



AMERICAN ACADEMY *of* ACTUARIES

March 18, 2013

Michele Wong
NAIC Capital Markets Bureau

Subject: Request for NAIC Industry Data

Dear Michele,

As you are aware, the American Academy of Actuaries¹ C1 Work Group is assisting the NAIC's Investment Risk-Based Capital Working Group with developing the risk-based capital requirements for corporate bonds. In order to complete this task, a representative portfolio needs to be defined. Please provide the work group with the requested data (attached to this letter) to help us determine the characteristics of a representative portfolio. This portfolio will not contain real cusips, but will possess characteristics that are representative of the typical life insurance bond portfolio. The representative portfolio will be constructed by reviewing the actual holdings by cusip for the life insurance industry, in aggregate.

The request asks for data according to an issuer code, which should be masked to protect the confidentiality of an individual insurers' data. A portfolio, whose size and risk characteristics are yet to be finalized (e.g., 3000 securities), will function as input to the C1 corporate bond model. Once we have received the information, we will evaluate the data to determine which of the risk characteristics will be a component of the representative portfolio. We request the data as of December 31, 2011 and December 31, 2012.

Please contact John Meetz, the Academy's life policy analyst (meetz@actuary.org; 202/223-8196) with any questions. Thank you for your assistance in gathering this data.

Sincerely,

Jerry Holman, FSA, MAAA
Co-Chairperson, C1 Work Group
American Academy of Actuaries

Cc: Matti Peltonen, Ed Toy, Nancy Bennett

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.

Draft Representative Portfolio Flat File Fields

Company File Number
Issuer Code
Schedule D Part 1 Fields:
Foreign Designation
NAIC Designation
Cost
Fair Value
Par Value
BACV
Current Year's Other Than Temporary Impairment Recognized
Coupon Rate
Book Yield
When Paid
Acquired Date
Maturity Date
Other Data:
Company Bond BACV Size Group
Moody's Issuer Rating
Moody's Issue Rating
S&P Issuer Rating
S&P Issue Rating
Fitch Issuer Rating
Fitch Issue Rating
Weighted Average Life
Effective Duration
Instrument Type
First Call Date
Macro Sector
Sector
Sub-Sector 1
Sub-Sector 2