April 30, 2020

Fred Andersen  
Acting Deputy Commissioner of Insurance  
Minnesota Department of Commerce  
85 7th Place East, Suite 280  
St. Paul, MN 55101

Dear Fred,

The undersigned companies present these comments in response to the NAIC IUL Illustrations (A) Subcommittee request for comments on the exposed draft of the ACLI recommended changes to AG49.

Respectfully,

Seth Detert, Securian Financial  
Pete Rothermel Life CFO, Nationwide  
Jacqueline Fallon, Penn Mutual Life Insurance Co  
John Ponte, Prudential  
Seth Harlow, Mutual of Omaha

We believe that the ACLI’s exposed revisions to AG49 accomplish the main tasks set forth by the Subcommittee:

- That products with charged for multipliers and/or buy-up accounts illustrate substantially similar to those products without the additional charges.
- That within an illustration there is consistent treatment of policy features such as multipliers, index bonuses, participating loan crediting, and non-benchmark indices across the industry.

We would like to commend the ACLI for the job they have done in facilitating the drafting sessions and allowing interested parties to comment on the proposed language. We believe that the ACLI has done an appropriate job of bringing the previous exposed recommendations to AG49 together in one draft and including new language to address the majority of the concerns raised during the drafting sessions.

We recommend the Subcommittee adopt Option #2 of the ACLI comment letter in regard to the applicability of loan leverage. We also recommend a slight modification to the ACLI’s current language. We would recommend either clarifying what was intended by “charge reductions” or to remove it. We believe that the impact of participating loans is unique to the IUL product and that in and of itself gives IUL products certain advantages over other product types in the industry. Thus, it is important that illustrations be inclusive of all types of credits in the loan leverage calculation and not over emphasize the impact participating loans can have on the illustrated values of IUL products.

We do recognize there are some ongoing concerns with the proposed ACLI revisions to AG49. We understand those concerns, however, we urge the Subcommittee to bring forward the current ACLI proposal for vote and ultimate adoption. The ACLI recommendation is a meaningful step forward in the consistent illustration of IUL products.