted,

Micheal Hartt

Senior Vice President & Chief Accounting Officer
Everlake Life Insurance Company





July 1, 2026

Mr. Kevin Clark, Chair
Statutory Accounting Principles (E) Working Group
National Association of Insurance Commissioners
1100 Walnut Street, Suite 1000
Kansas City, MO 64106-2197

Re: SAPWG Ref #2023-14 - Interest Maintenance Reserve

Dear Chair Clark,

Reinsurance Group of America, Incorporated ("RGA") appreciates the opportunity to comment on the exposed item Ref #2023-14 - Interest Maintenance Reserve ("IMR") from the National Association of Insurance Commissioners' ("NAIC") Statutory Accounting Principles (E) Working Group ("SAPWG"). RGA commends the NAIC's development of an interim solution and the subsequent Ad Hoc Working Group process to address negative IMR.

RGA is a leading global life and health reinsurer with approximately \$4.3 trillion of life insurance in force and assets of \$156.6 billion. On a global basis, RGA provides life and annuity reinsurance as well as risk and capital management solutions and is publicly traded on the New York Stock Exchange (ticker: RGA).

SAPWG Ref #2023-14 proposes revisions to Statement of Statutory Accounting Principles ("SSAP") No. 7, which will permanently include guidance from Interpretation of the Statutory Accounting Principles Working Group No. 23-01: Net Negative (Disallowed) Interest Maintenance Reserve ("Int 23-01") set to expire on January 1, 2027. INT 23-01 allows negative IMR to be included as an admitted asset, providing specific criteria are met, up to 10% of adjusted surplus.

Address

16600 Swingley Ridge Road
Chesterfield, Missouri
63017-1706

Contact

636.736.7000
1.888.736.5445

RGA gives its full support to the American Council of Life Insurers (ACLI)'s comment letter dated June 25, 2026, which provided comments on the proposed exposures. ACLI's proposed changes, including the full admittance of negative IMR and technical

clarifications for reinsurance, are essential to preserving the life and health insurance industry's ability to provide insurance solutions to its policyholders and customers.

Reinsurance plays a critical role in the insurance industry by providing insurance companies with meaningful risk transfer and capital management solutions. It enables insurers to write additional business, strengthens surplus and capital positions, and stabilizes operating results. A symmetric and economically consistent IMR framework ensures that these important risk management solutions are available and are appropriately reflected in the statutory framework, which ultimately better protects policyholders.

For these reasons outlined above, and as further supported in the ACLI comment letter, RGA supports the full admittance of net negative IMR. This approach supports a stable, principle-based framework that accurately reflects an insurer's financial position while promoting sensible investment practices and sustaining the broader industry that benefits policyholders, insurers, reinsurers, and regulators.

Regards,



John Hayden
Executive Vice President, Controller
Reinsurance Group of America, Incorporated



June 22, 2026

Mr. Kevin Clark
Chair, Statutory Accounting Principles (E) Working Group
National Association of Insurance Commissioners
110 Walnut Street, Suite 1000
Kansas City, MO 64106-2197

Re: SAPWG Ref #2024-15: SSAP No. 109 – ALM Derivatives

Dear Chair Clark,

The American Council of Life Insurers (ACLI) appreciates the opportunity to comment on the Statutory Accounting Principles (E) Working Group (SAPWG) exposure draft Ref #2024-15: Asset Liability Management (ALM) Derivatives that was released for comment on May 18, 2026. We strongly support this exposure draft of statutory accounting guidance for interest-rate hedging derivatives used for ALM.

ACLI is very appreciative of the on-going dialogue with SAPWG and offers the following additional comment on this topic:

ALM derivatives are an extremely important part of insurance company risk management, as they are often necessitated by portfolios containing product liabilities with long durations (e.g., 30+ years) and shorter duration bonds (e.g., 5-10 years, which are more readily available in the market). This mismatch creates duration/reinvestment risk which could be filled with longer term/duration bonds; but longer-term bonds that match typical product liabilities (e.g., 30+ years) are limited in supply in the market, so ALM derivatives are used to mitigate or eliminate this risk.

