

ACTUARIAL OPINION AND MEMORANDUM REQUIREMENTS

The following provisions contain the requirements for the actuarial opinion of reserves and for supporting actuarial memoranda in accordance with Section 3 of the Standard Valuation Law, and are collectively referred to as AOM requirements.

The AOM requirements shall be applied in a manner that allows the appointed actuary to utilize his or her professional judgment in performing the actuarial analysis and developing the actuarial opinion and supporting memoranda, consistent with relevant actuarial standards of practice. However, a state commissioner has the authority to specify methods of actuarial analysis and actuarial assumptions when, in the commissioner's judgment, these specifications are necessary for the actuary to render an acceptable opinion relative to the adequacy of reserves and related items.

These AOM requirements are applicable to all annual statements filed after the operative date of the Valuation Manual. A statement of actuarial opinion on the adequacy of the reserves and related actuarial items based on an asset adequacy analysis and a supporting actuarial memorandum is required each year.

I. Definitions

1. "Actuarial Opinion" means the opinion of an appointed actuary regarding the adequacy of reserves and related actuarial items based on an asset adequacy analysis.
2. "Actuarial Standards Board" means the board established by the American Academy of Actuaries to develop and promulgate actuarial standards of practice.
3. "Annual statement" means the statutory financial statements a company must file with a state insurance commissioner as required under state insurance law.
4. "Appointed actuary" means an individual who is appointed or retained in accordance with the requirements set forth in Section II.3 to provide the actuarial opinion and supporting memorandum in accordance with Section 3 of the Standard Valuation Law.
5. "Asset adequacy analysis" means an analysis that meets the standards and other requirements referred to in Section III of these AOM requirements.
6. "Commissioner" means the Insurance Commissioner, Director or Superintendent of a state in which a company transacts business.
7. "Company" means a life insurance company, fraternal benefit society or reinsurer subject to these AOM requirements.
8. "Qualified actuary" means an individual who meets the requirements set forth in Section II.2 of these AOM requirements.

II. Submission of Statement of Actuarial Opinion

1. The statement of an appointed actuary, entitled "Statement of Actuarial Opinion," setting forth an opinion relating to reserves and related actuarial items held in support of policies and contracts, in accordance with Section V must be included on or attached to Page 1 of the annual statement for each year. A company may request in writing and, if approved by the Commissioner, obtain an extension of the date for submission of the statement of actuarial opinion.
2. A "qualified actuary" is an individual who:
 - a. Is a member of the American Academy of Actuaries;
 - b. Is qualified to sign statements of actuarial opinion for life and health insurance company annual statements in accordance with the American Academy of Actuaries qualification standards for actuaries signing such statements;
 - c. Is familiar with the valuation requirements applicable to life and health insurance companies;

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The NAIC Life and Health Actuarial Task Force solicits comments on this draft. Comments should be sent to Randall Stevenson, NAIC, at rstevens@naic.org.

ATTACHMENT 2

Section 4 (I) AOMR

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- d. Has not been found by a state commissioner (or if so found, has subsequently been reinstated as a qualified actuary), following appropriate notice and hearing to have:
 - i. Violated any provision of, or any obligation imposed by, the insurance law or other law in the course of his or her dealings as a qualified actuary;
 - ii. Been found guilty of fraudulent or dishonest practices;
 - iii. Demonstrated incompetence, lack of cooperation, or untrustworthiness to act as a qualified actuary;
 - iv. Submitted to a commissioner during the past five (5) years an actuarial opinion or memorandum pursuant to these AOM requirements that the commissioner has rejected because it did not meet the requirements including standards set by the Actuarial Standards Board; or
 - v. Resigned or been removed as an actuary within the past five (5) years as a result of acts or omissions indicated in any adverse report on examination or as a result of failure to adhere to generally acceptable actuarial standards; and
- e. Has not failed to notify a commissioner of any action taken by a commissioner of any other state similar to that under d. above.

