



April 22, 2015

Mike Boerner  
Chair, Life Actuarial Task Force  
National Association of Insurance Commissioners

Dear Mike:

The American Academy of Actuaries<sup>1</sup> Deposit Fund Subgroup of the Annuity Reserves Work Group appreciates the opportunity to comment on the recently exposed CDA (A) Subgroup edits to the Synthetic Guaranteed Investment Contracts Model Regulation.

The Subgroup supports the changes to Section 3 (Scope and Application) and suggests a modification to the expanded definition of synthetic guaranteed investment contract in Section 4 (Definitions). Specifically, the Subgroup suggests changing the last sentence of Section 4.W as follows as shown in marked-to-show format:

*The contract functions as an accounting record for an accumulation fund and the fixed rate of return credited to the fund reflects an amortization of **the segregated portfolio's market gains and losses based on the ~~duration~~ period specified in the crediting rate formula.***

The crediting rate formula in the contract specifies the period over which the segregated portfolio's market gains and losses are amortized. While the period is typically a function of the duration of the segregated portfolio, changing the definition to refer to the period specified in the crediting rate formula covers all plausible contractual lengths of time to amortize the segregated portfolio's market gains and losses.

We hope these comments are helpful. Please contact Brian Widuch, the Academy's life policy analyst ([widuch@actuary.org](mailto:widuch@actuary.org); 202-223-8196), if you have any questions or would like further assistance.

Sincerely,

Tina Kennedy, MAAA, FSA  
Chairperson  
Deposit Fund Subgroup  
American Academy of Actuaries

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<sup>1</sup> The American Academy of Actuaries is an 18,500+ 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.