PRODUCTBULLETIN

September 30, 2020



Actuarial Guideline 49 (AG 49) Updates to Index Universal Life (IUL) Insurance Illustrations

The National Association of Insurance Commissioners (NAIC) Executive Committee has recently adopted guidelines that revise AG 49. These new revisions are expected to go into effect on November 25, 2020 and are referred to as AG 49-A. These AG 49-A revisions are aimed at helping to re-level the IUL illustration playing field, which has become skewed as of late—primarily due to the popularity of for-cost bonus multipliers.

The key highlights of AG 49-A include:

- Bonus multipliers, buy-up accounts, and any other index-linked bonuses may no longer produce an illustratable benefit on new business illustrations.
- These features are still allowed on IUL products; however AG 49-A prohibits the cash value growth on new business illustrations from including interest credits associated with these features.
- Additionally, new business illustrations must not illustrate loan leverage in excess of 50 basis points (0.5%).
- Changes to inforce illustrations are not included in AG 49-A. Products that were sold with illustratable benefits provided by for-cost bonus multipliers, buy-up accounts, and any other index-linked bonuses may continue to include those interest credits on inforce illustrations.

These enhancements to AG 49 will affect almost all IUL illustrations industry wide. The impact for each product will depend on current illustration designs and product features. We are fully supportive of these changes that are aimed to provide more consistent illustrations and create less confusion for agents and consumers when comparing which IUL product is right for their particular life insurance need.

Our products do not offer for-cost bonus multipliers, buy-up accounts, or any other index-linked bonuses and never have. Our transparent, low-cost product designs are aimed at providing consumer value and straight-forward index returns regardless of market conditions.

Stay tuned for additional information and more IUL product details as we get closer to the official implementation date of AG 49-A.

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