Ultimately (and most importantly), ALM derivatives are hedging the duration difference between assets/liabilities to eliminate deficits in liquidation value and preserve surplus (highlighted appropriately in the example below from the exposure draft issue paper where asset duration=9 and liability duration=10).

American Council of Life Insurers | 300 New Jersey Avenue, NW, 10th Floor | Washington, DC 20001

The American Council of Life Insurers (ACLI) is the leading trade association driving public policy and advocacy on behalf of the life insurance industry. 90 million American families rely on the life insurance industry for financial protection and retirement security. ACLI's member companies are dedicated to protecting consumers' financial wellbeing through life insurance, annuities, retirement plans, long-term care insurance, disability income insurance, reinsurance, and dental, vision and other supplemental benefits. ACLI's 275 member companies represent 94 percent of industry assets in the United States.

Liquidation Value (amounts rounded for simplicity)			
Liquidation Value (fair value realization via asset sales, derivative settlement, reinsurance):			
	Assets	Liabilities	
BOP Fair Value (Liquidation Value)	100	100	Net Flat Liquidation Value
Value Change (ex-derivatives)	9	10	Interest rates decrease 1%
EOP Fair Value (Liquidation Value) (ex-derivatives)	109	110	Net Liquidation Value changes due to duration difference (pre-hedging); also, bond reinvestment interest rates may not cover liabilities
ALM Derivatives	1		ALM derivatives (e.g., receive-fixed swaps in this scenario) will increase in value when rates fall (which offsets the above difference)
EOP Liquidation Value (w/derivatives)	110	110	BOP net flat Liquidation Value remains intact due to highly effective hedges

Highly effective ALM derivatives protect surplus by shielding insurance companies from negative impacts of interest rate changes. This preserves insurance company solvency and ensures policyowner benefits can be fulfilled (thereby benefitting policy holders, insurance companies and regulators).

We fully agree with this exposure draft, as it will significantly enhance the alignment of each company's reported surplus with its actual solvency/liquidation value and avoid situations where financials contain inappropriate portrayals of surplus and illusory financial strength.

Importantly, the exposure draft permits admittance of all deferred gains/losses of highly effective hedges recognized under the ALM derivative standard to not disincentivize prudent hedging activities. This is a critical component of the exposure draft that ensures the aforementioned surplus reporting benefits; and therefore, we completely support it. Additional reasons for symmetrical admission include:

- 1) Upon maturity/termination, the derivative fair value will initially be surplus neutral (when admitted) with the deferred asset/liability offset by cash received/paid at maturity/termination and subsequently will amortize over the life of the hedged liabilities. Therefore, the hedge's ultimate surplus impact follows that of the hedged items (appropriate for highly effective hedges); as the derivative amortization will offset product liabilities interest credited/etc. and bond NII over the amortization period.
- 2) ALM derivatives are hedges of surplus that incorporate extensive safeguards in the form of effectiveness tests and other limitations on eligible derivative types. Not admitting the derivative fair value at termination/maturity impacts surplus at different timing than the hedged item, which defeats the entire purpose of the hedge.
- 3) Presenting companies with a scenario of asymmetrically deferring gains and recognizing losses will limit (or eliminate) companies' use of this SSAP, thereby limiting (or eliminating) the SSAP's reporting benefits of aligning surplus with actual solvency/liquidation value.

Once again, we support this exposure draft in its entirety and appreciate the opportunity to provide comments on this important topic. If you have any questions regarding this letter, please contact us.

Sincerely,



Shannon Jones
Sr. Director – Financial Reporting Policy
ShannonJones@acli.com
202-624-2029

Cc: Julie Gann, NAIC
Robin Marcotte, NAIC



Hans Avery
Actuary
HansAvery@acli.com
202-624-2012