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February 17, 2026

Rachel Hemphill
Chair, NAIC Life Actuarial (A) Task Force (LATF)

Re: APF 2024-16 and Interstate Insurance Product Regulation Commission (Compact) Filing
Information Notice (FIN)2025-2

Dear Chair Hemphill:

On behalf of The American Council of Life Insurers (ACLI), we wish to express our concerns regarding the interpretation of APF 2024-16 as reflected in the Compact's FIN 2025-2 guidance. While we appreciate the Compact's efforts to clarify nonforfeiture documentation requirements, we believe the guidance exceeds our understanding of the intent of LATF in its adoption of the APF. We therefore request additional discussion at LATF to ensure alignment. Should further technical effort be needed to modify the guidance note adopted through APF 2024-16, ACLI stands ready to work collaboratively with regulators on appropriate updates for inclusion in the 2027 Valuation Manual.

There are several areas where we believe the Compact's guidance takes an expansive view of the APF, resulting in interpretations that extend beyond our understanding of LATF's deliberations and intended scope.

1. Retroactive application of the guidance

Reasonable interpretation of available guidance: Companies made good-faith interpretations of the UL Model Regulation and the Standard Nonforfeiture Law at the time policies were filed and approved. These interpretations guided product design, pricing assumptions, and actuarial demonstrations, all of which were reviewed and approved by the Compact. Applying a new interpretation retroactively to any change to previously approved policy forms negatively impacts inforce policyholders, disregards the environment in which these policies were originally evaluated, and creates compliance expectations that did not exist during original product development or filing of these products.

Predictability in requirements: Retroactive application undermines the principle of regulatory predictability that both companies and regulators rely upon. Predictability is foundational to long-term insurance commitments: insurers structure product guarantees, pricing, and risk management frameworks based on stable interpretations of law. When guidance is applied retroactively, it disrupts years of reliance on established interpretations, introduces operational and valuation complexities, and

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The American Council of Life Insurers (ACLI) is the leading trade association driving public policy and advocacy on behalf of the life insurance industry. 90 million American families rely on the life insurance industry for financial protection and retirement security. ACLI's member companies are dedicated to protecting consumers' financial wellbeing through life insurance, annuities, retirement plans, long-term care insurance, disability income insurance, reinsurance, and dental, vision and other supplemental benefits. ACLI's 275 member companies represent 94 percent of industry assets in the United States.

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complicates previously settled compliance expectations. Such shifts may weaken confidence in the regulatory framework.

Harm to existing policyholders: Although well-intentioned, the retroactive effect may unintentionally disadvantage existing policyholders. Application of FIN 2025-2 to previously approved forms may reduce flexibility for insurers and create inconsistencies between product cohorts issued before and after the new interpretation, with no corresponding consumer benefit. Disadvantaging existing policyholders by disallowing filing of riders and indices, even when changes do not alter guaranteed elements previously tested, does not align with our understanding of LATF's intent.

2. Applies to variable life products

LATF's deliberations on APF 2024-16 focused specifically on the Compact's question regarding universal life structures involving multiple sets of guarantees. Variable life products, which are generally rooted in separate account performance rather than declared interest guarantees, were not part of the discussion nor referenced in the APF. The new Guidance Note references the Universal Life Insurance Model Regulation (Model #585), which specifically does not apply to variable universal life. Extending the APF framework to variable life products introduces new concepts that LATF did not discuss, and further discussion is needed to ensure alignment.

3. Treatment of floor as a guarantee

While FIN 2025-2 appears to treat a floor on the indexed account return as equivalent to a contractual interest rate guarantee for purposes of nonforfeiture demonstrations, these terms are not interchangeable. A guaranteed mechanism (such as a fixed interest crediting rate) reflects a contractual, insurer-funded minimum obligation independent of market conditions. An indexed account floor, however, is a structural parameter used to determine interest credited on the indexed accounts, rather than a standalone interest rate guarantee. Treating index floors as independent guaranteed elements conflates formula design with contractual guarantees, potentially overstating the scope and number of "guarantees" intended to be evaluated through the nonforfeiture framework.

Furthermore, Actuarial Guideline 36 contemplated the issue of whether an indexed account floor is an interest rate guarantee, and it did not consider the floor to be the guaranteed interest rate for reserve purposes. It states, "in order that all insurers issuing equity indexed universal life insurance policies establish reserves for statutory reporting purposes that are consistent with CRVM minimum statutory formula reserves, this Actuarial Guideline identifies a computational method deemed to be consistent." It then goes on to establish several methods, including an "Implied Guarantee Rate Method" to determine the implied interest rate guarantee based on the characteristics of the index account. The initial implied interest rate guarantee on the indexed account starts with the floor and then adds "the option cost, which will provide the index-based benefit in excess of any other interest rate guarantee for the initial term, accumulated to the end of the term at the appropriate maximum valuation rate." It has a similar calculation for subsequent periods/terms. As such, in treating a floor on the indexed account as a guarantee, FIN 2025-2 seems to be in conflict with Actuarial Guideline 36.

ACLI and its members stand ready to assist LATF in evaluating these issues further and welcome the opportunity for continued dialogue.

Sincerely,

A handwritten signature in black ink, appearing to read "B. Banerji". The signature is written in a cursive style with a large, stylized initial "B".

cc: Scott O'Neal, NAIC