



October 15, 2025

Rachel Hemphill
Chair, Life Actuarial (A) Task Force
National Association of Insurance Commissioners

Re: AG 55 Template Presentation with Cover Letter Exposure

Dear Chair Hemphill:

On behalf of the Life Practice Council (LPC) of the American Academy of Actuaries,¹ we appreciate the opportunity to comment on the Actuarial Guideline (AG) 55 Template Exposure exposed until Oct. 15, 2025.² The LPC believes this template is a valuable tool for implementing AG 55 and appreciates LATF's consideration of public feedback.

General comments

- We suggest having the template focus on collecting standardized numerical data and short form text (e.g., demographic information) to facilitate regulatory reviews and comparisons across companies, allowing for longer descriptions, explanations, and narratives in the more freeform report. The last two tabs on assumptions and pads, in particular, may benefit from allowing references to additional detail in the report and/or supplemental spreadsheets. We also support the template being customizable, given the unique nature of many reinsurance arrangements.
- We suggest adding an 'Instructions' tab and accompanying Guidance document similar to the AG 53 template,³ e.g., to clarify expectations, define certain terms, indicate which items in the template are required and/or when companies can use their own template instead. In addition, we suggest clarifying when certain tabs may need to be duplicated. For example, if a company has two counterparties each with two products, are four Assumptions tabs expected? Publishing a sample template could also be a helpful form of guidance. Time permitting, an exposure of any instructions and/or guidance developed would be appreciated.

¹ The American Academy of Actuaries is a 20,000-member professional association whose mission is to serve the public and the U.S. actuarial profession. For 60 years, the Academy has assisted public policymakers on all levels by providing leadership, objective expertise, and actuarial advice on risk and financial security issues. The Academy also sets qualification, practice, and professionalism standards for actuaries in the United States.

² [AG 55 Templates Draft 1_092525 \(1\).xlsx](#)

³ The AG 53 [template](#) and [guidance](#) for 2024YE can be found on the Documents tab of the [LATF webpage](#).

Tab-specific comments

1. Counterparty

- We suggest considering adding guidance around the level of detail expected for “Description of Counterparty” and adding a row indicating whether alternative analyses were performed and where such analyses can be found.
- The title of Row 7 is “Explain whether this counterparty falls under Section 5.H.i.(a), (b), and/or (c).” We suggest considering changing “Indicate” to “Explain,” perhaps with references to where in the report supporting explanations can be found. Or the name could be changed to the following for additional clarity: “Section 5.H.i CFT exemption criteria: Indicate if counterparty falls under (a), (b), and/or (c).”
- Row 15 asks for a description of conditions in which funds in a trust become available to the cedant (if applicable and significant to understanding risk and exposure). We suggest adding additional guidance around expectations when there is more than one treaty and/or more than one trust with a counterparty. A separate ‘Collateral’ tab could be considered to accommodate lengthy descriptions, or, alternatively, such descriptions could be in the report. A one-to-one mapping of trusts to treaties (not counterparties) may be necessary to fully understand risk at the treaty level.

2. Risk Identification

- We note that this tab collects information at the counterparty level, which could mask a large reserve reduction on one treaty if the other treaties with the counterparty have little or no reserve reduction. A related consideration is clarifying that if there are multiple treaties with a counterparty, only those in scope for AG 55 are to be included.
- Collectability Risk items (yellow shade) are mandatory if CFT is not performed. We suggest clarifying whether regulators are interested in these items if CFT is performed.

3. Counterparty Portfolio, Asset Yields—Ceding, and Asset Yields—Assuming

- It appears that these tabs may be based on the year-end 2024 AG 53 template. If so, we suggest updating them to the year-end 2025 AG 53 template when available, noting that columns I through M on the Counterparty Portfolio tab don’t appear in the year-end 2024 AG 53 template.
- The title at the top of the Asset Yields tabs is “(Cedent or Assuming Party) Reinvestment Return Assumptions (for asset types in the starting portfolio that are not sold, enter initial asset assumption).” We suggest clarifying whether this tab is only for reinvestment assumptions, or also for starting asset assumptions.
- Consider adding guidance around whether these tabs are meant to describe actual assets held, or the assets modeled for CFT, as well as guidance on whether additional detail is expected when there are Projected High Net Yield (P.H.N.Y.) assets.

4. Cash Flow Testing
 - We suggest considering whether this tab could benefit from VM-30 style guidance around which scenarios to run for sensitivities. For example, when sensitivity testing mortality, would all seven scenarios be expected, or only the worst baseline scenario, or an appropriate subset of scenarios based on actuarial judgment.
5. Attribution—Product 1
 - Consider adding guidance encouraging the attribution steps to be performed in the order on this tab but allowing for customizations to the extent a company performs the attribution steps in a different order and/or uses slightly different attribution steps.
6. Assumptions —Product 1
 - To the extent narratives in this tab would be lengthy, we suggest allowing for such narratives to be replaced by references to the appropriate section in the report or appropriate location in a supplemental spreadsheet provided.
 - To avoid confusion, it may be helpful to clarify whether the assuming company assumptions are meant to be those used by the assuming company to determine the reserves (or capital) held by the assuming company, or those used by the ceding company to perform AG 55 CFT of ceded business. If the former, we note the attribution analysis may also help with understanding the degree of differences in assumptions between the ceding and assuming company. Furthermore, we note that the ceding company may not always be able to determine what the assuming company’s assumptions are.
7. Provisions for Adverse Deviations (PADs)
 - We suggest clarifying if this tab is meant to be duplicated and filled out separately by product type, e.g., like the Assumptions tab.
 - The Assumptions tab has sections for both ceding company and assuming company. We suggest clarifying if this tab should also have those splits. If so, the considerations in the last bullet in (6.) would apply here as well.

Formatting and Other Non-Substantive Comments

- We recommend considering the use of dropdown boxes for items with a fixed shortlist of options (e.g., for choosing from a shortlist of products or treaty types). We also recommend including ‘Other’ as an option, perhaps with space to describe what ‘Other’ means. As the template is finalized, the Academy is happy to review and test any formulas and/or dropdowns that are added to the template.
- Consistent use of a single term could add clarity over the templates use of multiple similar terms like “counterparty,” “assuming company,” and “assuming party.”
- On the Counterparty Portfolio tab, we believe the superscript “6” in row 3 may be a typo and that it should be “5” instead.

- If the Counterparty Portfolio tab is for starting (i.e., initial existing) assets, we suggest inserting the word “Starting” before “Asset” in cell B1 to make this clearer.
- If row 16 of the Counterparty tab, “Total Size of Agreements (\$ millions),” is a header row, we suggest graying it out for Counterparties to indicate no entry is expected in that row.
- In Row 7 of the Risk Identification tab, we suggest “Primary Security” be changed to “Guideline Excluded Asset” to be consistent with the terminology used in the Guideline.

These recommendations aim to enhance the template’s clarity and efficiency, ensuring it supports AG 55’s objectives and compliance while promoting practical and defensible actuarial standards that serve the public interest.

If you have any questions or would like to discuss these comments further, please contact [Amanda Barry-Moilanen](#), the Academy’s policy project manager, life.

Sincerely,

Jason Kehrberg, MAAA, FSA
Chairperson, Life Practice Council
American Academy of Actuaries