Memo

To: Rachel Hemphill, FSA, MAAA, FCAS, Life Actuarial Task Force

From: Patricia Matson, FSA, MAAA, Co-Chief Executive Officer, RRC
Jason Kehrberg, FSA, MAAA, Director, RRC

Date: September 10, 2026

Subject: RRC Comments Regarding LATF's Concept for Starting Asset Allocation

Background

The Life Actuarial (A) Task Force (LATF) is requesting comments on the *Concept for Starting Asset Allocation* exposure.

RRC appreciates the opportunity to offer our comments. Should you have any questions, we would be glad to discuss them with you and Task Force members.

We appreciate the work LATF has undertaken to address the selection of starting assets used in Principle-Based Reserve (PBR) calculations. We believe that modeled assets should be reasonably consistent with the assets a company actually holds and the investment practices it follows in managing the applicable business.

RRC has assisted regulators with reviews involving reserve adequacy, asset-liability management, investment practices, and other matters affecting assets supporting policyholder obligations. Based on that experience, we recognize the importance of establishing clear expectations regarding starting asset selection while maintaining a framework that is practical to implement and review.

RRC Comments

RRC generally supports the objective of the exposure. Consistency between modeled assets and actual company practices is important to maintaining confidence in PBR results and helping ensure that reserve calculations appropriately reflect how companies manage the assets supporting policyholder obligations.

As LATF considers implementation approaches, we encourage consideration of practical documentation standards, materiality thresholds, and implementation guidance. We believe these concepts can help focus regulatory attention on situations where asset selection may have a material impact on reserve outcomes while minimizing unnecessary burden for companies whose asset allocation practices are already well governed and appropriately documented.

We also encourage LATF to consider safe-harbor concepts that provide companies and regulators with greater clarity regarding acceptable approaches. Such safe harbors could improve consistency across companies while preserving the ability of regulators to review circumstances where modeled assets differ materially from actual company practices.

Overall, RRC supports the objective of aligning modeled starting assets with actual company practices and appreciates LATF's efforts to promote consistency and confidence in the PBR framework.

Thank you for the opportunity to provide comments on this important topic. We can be reached at 860-305-0701/tricia.matson@riskreg.com or 847-769-1035/jason.kehrberg@riskreg.com if you or other members have any questions.