



October 7, 2026

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

Re: [YE 2026 AG 55 Guidance Document](#) Exposure

Dear Chair Hemphill,

On behalf of the Life Valuation Committee (Committee) of the American Academy of Actuaries,¹ we appreciate the opportunity to comment on the recent exposure on the YE 2026 AG 55 Guidance Document and corresponding AG 55 template. In general, the Committee supports the additional Asset Adequacy Testing (AAT) disclosure requirements for life insurers ceding asset-intensive business to offshore reinsurers. We have additional feedback for your consideration related to risk-based capital (RBC) and the self-support demonstration, which are offered below.

General

The Committee observes that both the template and guidance address some, but not all, of the top 10 topics of regulatory interest expressed during the 2026 NAIC Summer National Meeting. For example, it may be helpful to include a discussion of the cliff risk associated with complex assets in the AG 55 report, including whether it was modeled or unmodeled, as well as the rationale.

Risk-Based Capital (RBC)

The exposure includes two sections that require RBC disclosures, Section II.c and Section V.c.

We noted that a capital analysis is not part of an asset adequacy analysis of reserves. AG 55 touches on RBC loosely in section 6.B.iv.a.4.A; however, RBC is only referenced in terms of considering capital needs in moderately adverse conditions. RBC is generally not considered in the actuarial opinion, and VM-30 does not anticipate capital discussions in the accompanying memorandum. It is also not an integral part of AG 55. As such, we feel that it is inappropriate to expand the scope of AG 55 by requesting capital information and calculations using a guidance document for an actuarial guideline. Instead, we suggest that the data be included in the RBC report with appropriate disclosures.

Self-Support Demonstration

Section V.e requires a self-support demonstration for multi-year guaranteed annuity (MYGA) products, where risks from the MYGA product with the richest guarantee are shown to be adequately defeased by supporting assets.

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.

The Committee believes that life insurers do not manage their business this granularly and that this may not be what AAT intends, where adequacy is required to be demonstrated in aggregate across all business. Self-support testing is more appropriate for pricing or profitability analysis, rather than AAT. We also believe that it is unlikely that a company will allocate assets at the product level, which may result in the use of a pro rata portion of assets that yield an average Net Asset Earned Rate (NAER) across the entire block appearing to be deficient when paired with the richest guarantee of any annuity product.

Notwithstanding this critical issue, the determination of the richest guarantee may be ambiguous. For example, is a 3-year MYGA with a 6% guaranteed crediting rate richer than a 7-year MYGA with a 5% guaranteed crediting rate?

We appreciate the opportunity to provide our feedback on this exposure. If you have any questions or would like to discuss these comments further, please contact Marie Fabienne Amisial (amisial@actuary.org), the Academy's life policy project manager.

Sincerely,

Bruce Friedland, MAAA, FSA
Member, Life Valuation Committee