BY E-MAIL

February 23, 2015

The Honorable Julie Mix McPeak
Commissioner
State of Tennessee
Department of Commerce and Insurance
Davy Crockett Tower
500 James Robertson Parkway
Nashville, TN 37243-1220

The Honorable Joseph Torti, III
Superintendent
State of Rhode Island
Department of Business Regulation
1511 Pontiac Avenue, Building 69-2
Cranston, RI 02920-4407

Attention: Kris DeFrain (kdefrain@naic.org)

Re: 2015 Supplemental XXX/AXXX Reinsurance Exhibits

Dear Commissioner McPeak and Superintendent Torti:

New York Life Insurance Company appreciates the opportunity to comment on the 2015 supplemental XXX/AXXX reinsurance exhibits.

As we have noted in our prior comment letters, robust public disclosure of XXX/AXXX captive financing structures is critical. Public disclosure provides crucial information to regulators and the marketplace, and also serves as an important safeguard for policyholders and the public. Moreover, disclosure promotes uniformity and consistency from insurer to insurer and regulator to regulator by shedding light on market practices.

It was for this reason that we supported the additional disclosure requirements for year-end 2014 set forth in the Supplemental XXX/AXXX Reinsurance Exhibit (the “Exhibit”), even though we believed that these disclosures should have been enhanced in several important ways. For us, the Exhibit was an important first step to improve the level of disclosure immediately, and could be refined and enhanced in future years.

We believe that enhancements proposed in the revised 2015 Exhibit meaningfully improve the disclosure framework applicable to XXX/AXXX captive transactions and should be adopted. In particular, as we have stated in prior comment letters, we believe that additional disclosure of (1) refinancing risk in captive transactions and (2) the conditionality of assets used to fund reserves ceded to captives are critical. We also believe that regulators should require meaningful disclosure with respect to grandfathered captive financing structures. Although such structures by definition are not subject to the substantive requirements of Actuarial Guideline 48, we see no legitimate public policy reason to carve out these structures from the disclosure requirements. To us, the fact that the structures are grandfathered is even more of a reason the disclosure requirements should apply.
In addition, we believe the disclosures required in the current exposure draft, including disclosure of the level of economic reserves inherent in the transaction and the amount of primary and other security received as collateral, are not onerous. This information would normally be readily available or easily determined. Categorizing the assets that support a transaction should not be challenging, and we believe that most grandfathered transactions include an economic reserve level that has been agreed with the financing provider and approved by the domestic regulator of the ceding insurer and the captive. If, however, there are grandfathered transactions in which there is no agreed “economic reserve” level to disclose, we recommend requiring disclosure of the level of reserves determined under U.S. GAAP.

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We are grateful for your time and attention to our comments. If you would like to discuss this letter with us, please let us know.

Sincerely,

George Nichols, III
SVP in Charge of the Office of Government Affairs

Joel Steinberg
SVP, Chief Risk Officer & Chief Actuary