3. An “appointed actuary” is a qualified actuary who is appointed or retained to prepare the Statement of Actuarial Opinion under these AOM requirements, either directly by or by the authority of the board of directors through an executive officer of the company other than the qualified actuary. The company shall give each commissioner timely written notice of the name, title (and, in the case of a consulting actuary, the name of the firm) and manner of appointment or retention of each person appointed or retained by the company as an appointed actuary and shall state in the notice that the person meets the requirements set forth in Section II.2. Once notice is furnished, no further notice is required with respect to this person, provided that the company shall give each commissioner timely written notice in the event the actuary ceases to be appointed or retained as an appointed actuary or to meet the requirements of a qualified actuary. If any person appointed or retained as an appointed actuary replaces a previously appointed actuary, the notice shall so state and give the reasons for replacement.

III. Standards for Asset Adequacy Analysis

- 1. The asset adequacy analysis must conform to the Standards of Practice as promulgated from time to time by the Actuarial Standards Board and to any additional standards under these AOM requirements, which standards are to form the basis of the statement of actuarial opinion in accordance with these AOM requirements; and
- 2. Must be based on methods of analysis as are deemed appropriate for such purposes by the Actuarial Standards Board.

Drafting Note: To the extent that the Actuarial Standards of Practice do not address asset adequacy analysis in the context of PBR reserves requirements, this section may need to be modified to address PBR reserves requirements.

IV. Liabilities to be Covered

- 1. The statement of actuarial opinion must apply to all in force business on the annual statement date, whether directly issued or assumed, regardless of when or where issued.
- 2. If the appointed actuary determines as the result of asset adequacy analysis that a reserve should be held in addition to the aggregate reserve held by the company and calculated in accordance the requirements set forth in the Valuation Manual, the company shall establish the additional reserve.
- 3. Additional reserves established under Section IV.2 above and deemed not necessary in subsequent years may be released. Any amounts released shall be disclosed in the actuarial opinion for the applicable year. The release of such reserves would not be deemed an adoption of a lower standard of valuation.

V. Statement of Actuarial Opinion Based On an Asset Adequacy Analysis

- 1. The statement of actuarial opinion shall consist of:
 - a. A paragraph identifying the appointed actuary and his or her qualifications (see Section V.3);

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- b. A scope paragraph identifying the subjects on which an opinion is to be expressed and describing the scope of the appointed actuary's work, including a tabulation delineating the reserves and related actuarial items that have been analyzed for asset adequacy and the method of analysis, (see Section V.4) and identifying the reserves and related actuarial items covered by the opinion that have not been so analyzed;
- c. A reliance paragraph describing those areas, if any, where the appointed actuary has deferred to other experts in developing data, procedures or assumptions, (e.g., anticipated cash flows from currently owned assets, including variation in cash flows according to economic scenarios (see Section V.5), supported by a statement of each such expert in the form prescribed by Section V.11; and
- d. An opinion paragraph expressing the appointed actuary's opinion with respect to the adequacy of the supporting assets to mature the liabilities (see Section V.8).
- e. One or more additional paragraphs will be needed in individual company cases as follows:

i. If the appointed actuary considers it necessary to state a qualification of his or her opinion;

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ii. If the appointed actuary must disclose an inconsistency in the method of analysis or basis of asset allocation used at the prior opinion date with that used for this opinion;

iii. If the appointed actuary must disclose whether additional reserves as of the prior opinion date are released as of this opinion date, and the extent of the release;

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iv. If the appointed actuary chooses to add a paragraph briefly describing the assumptions that form the basis for the actuarial opinion.

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2. The language in Sections V.3 - V.8 is that which in typical circumstances should be included in a statement of actuarial opinion. The language may be modified as needed to meet the circumstances of a particular case, but the appointed actuary should use language that clearly expresses his or her professional judgment. However, in any event the opinion shall retain all pertinent aspects of the language provided in this section.

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3. The opening paragraph should generally indicate the appointed actuary's relationship to the company and his or her qualifications to sign the opinion. For a company actuary, the opening paragraph of the actuarial opinion should include a statement such as:

"I, [name], am [title] of [insurance company name] and a member of the American Academy of Actuaries. I was appointed by, or by the authority of, the Board of Directors of said insurer to render this opinion as stated in the letter to the commissioner dated [insert date]. I meet the Academy qualification standards for rendering the opinion and am familiar with the valuation requirements applicable to life and health insurance companies."

