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October 17, 2025

Rachel Hemphill

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

Fred Andersen

Chair, NAIC Life and Annuity Illustration (A) Subgroup

Ben Slutsker

Chair, NAIC Life and Annuity Illustration (A) Subgroup

Re: September Exposure of Revisions to Actuarial Guideline (AG) 49-A

Dear Chairs Hemphill, Andersen, and Slutsker:

The American Council of Life Insurers (ACLI) appreciates the opportunity to provide feedback on the September re-exposure of revisions to AG 49-A.

We continue to support the concept of there being no minimum to the Historical Period in Sections 7.B.iii.1 and 7.B.iii.2. The availability of the most relevant information to the policyholder is appropriate so they have a better understanding of their policies and the differences between indices.

We are concerned that a possible interpretation of the new 7.C.i could prohibit a company from showing the “arithmetic mean of the geometric average annual credited rates” that is used to determine the maximum illustrated rate. Being able to show this rate and describe its relevance to the illustration is important because it provides context for the “minimum and maximum of the geometric average annual credited rates” required by 7.B.ii. To address this concern, we suggest the inclusion of the following text below Section 7.C:

- C. For policies sold on or after April 1, 2026, neither the basic illustration nor the supplemental illustration may include the following:
 - i. Historical returns, including historical geometric average returns, other than the historical returns required by Section 7.A.ii and Section 7.A.iii in this guideline.

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The American Council of Life Insurers 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 93 percent of industry assets in the United States.

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- ii. Neither tables nor disclosures that either explicitly or implicitly compare historical returns and maximum illustrated rates, such as a side-by-side presentation.

Nothing in this section shall be construed to prohibit showing the rates calculated in Section 4 in the basic or supplemental illustration.

Finally, in Section 7.C.i, there are references to "Section 7.A.ii and Section 7.A.iii". The guidance for Section 7.A appears to apply to policies prior to 4/1/2026. Should the reference instead point to 7.B.ii and 7.B.iii?

We appreciate the consideration of our recommendations, and we look forward to further discussion of the Guideline.

Sincerely,

A handwritten signature in grey ink, appearing to read "B. Banerjee". The signature is fluid and cursive, with the first letter of the last name being a large, stylized 'B'.

CC: Scott O'Neal, NAIC; Jennifer Frasier, NAIC