

d. Death Benefits, Matured Endowments, Annuity Benefits

STAFF REVIEW OF DISCLOSURES RELATING TO LIFE INSURER

- b. In installments over less than five years, with or without a reduction in interest rate during the installment period;
 - c. In a lump sum subject to a fixed surrender charge of less than 5%;
 - d. In a lump sum subject to surrender charge, but such charge is waived if the credited rate falls below a specified "bail out" rate and the "bail out" rate is more than the maximum statutory valuation rate for life insurance policies for more than 20 years for new issues;
 - e. All others.
- B. Not subject to discretionary withdrawal.
 - C. Total (Gross: Direct + Assumed).
 - D. Reinsurance ceded.
 - E. Total (net) (C) – (D).
 - F. Reconcile total annuity reserves and deposit fund liabilities amount disclosed to the appropriate sections of the Aggregate Reserves for Life Policies and Contracts Exhibit and the Deposit Funds and Other Liabilities without Life or Disability Contingencies Exhibit, of the Life, Accident and Health Annual Statement and the corresponding lines in the Separate Accounts Statement.
- 17) Management's Discussion and Analysis (MD&A)
- a. Senior management discussion regarding liquidity and capital sources

Legal Entity Insurer – Existing Regulator Only Disclosures

1)

- k. Information on any COLI and BOLI business, including listing the 10 largest and the aggregate amount.

NY Comment: These exam interrogatories do not incorporate the full New York Liquidity and Severe Mortality Inquiry including the data tables. These data tables are completed by the companies and provide a high level comparison of potential cash demands and available assets.

- 2) LR027 of the Life RBC statement contains similar and slightly expanded data to Note 32
- 3) Confidential actuarial memorandum should provide some insight into how the appointed actuary is assessing liquidity risk and associated company specific mitigation measures when assessing the adequacy of formulaic reserves in the con

eligible policy loans is not disclosed. The information on annuities in Note 32 provides a good start for this type of liquidity analysis to be performed by regulators, but there is no equivalent for life insurance policies that have surrender benefits. MN comment: Note 32 provides data on the volume of annuity reserves subject to discretionary withdrawal with a surrender charge, but not the volume of such reserves that might be leaving the surrender charge category in the next year.

- ii. Staff question whether the appropriate level of granularity exists in the lines of business disclosures throughout the life blank to allow regulators to quickly and easily identify where liquidity concerns may be likely and/or exist. Just as we have good category breakouts for the assets to allow bucketing by relative liquidity, regulators need a similar ability to group products/policies based on the relative levels of ability to draw cash; if it is cashable, on what terms and over what time frame; and what are the surrender penalties/costs at the company level for such cashing out activity. Data to bucket products/policies based on term/duration may be needed also. MN comment: Although we do have some limited data on the types of on8 (t5)428 (t)10.9 (ed)5.5r-0.0(c

2) Insurance Group Disclosures:

- a. Since there is no Insurance Group blank, staff have no comments for this item.
- b. Regulator only disclosures should support the liquidity stress testing framework developed by the Subgroup for larger insurers (and potentially additional entities as part of the financial exam process). MN comment: Rather than reinventing a new report, we should look at collecting data such as that found in the NY annual report on liquidity and assess whether that data set, with its relevant discussion of company practices, would be an appropriate next step in our process.