May 27, 2020

Fred Andersen  
Deputy Commissioner of Insurance  
Minnesota Department of Commerce  
Chair, NAIC IUL Illustration (A) Subgroup

Re: IUL Coalition Comments on the ACLI’s Proposed AG 49-A and Other Proposals

Fred:

Thank you for the opportunity to comment on the ACLI’s Proposed AG 49-A, and another proposal recently submitted by Mr. Samuelson and others. This letter is submitted on behalf of the following companies listed below (the “IUL Coalition”).

Lincoln Financial Group  
Pacific Life Insurance Company  
National Life Group  
John Hancock  
Sammons Financial Group

The IUL Coalition strongly endorses the ACLI’s proposal and urges its timely adoption by the NAIC Life Actuarial Task Force (“LATF”). Along with the ACLI and others, we also have very serious concerns with the alternative proposal.

The starting point for consideration of the merits of either proposal is whether it achieves the objectives laid out by LATF in votes taken in October and December of last year. Those votes directed that changes to AG 49 be made that ensure that IUL products with charged-for indexed features not illustrate more favorably than IUL products without those features.

As the table on the first page of the ACLI comment letter demonstrates, the ACLI proposal satisfies that test: IUL products with charged-for indexed features will not illustrate more favorably than IUL products without those features. Achieving this goal was a highly complex and time-consuming undertaking that included active involvement and input from a broad spectrum of the life insurance industry; including many companies that are not active writers of IUL products. The ACLI comment letter accurately describes its proposal as representing the consensus of a “broad collection of companies.”

In contrast, the proposal put forth by Mr. Samuelson is inconsistent with LATF’s stated objectives. Mr. Samuelson’s proposal overreaches, extending far beyond regulator direction. The Samuelson
proposal would fundamentally alter illustration practices for *every* IUL product in the market. The IUL Coalition does not believe that broad and sweeping changes to IUL illustrations – including IUL products without enhancements - are what LATF and other regulators intended when the current review of AG 49 began last year. Neither vote taken by LATF directed or even contemplated such far-reaching impact on every IUL product in the market.

It is also worth mentioning that the key elements of the Samuelson proposal are not new. In fact, these same ideas and arguments were presented to and rejected by LATF in 2015, when AG 49 was originally adopted by the NAIC after extensive debate and discussion.

The IUL Coalition also concurs with the ACLI’s concerns that Mr. Samuelson’s proposal is fundamentally flawed. We note that many of these same flaws were addressed and refuted in an October 28, 2014, ACLI white paper. The ACLI has attached that paper to its comment letter for your review. Any attempt to fix those flaws – even if that could be achieved - would take significant time, potentially months, without any associated consumer benefit. The ACLI proposal by contrast could be finalized in the coming weeks. Taking the time to attempt to fix a fundamentally flawed proposal would needlessly delay the regulators’ stated intent to move quickly on changes to AG 49 before moving on to a “Phase Two” discussion of enhanced consumer disclosures in IUL illustrations.

We appreciate the opportunity to provide our comments and look forward to further discussions.

Respectfully Submitted,

Scott R. Harrison
High Point Strategies, LLC
scott@highpointstrategies.llc

cc: Reggie Mazyck, NAIC