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Mr. Fred Andersen
Acting Deputy Commissioner of Insurance
Minnesota Department of Commerce
Chair, NAIC IUL Illustration (A) Subgroup
85 7th Place East, Suite 280
St. Paul, MN 55101

Re: Life Actuarial Task Force request for comments on the ACLI draft AG49 by June 12, 2020.

Dear Mr. Andersen:

Broadly-speaking, we feel the objective of life insurance product illustrations should be to help consumers make informed financial decisions by demonstrating how the product works and the potential risk and return opportunities. While we believe sales professionals are accountable for reviewing the risk and return associated with indexed universal life insurance policies with consumers, we also see an opportunity for improvement in the way these products are illustrated. We look forward to continuing to work with the NAIC on longer-term, more holistic changes to provide better consumer clarity.

We continue to support the ACLI AG 49A proposal with loan Option 2. This language will limit the illustrated loan leverage to 100 bp (1.00%), regardless of product design. Products could still illustrate additional bonus features and demonstrate how they work by illustrating a lower index interest rate and / or continuing to illustrate them on the non-loaned portion of the account value. If additional bonus features are illustrated on the loaned portion of the account value above the 100 bp limit, the income illustrated may show unrealistic loan amounts not in the best interest of the consumers.

We are recommending Option 2 where all bonuses, including those not linked to an index, are included in the 100 bp loan leverage limit because Option 2 will:

- Illustrate reasonable loan amounts that are not overly optimistic.
- Allow innovative bonus features to illustrate on the non-loaned portion of the account value, showing the value of these features.
- Allow innovative bonus features to illustrate fully at index interest rates below the maximum, showing the value of these features
- Decrease the long-term risk of customer dissatisfaction.

We believe loan Option 2 was decided by LATF in the fall of 2019 and continues to be in the best interest of consumers. We welcome the opportunity to discuss our position further.

Regards,

Pete Rothermel
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