**Texas Comments on Reinsurance AAT**

**Aggregation:**

* To provide the best insight to regulators on the post-reinsurance reserves held, cashflow testing should be performed separately by counterparty by significant product lines, consistent with, for example, the aggregation VM-20, VM-21, and VM-22.  However, this would not prohibit considerations similar to current Item 8.B, where there could then be a consideration of offsetting deficiencies and sufficiencies, in determining whether additional asset adequacy reserves are needed.  This treatment would be similar to Actuarial Guideline 51.

**Cashflow Testing Requirements - PBR:**

* For business being valued under PBR, documentation of the pre-reinsurance PBR reserve determined for the ceded block (which is already required to be calculated), that reflects both the liabilities and supporting assets under moderately adverse conditions, should be acceptable and preferable in lieu of cashflow testing.  The pre-reinsurance PBR reserve would then be compared to the post-reinsurance reserve as defined by the AG Reinsurance AAT in determining whether there is a deficiency or sufficiency for the block.

**Actuarial Guideline 53 Disclosures:**

* It is unclear in the current draft in which cases Actuarial Guideline 53 disclosures are required specifically for purposes of the AG Reinsurance AAT, and in what granularity.  The asset disclosures should be clarified.

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