



AMERICAN ACADEMY *of* ACTUARIES

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December 17, 2021

Mr. Mike Boerner  
Chair, Life Actuarial (A) Task Force  
National Association of Insurance Commissioners

Mr. Philip Barlow  
Chair, Life Risk-Based Capital Working Group  
National Association of Insurance Commissioners

Dear Mr. Boerner and Mr. Barlow,

In the late 1990's, the American Academy of Actuaries (Academy) developed an economic scenario generator to support new statutory regulations for calculating stochastic capital and reserve requirements. The resulting Academy Interest Rate Generator (AIRG) was a Stochastic Log Volatility model with customized parameters that were developed for use in statutory calculations.

Today, the National Association of Insurance Commissioners (NAIC) is in the process of assessing the potential for systemic risk due to "low for long" scenarios not captured by the AIRG and replacing the AIRG with a commercial vendor's model, and some regulators and interested parties would like to modify the parameters in the AIRG to create an updated model for use while this new model is being developed.

The Academy recognizes the value that a modified AIRG would provide to the NAIC process and publicly endorses such third-party efforts. However, the Academy provides the AIRG for such use "as-is" without warranty of any kind, either express or implied. The entire risk as to the quality and performance of the AIRG is with those interested parties who wish to modify the model, and in no event will the Academy and its work groups provide support to such efforts.

Please contact Academy life policy analyst Khloe Greenwood ([greenwood@actuary.org](mailto:greenwood@actuary.org)) with any questions.

Sincerely,

Nancy Bennett, Senior Life Fellow

Copies: Pat Allison, NAIC  
Scott O'Neal, NAIC  
Rachel Hemphill, Texas Department of Insurance