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For a consulting actuary, the opening paragraph should include a statement such as:

"I, [name], a member of the American Academy of Actuaries, am associated with the firm of [name of consulting firm]. I have been appointed by, or by the authority of, the Board of Directors of [name of company] to render this opinion as stated in the letter to the commissioner dated [insert date]. I meet the Academy qualification standards for rendering the opinion and am familiar with the valuation requirements applicable to life and health insurance companies."

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4. The scope paragraph should include a statement such as:

"I have examined the actuarial assumptions and actuarial methods used in determining reserves and related actuarial items listed below, as shown in the annual statement of the company, as prepared for filing with state regulatory officials, as of December 31, 20[]. Tabulated below are those reserves and related actuarial items which have been subjected to asset adequacy analysis.

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Amounts—Reserves and Liabilities ... [1]

<u>Asset Adequacy Tested Amounts—Reserves and Liabilities</u>						
<u>Statement Item</u>	<u>Formula Reserves (1)</u>	<u>Principles- Based Valuation Reserves (2)</u>	<u>Additional Actuarial Reserves (a) (3)</u>	<u>Analysis Method (b)</u>	<u>Other Amount (4)</u>	<u>Total Amount (1)+(2)+(3)+(4) (5)</u>
Exhibit 5						
<u>A Life Insurance</u>						
<u>B Annuities</u>						
<u>C Supplementary Contracts Involving Life Contingencies</u>						
<u>D Accidental Death Benefit</u>						
<u>E Disability— Active</u>						
<u>F Disability— Disabled</u>						
<u>G Miscellaneous</u>						
<u>Total (Page 3, Line 1)</u>						
Exhibit 6						
<u>A Active Life Reserve</u>						
<u>B Claim Reserve</u>						
<u>Total (Page 3, Line 2)</u>						
Exhibit 7						
<u>Premium and Other Deposit Funds (Column 6, Line 14)</u>						
<u>Guaranteed Interest Contracts (Column 2, Line 14)</u>						

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<u>Supplemental Contracts</u> (Column 4, Line 14)						
<u>Annuities Certain</u> (Column 3, Line 14)						
<u>Dividend Accumulations or Refunds</u> (Column 5, Line 14)						
<u>Total Exhibit 7</u> (Column 1, Line 14)						
<u>Exhibit 8 Part 1</u>						
<u>1 Life</u> (Page 3, Line 4.1)						
<u>2 Health</u> (Page 3, Line 4.2)						
<u>Total Exhibit 8, Part 1</u>						
<u>Separate Accounts</u> (Page 3 of the Annual Statement of the Separate Accounts, Lines 1 and 2,)						
<u>TOTAL RESERVES</u>						

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IMR (General Account, Page ____ Line ____)	
(Separate Accounts, Page ____ Line ____)	
AVR (Page ____ Line ____)	(c)
Net Deferred and Uncollected Premium	

Notes:

- (a) The additional actuarial reserves are the reserves established under Section III.2.
- (b) The appointed actuary should indicate the method of analysis, determined in accordance with the standards for asset adequacy analysis referred to in Section II of these AOM requirements, by means of symbols that should be defined in footnotes to the table.
- (c) Allocated amount of Asset Valuation Reserve (AVR).

Drafting Note: The above references are based on the 2006 annual statement and will need to be updated to the extent that the annual statement references are modified in the future.

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5. If the appointed actuary has relied on other experts to develop certain portions of the analysis, the reliance paragraph should include a statement such as:

“I have relied on [name], [title] for [e.g., “anticipated cash flows from currently owned assets, including variations in cash flows according to economic scenarios” or “certain critical aspects of the analysis performed in conjunction with forming my opinion”], as certified in the attached statement. I have reviewed the information relied upon for reasonableness.”

A statement of reliance on other experts should be accompanied by a statement by each of the experts in the form prescribed by Section V.11.

