Comment #14 – 5/31/19 – 6:39 p.m.

Response to the ASB's exposure of a revision of ASOP 22
"Statements of Actuarial Opinion Based on Asset Adequacy Analysis for Life or Health Liabilities"
Collection of comments from MetLife
6/01/19

Section 2. Definitions	
Definition 2.11. Moderately Adverse Deviation – A change made to one or more assumptions in order to perform asset adequacy analysis under moderately adverse conditions."	
Comment	First, I thought this term describes an outcome, but the statement seems to indicate an independent variable change (i.e. an assumption change) rather than a dependent variable change. Could you further clarify this definition and perhaps provide examples?
Comment	It is not clear in the definition whether a change has any specifications or conditions associated with it other than it is an assumption change for the purpose of performing asset adequacy analysis under moderately adverse conditions. Is this true? Is the change prescribed or have to follow certain rules? Can a change be a parameter change to the assumptions?
Section 3. Analysis of Issues and Recommended Practices	
Paragraph 3.1.2. "Discount Rates -The actuary should reflect the expected yield on the current block of assets, as well as the anticipated yields on any assets to be purchased or divested in the future, in the discount rates used in the analysis."	
Comment	3.1.2 implies that we shouldn't use infusion type methods; perhaps an explanation can be added (see the blue font below): "3.1.2 Discount Rates -The actuary should … in the discount rates used in the analysis." Infusion type methods to determine the amount of adequacy may also be appropriate.
Paragraphs 3.1.5. "Aggregation During Testing-When performing an asset adequacy analysis, the actuary should not use assets or cash flows from one block of business to discharge the reserves and other liabilities of another block of business if those assets or cash flows cannot be used for that purpose. For example, separate account assets are generally not available during the testing period to discharge general account reserves and other liabilities."	
Comment	We aggregate BVSA with our General Account RIS Long Term block in our testing. So, we suggest updating this section to specifically address ASB's view on this and whether ASB is okay with an approach like this.