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August 25, 2020

Mr. Mike Boerner
Chair, NAIC Life Actuarial (A) Task Force (LATF)
VIA Email: Mike.Boerner@tdi.texas.gov

Mr. Reggie Mazyck
Life Actuary Task Force, NAIC
VIA Email: rmazyck@naic.org

RE: Model 805 Amended Exposure, Standard Nonforfeiture Law for Individual Deferred Annuities

Dear Mr. Boerner and Mr. Mazyck:

On behalf of our members, the Insured Retirement Institute (“IRI”)¹ appreciates the opportunity to comment on the change to the Model 805 Exposure as a result of the Life Actuaries Task Force (LATF) and Life Insurance and Annuities (A) Committee discussions. We continue to support the original proposal and respectfully urge the NAIC to move to adopt a zero percent non forfeiture rate.

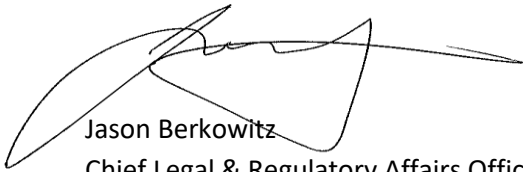
Since our May letter of support of the Model 805 revision, there has been no significant improvement in our national economy. Institutional and individual investors are challenged with investment and product offerings offering desirable return rates. The proposed change from 1% to 0% will give companies more flexibility to provide the value and benefits wanted and needed by consumers., Declining interest rates already may jeopardize product offered. The products most at risk are often those in greatest demand by consumers. For example, products with short surrender charge periods may not be able to find investments that have a high enough yield to support a 1% rate. At the same time, many consumers will be understandably hesitant to purchase long term products in a low yield environment. Additional guarantees in contracts such as a return of premium benefit may become unaffordable if the asset yield available is exhausted by the 1% guarantee.

¹ IRI is the leading association for the entire supply chain of insured retirement strategies, including life insurers, asset managers, and distributors such as broker-dealers, banks and marketing organizations. IRI members account for more than 95 percent of annuity assets in the U.S., include the top 10 distributors of annuities ranked by assets under management, and are represented by financial professionals serving millions of Americans. IRI champions retirement security for all through leadership in advocacy, awareness, research, and the advancement of digital solutions within a collaborative industry community.

IRI is committed to responding to the country's economic condition with policy recommendations that support individual investment. Companies must have a diverse product portfolio to respond to the changing economic and individual situation. IRI supports the responsive approach of Model 805 and respects the concerns of the LATF and Life Insurance Annuities (A) Committee. IRI supports the American Council of Life Insurers (ACLI) effort to reduce the Standard Nonforfeiture Law for Individual Deferred Annuities.

Thank you again for the opportunity to share our views on this important subject. Please contact the undersigned if you have questions about anything in this letter, or if we can be of any further assistance in connection with this important regulatory effort.

Sincerely,



Jason Berkowitz
Chief Legal & Regulatory Affairs Officer
Insured Retirement Institute



Liz Pujolas
Director, State Affairs
Insured Retirement Institute