6. If the appointed actuary has examined the underlying asset and liability records, the reliance paragraph should include a statement such as:

“My examination included such review of the actuarial assumptions and actuarial methods and of the underlying basic asset and liability records and such tests of the actuarial calculations as I considered necessary. I also reconciled the underlying basic asset and liability records to [exhibits and schedules listed as applicable] of the company’s current annual statement.”

7. If the appointed actuary has not examined the underlying records, but has relied upon data (e.g., listings and summaries of policies in force or asset records) prepared by the company, the reliance paragraph should include a statement such as:

“In forming my opinion on [specify types of reserves], I relied upon data prepared by [name and title of company officer certifying in force records or other data] as certified in the attached statements. I evaluated that data for reasonableness and consistency. I also reconciled that data to [list applicable exhibits and schedules] of the company’s current annual statement. In other respects, my examination included review of the actuarial assumptions and actuarial methods used and tests of the calculations I considered necessary.”

The section shall be accompanied by a statement by each person relied upon in the form prescribed by Section V.11.

8. The opinion paragraph should include a statement such as:

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"In my opinion the reserves and related actuarial values concerning the statement items identified above:

- (a) Are computed in accordance with presently accepted actuarial standards_ of practice consistently applied and are fairly stated, in accordance with sound actuarial principles;
- (b) Are based on actuarial assumptions and methods that produce reserves at least as great as those called for in any contract provision as to reserve basis and method, and are in accordance with all other contract provisions;
- (c) Meet the requirements of the Insurance Law and regulation of the state of [state of domicile]; and are at least as great as the minimum aggregate amounts required by the state in which this statement is filed;
- (d) Are computed on the basis of assumptions consistent with those used in computing the corresponding items in the annual statement of the preceding year-end (with any exceptions noted below); and
- (e) Include provision for all actuarial reserves and related statement items which ought to be established.

The reserves and related items, when considered in light of the assets held by the company with respect to such reserves and related actuarial items including, but not limited to, the investment earnings on the assets, and the considerations anticipated to be received and retained under the policies and contracts, make adequate provision, according to presently accepted actuarial standards of practice, for the anticipated cash flows required by the contractual obligations and related expenses of the company. (At the discretion of the commissioner, this language may be omitted for an opinion filed on behalf of a company doing business only in this state and in no other state.)

The actuarial methods, considerations and analyses used in forming my opinion conform to the appropriate actuarial standards of practice as promulgated by the Actuarial Standards Board, which standards form the basis of this statement of opinion.

This opinion is updated annually as required by statute. To the best of my knowledge, there have been no material changes from the applicable date of the annual statement to the date of the rendering of this opinion which should be considered in reviewing this opinion.

or

The following material changes which occurred between the date of the statement for which this opinion is applicable and the date of this opinion should be considered in reviewing this opinion: (Describe the change or changes.)

(Note: Choose one of the above two paragraphs, whichever is applicable.)

The impact of unanticipated events subsequent to the date of this opinion is beyond the scope of this opinion. The analysis of asset adequacy portion of this opinion should be viewed recognizing that the company's future experience may not follow all the assumptions used in the analysis.

Signature of Appointed Actuary

Address of Appointed Actuary

Telephone Number of Appointed Actuary

Date”

9. The adoption for new issues or new claims or other new liabilities of an actuarial assumption that differs from a corresponding assumption used for prior new issues or new claims or other new liabilities is not a change in actuarial assumptions within the meaning of this Section V.

10. If the appointed actuary is unable to form an opinion, then he or she shall refuse to issue a statement of actuarial opinion. If the appointed actuary’s opinion is adverse or qualified, then he or she shall issue an adverse or qualified actuarial opinion explicitly stating the reasons for the opinion. This statement should follow the “scope” paragraph and precede the “opinion” paragraph.

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11. If the appointed actuary relies on the certification of others on matters concerning the accuracy or completeness of any data underlying the actuarial opinion, or the appropriateness of any other information used by the appointed actuary in forming the actuarial opinion, the actuarial opinion should so indicate the persons the actuary is relying upon and a precise identification of the items subject to reliance. In addition, the persons on whom the appointed actuary relies shall provide a certification that precisely identifies the items on which the person is providing information and a statement as to the accuracy, completeness or reasonableness, as applicable, of the items. This certification shall include the signature, title, company, address and telephone number of the person rendering the certification, as well as the date on which it is signed.

