

November 2, 2022

Ms. Rachel Hemphill  
Chair, Life Actuarial (A) Task Force  
National Association of Insurance Commissioners

Via Email: soneal@naic.org

Re: Life Actuarial (A) Task Force Exposure of *Actuarial Guideline ILVA, Nonforfeiture Requirements for Index Linked Variable Annuity Products*

Dear Ms. Hemphill,

I appreciate the opportunity to offer comments on behalf of Sammons Financial Group regarding the proposed *Actuarial Guideline ILVA, Nonforfeiture Requirements for Index Linked Variable Annuity Products*.

Sammons Financial Group supports the recommendations included in a comment letter submitted by the American Council of Life Insurers (ACLI) and the Committee of Annuity Insurers (CAI) on November 2, 2022. We are especially supportive of a proposed revision from ACLI and CAI to clarify that a Market Value Adjustment (MVA) Term Length can equal the Index Strategy Term, in addition to the maturity of the Fixed Income Asset Proxy.

However, in addition to the changes proposed by ACLI and CAI (**bolded** below), we also encourage the inclusion of the following clarification (underlined below) in the Text section:

“The market value of the Fixed Income Asset Proxy may be determined by its fair value or by its book value (using the yield from above) adjusted for any applicable market value adjustment formula (MVA) either consistent with the Index Strategy Term or appropriate for the maturity of the Fixed Income Asset Proxy.”

We support allowing for the value of the Fixed Income Asset Proxy to be determined using book value adjusted for any applicable market value adjustment, but we also believe it is important for the actuarial guideline to affirm that using “fair value” to determine the market value of the Fixed Income Asset Proxy is an acceptable alternative. A fair value approach for the Index Strategy, including the Fixed Income Asset Proxy, is consistent with the valuation of variable annuities’ separate account offerings. Permitting the fair value as an alternative approach to determine the Fixed Income Asset Proxy’s market value would enhance consumer choice by accommodating additional product designs that are consistent with capital markets.

Thank you for your consideration of these comments and for your work on this important issue. Please do not hesitate to reach out if you have any questions or would like additional information.

Sincerely,

Kirk Evans  
Vice President, Product Development and Risk Management. Sammons Institutional Group  
Sammons Financial Group Companies