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Press Release

Milliman AG 55 implementation survey finds life insurers moving quickly to address new reinsurance testing expectations

Industry survey highlights broad adoption of cash flow testing, with next focus on governance, asset transparency, and repeatable regulatory reporting

SEATTLE – AUGUST 17, 2026 – [Milliman, Inc.](), a premier global consulting and actuarial firm, today announced the results of its Actuarial Guideline LV[1] (AG 55) life insurance industry survey, which examined how companies are responding to new asset adequacy testing expectations for certain reinsurance arrangements.

The survey included responses from 23 companies, with 22 reporting that they were in scope for AG 55 testing. The results show that the industry has moved quickly toward cash flow testing as the primary and most rigorous method for evaluating in-scope reinsurance arrangements per the AG 55 requirements, while also revealing areas where practice continues to evolve.

“AG 55 is becoming more than a technical actuarial exercise for life insurers,” said Yan Fridman, a consulting actuary at Milliman. “It is forcing companies to demonstrate that reinsured liabilities are supported by appropriate assets, that the analysis is explainable, and that the process can be repeated consistently each year.”

The survey identified four key themes from AG 55 year one filing:

- **Variety shown in determining the Starting Asset Amount.** Nearly all in-scope respondents reported using cash flow testing for AG 55 and calculated results under the mandatory run. Alternative runs were less utilized and served a variety of purposes when used.
- **Asset access appears workable for most companies; the challenge is traceability.** Most companies reported using actual asset portfolios in their analysis. However, the harder question is increasingly whether companies can demonstrate that the assets are the right assets, on the right basis, and mapped appropriately to the relevant treaty or block.
- **Governance expectations are expanding.** The appointed actuary remains central to the process, but the survey suggests that broader governance practices—such as project planning, independent review, finance and risk involvement, and Board or Audit Committee reporting—are still developing across the industry.
- **Explainability and repeatability are emerging as the next challenges.** Many companies can show a testing result, but fewer appear to have developed robust attribution or driver analysis explaining

[1] Application of the Valuation Manual for Testing the Adequacy of Reserves Related to Certain Life Reinsurance Treaties

why results changed. The survey also points to timing and operational challenges, including asset data availability, model run times, internal review, and reinsurer coordination.

The findings indicate that year two AG 55 implementation will likely focus on building a more repeatable process. Companies may need stronger asset data feeds, clearer documentation, more consistent review controls, and better explanations of how reinsurance affects reserve adequacy.

For more information about Milliman's AG 55 survey findings, contact Yan Fridman at yan.fridman@milliman.com.