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12. If allowed by the commissioner, the opining actuary may use one of the following as an alternative to the requirements of Section V.8(c):

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- a. A statement that the reserves “meet the requirements of the insurance laws and regulations of the State of [state of domicile] and the formal written standards and conditions of this state for filing an opinion based on the law of the state of domicile.” If the commissioner chooses to allow this alternative, a formal written list of standards and conditions shall be made available. If a company chooses to use this alternative, the standards and conditions in effect on July 1 of a calendar year shall apply to statements for that calendar year, and they shall remain in effect until they are revised or revoked. If no list is available, this alternative is not available.
- b. A statement that the reserves “meet the requirements of the insurance laws and regulations of the State of [state of domicile] and I have verified that the company’s request to file an opinion based on the law of the state of domicile has been approved and that any conditions required by the commissioner for approval of that request have been met.” If the commissioner chooses to allow this alternative, a formal written statement of such allowance shall be issued no later than March 31 of the year it is first effective. It shall remain valid until rescinded or modified by the commissioner. The rescission or modifications shall be issued no later than March 31 of the year they are first effective. Subsequent to that statement being issued, if a company chooses to use this alternative, the company shall file a request to do so, along with justification for its use, no later than April 30 of the year of the opinion to be filed. The request shall be deemed approved on October 1 of that year if the commissioner has not denied the request by that date.
- c. A statement that the reserves “meet the requirements of the insurance laws and regulations of the State of [state of domicile] and I have submitted the required comparison as specified by this state.”
 - i. If the commissioner allows this alternative, a formal written list of products (add to the table in Item (ii) below) for which the required comparison must be provided will be published by the commissioner. If a company chooses to use this alternative, the list in effect on July 1 of a calendar year shall apply to statements for that calendar year, and it shall remain in effect until it is revised or revoked. If no list is available, this alternative is not available.
 - ii. If a company desires to use this alternative, the appointed actuary shall provide a comparison of the gross nationwide reserves held to the gross nationwide reserves that would be held under NAIC codification standards. Gross nationwide reserves are the total reserves calculated for the

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total company in force business directly sold and assumed, indifferent to the state in which the risk resides, without reduction for reinsurance ceded. The information provided shall be at least:

(1) Product Type	(2) Death Benefit or Account Value	(3) Reserves Held	(4) Codification Reserves	(5) Codification Standard

iii. The information listed shall include all products identified by either the state of filing or any other states subscribing to this alternative.

iv. If there is no codification standard for the type of product or risk in force or if the codification standard does not directly address the type of product or risk in force, the appointed actuary shall provide detailed disclosure of the specific method and assumptions used in determining the reserves held.

v. The commissioner shall keep the comparison provided by the company confidential to the same extent and under the same conditions as the actuarial memorandum.

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13. Notwithstanding the above, a commissioner may reject an opinion based on the laws and regulations of the state of domicile and require an opinion based on the laws of this state. If a company is unable to provide the opinion within sixty (60) days of the request or such other period of time determined by the commissioner after consultation with the company, the commissioner may contract an independent actuary at the company's expense to prepare and file the opinion.

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VI. Description of Actuarial Memorandum Including an Asset Adequacy Analysis and Regulatory Asset Adequacy Issues Summary

