



## State of Utah

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## Insurance Department

TODD E. KISER  
*Insurance Commissioner*

### Bulletin 2013-9

**To:** Appointed Actuaries of Utah domiciled life insurance companies  
**From:** Todd E. Kiser, Utah Insurance Commissioner  
**Date:** December 10, 2013  
**Subject:** **Guidance for filing Regulatory Asset Adequacy Issues Summaries**

The purpose of this Bulletin is to provide additional guidance to the appointed actuaries submitting Regulatory Asset Adequacy Issues Summary (RAAIS) required under R590-162-7(A)(5).

The goal of the RAAIS is to assist the Department in determining whether to request the full actuarial memorandum for detailed review. The actuary should strive to be informative and should refrain from "certification-type" statements. For example, a description of reinsurance is preferable to the statement that reinsurance was considered. Similarly, a statement that there are no material liability options conveys more information than the one that all options were considered.

In addition to the general guidance found in R590-162-7(C) here are some specific items regarding the submission of RAAIS.

1. Attach a copy of the Actuarial Opinion to the RAAIS.
2. Include a table identifying reserve amounts subject to the Actuarial Opinion. The table should follow the format prescribed by the NAIC Actuarial Opinion and Memorandum Regulation (reproduced in the attachment to the Bulletin). The table should clearly indicate the methods used to perform asset adequacy analysis, and any additional reserves established as a result.
3. Provide high level description of major types of assets and liabilities held by the company.
4. For each major product line describe the method used to perform asset adequacy analysis, assets selected to support the liability, and scenarios tested. Identify scenarios as either deterministic or stochastic. For any product lines where deterministic scenarios were tested when stochastic is more generally used for that product line, justify the use of deterministic scenarios.

5. Specify any additional reserve amounts established as a result of the analysis. If none were established, state so.
6. If material, describe reinvestment assumptions: asset type, asset duration, and reinvestment rate. If reinvestment assumption is not material, states so and explain why.
7. Provide description of the sensitivity testing that was performed. If no sensitivity testing was performed, explicitly state so and provide explanation why sensitivity testing was not necessary.
8. Provide a numeric summary of the key testing results. Describe circumstances that resulted in any reserve deficiencies, including interim results. If there were no deficiencies, states so.
9. Describe any negative interim results that were of significant concern. If there were none, state so.
10. Describe material changes in assumptions from the prior year analysis. Provide the rationale for the change, and quantify the impact the change had on the reserve amount. If there were no material changes in assumptions, state so.
11. Provide high level description of any reinsurance and explain how reinsurance was reflected in the asset adequacy analysis.
12. Describe any asset and liability options. If either assets or liabilities have no options, state so. Explain how the presence of any options was reflected in the analysis.

Any question regarding submission of RAAIS or this Bulletin should be directed to the Department's actuary, Tomasz Serbinowski, at [tserbinowski@utah.gov](mailto:tserbinowski@utah.gov) or 801-537-9289.

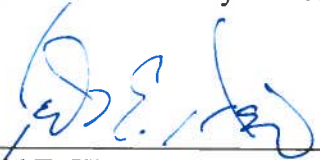
**Asset Adequacy Tested Amounts - Reserves and Liabilities**

| Statement Item   | Formula Reserves (1) | Additional Actuarial Reserves (a) (2) | Analysis Methods (b) | Other Amount (3) | Total Amount (1)+(2)+(3) (4) |
|--|----------------------|---------------------------------------|----------------------|------------------|------------------------------|
| <b>Exhibit 8</b>   |                      |                                       |                      |                  |                              |
| 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)                                 |                      |                                       |                      |                  |                              |
| <b>Exhibit 9</b>   |                      |                                       |                      |                  |                              |
| A. Active Life Reserve   |                      |                                       |                      |                  |                              |
| B. Claim Reserve   |                      |                                       |                      |                  |                              |
| Total (Exhibit 9 Item 2, Page 3)                                 |                      |                                       |                      |                  |                              |
| <b>Exhibit 10</b>  |                      |                                       |                      |                  |                              |
| 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<br>(Column 1, Line 14)  |  |  |  |  |  |
| <b>Exhibit 11 Part 1</b>   |  |  |  |  |  |
| 1. Life (Page 3,<br>Line 4.1)  |  |  |  |  |  |
| 2. Health (Page 3,<br>Line 4.2)  |  |  |  |  |  |
| Total Exhibit 11,<br>Part 1  |  |  |  |  |  |
| Separate Accounts<br>(Page 3 of the Annual<br>Statement of the Separate<br>Accounts, Lines 1, 2, 3.1,<br>3.2, 3.3) |  |  |  |  |  |
| <b>TOTAL RESERVES</b>  |  |  |  |  |  |

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

DATED this 10<sup>th</sup> day of December 2013.

  
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 Todd E. Kiser  
 Insurance Commissioner

Notes:

- (a) The additional actuarial reserves are the reserves established under Paragraph (2) of Section 5E.
- (b) The appointed actuary should indicate the method of analysis, determined in accordance with the standards for asset adequacy analysis referred to in Section 5D of this regulation, by means of symbols that should be defined in footnotes to the table.
- (c) Allocated amount of Asset Valuation Reserve (AVR).