



AMERICAN ACADEMY *of* ACTUARIES

TO: Adam Hamm, North Dakota Insurance Commissioner and Chair of Life Insurance and Annuities (A) Committee of the National Association of Insurance Commissioners

FROM: Contingent Annuity Work Group of the American Academy of Actuaries

DATE: August 22, 2011

RE: Contingent Annuity Products

The American Academy of Actuaries¹ understands that the Contingent Annuity product has become the subject of recent discussions within the NAIC and that the Life Actuarial Task Force (LATF) referred this product to the attention of the Life Insurance and Annuities (A) Committee in a May 4, 2011 memorandum to you. The memorandum indicated a need for a more robust discussion on whether the product is an annuity or a financial guaranty product, the need for the product, the risks it presents, any consumer issues, as well as reserving and capital considerations.

We have assembled a small group of qualified actuaries with a broad range of experience with Contingent Annuities and their related topics. That group intends to prepare a comprehensive comment letter on the specific topics noted in the May 4, 2011 memorandum. If we can assist the NAIC in any other way on this topic, please let us know.

¹ The American Academy of Actuaries is a 17,000-member professional association whose mission is to serve the public and the U.S. actuarial profession. The Academy assists 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.