1. The appointed actuary shall prepare a memorandum to the company describing the analysis done in support of his or her opinion regarding the reserves. The memorandum shall be made available for examination by a commissioner upon request but shall be returned to the company after such examination and shall not be considered a record of the insurance department or subject to automatic filing with a commissioner.
2. In preparing the memorandum, the appointed actuary may rely on, and include as a part of his or her own memorandum, memoranda prepared and signed by other actuaries who are qualified within the meaning of Section II.2, with respect to the areas covered in such memoranda, and so state in their memoranda. The appointed actuary shall attach the PBR review actuary opinion to the memorandum and report, and shall attach each PBR report as required in the VM-31 to the memorandum or incorporate each PBR report as required in VM-31 into the memorandum.
3. A reviewing actuary engaged by the Commissioner under [insert reference to Section 3 of state's Standard Valuation Law] shall have the same status as an examiner for purposes of obtaining data from the company and the work papers and documentation of the reviewing actuary shall be retained by the commissioner; provided, however, that any information provided by the company to the reviewing actuary and included in the work papers shall be considered as material provided by the company to the commissioner and shall be kept confidential to the same extent as is prescribed by law with respect to other material provided by the company to the commissioner pursuant to the statute governing these AOM requirements. The reviewing actuary shall not be an employee of a consulting firm involved with the preparation of any prior memorandum or opinion for the insurer pursuant to these AOM requirements for any one of the current year or the preceding three (3) years.
4. The appointed actuary shall prepare a regulatory asset adequacy issues summary, the contents of which are specified in Section V.7. The regulatory asset adequacy issues summary will be submitted no later than March 15 of the year following the year for which a statement of actuarial opinion based on asset adequacy is required. A commissioner shall keep the regulatory asset adequacy issues summary confidential to the same extent and under the same conditions as the actuarial memorandum.

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The reviewing actuary

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5. When an actuarial opinion is provided, the memorandum shall demonstrate that the analysis has been done in accordance with the standards for asset adequacy referred to in Section III and any additional standards specified in these AOM requirements. It shall specify:

- a. For reserves:
 - i. Product descriptions including market description, underwriting and other aspects of a risk profile and the specific risks the appointed actuary deems significant;
 - ii. Source of liability in force;
 - iii. Reserve method and basis;
 - iv. Investment reserves;
 - v. Reinsurance arrangements;
 - vi. Identification of any explicit or implied guarantees made by the general account in support of benefits provided through a separate account or under a separate account policy or contract and the methods used by the appointed actuary to provide for the guarantees in the asset adequacy analysis;
 - vii. Documentation of assumptions to test reserves for lapse rates (both base and excess), interest crediting rate strategy, mortality, policyholder dividend strategy, competitor or market interest rate, annuitization rates, commissions and expenses, and morbidity. The documentation of the assumptions shall be such that an actuary reviewing the actuarial memorandum could form a conclusion as to the reasonableness of the assumptions.
 - b. For assets:
 - i. Portfolio descriptions, including a risk profile disclosing the quality, distribution and types of assets;
 - ii. Investment and disinvestment assumptions;
 - iii. Source of asset data;
 - iv. Asset valuation bases; and
 - v. Documentation of assumptions made for default costs, bond call function, mortgage prepayment function, determining market value for assets sold due to disinvestment strategy, and determining yield on assets acquired through the investment strategy. The documentation of the assumptions shall be such that an actuary reviewing the actuarial memorandum could form a conclusion as to the reasonableness of the assumptions.
 - c. For the analysis basis:
 - i. Methodology;
 - ii. Rationale for inclusion or exclusion of different blocks of business and how pertinent risks were analyzed;
 - iii. Rationale for degree of rigor in analyzing different blocks of business (include in the rationale the level of "materiality" that was used in determining how rigorously to analyze different blocks of business);
 - iv. Criteria for determining asset adequacy (include in the criteria the precise basis for determining if assets are adequate to cover reserves under "moderately adverse conditions" or other conditions as specified in relevant actuarial standards of practice); and
- v. Whether the impact of federal income taxes was considered and the method of treating reinsurance in the asset adequacy analysis;

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- vi. Description of any significant differences of opinion between the appointed actuary and the PBR review actuary and an estimate of the impact of those differences on the reserves; and

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- d. Summary of material changes in methods, procedures, or assumptions from prior year's asset adequacy analysis

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- e. Summary of results; and

- f. Conclusions.

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6. The regulatory asset adequacy issues summary shall include:

- a. Descriptions of the scenarios tested (including whether those scenarios are stochastic or deterministic) and the sensitivity testing done relative to those scenarios. If negative ending surplus results under certain tests in the aggregate, the actuary should describe those tests and the amount of additional reserve as of the valuation date which, if held, would eliminate the negative aggregate surplus values. Ending surplus values shall be determined by either extending the projection period until the inforce and associated assets and liabilities at the end of the projection period are immaterial or by adjusting the surplus amount at the end of the projection period by an amount that appropriately estimates the value that can reasonably be expected to arise from the assets and liabilities remaining inforce;
- b. The extent to which the appointed actuary uses assumptions in the asset adequacy analysis that are materially different than the assumptions used in the previous asset adequacy analysis;
- c. To the extent that the PBR review actuary's opinion is adverse or qualified, a description of how the appointed actuary addressed the issues identified in the PBR review actuary's opinion and report in the asset adequacy analysis;
- d. The amount of reserves and the identity of the product lines that had been subjected to asset adequacy analysis in the prior opinion but were not subject to analysis for the current opinion;
- e. Comments on any interim results that may be of significant concern to the appointed actuary;
- f. The methods used by the actuary to recognize the impact of reinsurance on the company's cash flows, including both assets and liabilities, under each of the scenarios tested; and
- g. Whether the actuary has been satisfied that all options whether explicit or embedded, in any asset or liability (including but not limited to those affecting cash flows embedded in fixed income securities) and equity-like features in any investments have been appropriately considered in the asset adequacy analysis.

7. The regulatory asset adequacy issues summary shall contain the name of the company for which the regulatory asset adequacy issues summary is being supplied and shall be signed and dated by the appointed actuary rendering the actuarial opinion.

8. The memorandum shall include the following statement:

"Actuarial methods, considerations and analyses used in the preparation of this memorandum conform to the appropriate Standards of Practice as promulgated by the Actuarial Standards Board, which standards form the basis for this memorandum."

9. An appropriate allocation of assets in the amount of the interest maintenance reserve (IMR), whether positive or negative, shall be used in any asset adequacy analysis. Analysis of risks regarding asset default may include an appropriate allocation of assets supporting the asset valuation reserve; these AVR assets may not be applied for any other risks with respect to reserve adequacy. Analysis of these and other risks may include assets supporting other mandatory or voluntary reserves available to the extent not used for risk analysis and reserve support.

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10. The amount of the assets used for the AVR shall be disclosed in the table of reserves and liabilities of the opinion and in the memorandum. The method used for selecting particular assets or allocated portions of assets shall be disclosed in the memorandum.
11. The appointed actuary shall retain on file, for at least seven (7) years, sufficient documentation so that it will be possible to determine the procedures followed, the analyses performed, the bases for assumptions and the results obtained.

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Asset Adequacy Tested Amounts—Reserves and Liabilities					
Statement Item	Formula Reserves (1)	Additional Actuarial Reserves (a) (2)	Analysis Method (b)	Other Amount (3)	Total Amount (1)+(2)+(3) (4)
Exhibit 8					
A Life Insurance					
B Annuities					
C Supplementary Contracts Involving Life Contingencies					
D Accidental Death Benefit					
E Disability—Active					
F Disability—Disabled					
G Miscellaneous					
Total (Exhibit 8 Item 1, Page 3)					
Exhibit 9					
A Active Life Reserve					
B Claim Reserve					
Total (Exhibit 9 Item 2, Page 3)					
Exhibit 10					
Premium and Other Deposit Funds (Column 5, Line 14)					
Guaranteed Interest Contracts (Column 2, Line 14)					
Other (Column 6, Line 14)					
Supplemental Contracts and Annuities Certain (Column 3, Line 14)					

Dividend Accumulations or Refunds (Column 4, Line 14)					
Total Exhibit 10 (Column 1, Line 14)					
Exhibit 11 Part 1					
1 Life (Page 3, Line 4.1)					
2 Health (Page 3, Line 4.2)					
Total Exhibit 11, Part 1					
Separate Accounts (Page 3 of the Annual Statement of the Separate Accounts, Lines 1, 2, 3.1, 3.2, 3.3)					
TOTAL RESERVES					