

February 14, 2020

Mr. Fred Andersen
Chair, NAIC IUL Illustration (A) Subgroup
Mr. Reggie Mazyck
Life Actuary, NAIC

Re: Questions on IUL Illustrations

Dear Mr. Andersen and Mr. Mazyck,

Global Atlantic supports the continued review of Actuarial Guideline XLIX (AG49) considering new policy designs which have once again brought a lack of uniformity in illustrated values that can be confusing to potential buyers, in addition to creating uncertainty for the illustration actuary. We continue to believe that all index product designs should illustrate consistently and within the spirit of the current guideline. The current guideline provides for illustrated values based on the product's index growth potential, using restrictions on the credited rates, earned interest rates within the disciplined current scale and loan leverage.

Global Atlantic is submitting a draft update that, we believe, develops illustrated value uniformity across index products while maintaining the spirit of AG49. The attached draft addresses the issues within the January 2020 exposure document as follows:

Issue #1

Section 3.B.ix. of the draft requires all sources of index credits to be included in the Benchmark Index Account. The different maximum AG49 lookback rates are therefore eliminated.

Additionally, the draft does not utilize the "Supplemental Option Budget" term, thereby eliminating the issues raised with defining that item.

Issue #2

The current AG49 allows for more than one Benchmark Index Account to be used. The attached draft builds on this through:

1. Section 3.B.ix requiring all sources of index credits to be included in the Benchmark Index Account.
2. Section 4.A.iii. providing guidance on determining the maximum credited rate for Index Accounts that differ from the Benchmark Index Account.

Issue #3

The attached draft specifies utilization of policy values subject to index interest, eliminating the interpretation differences of dollar amount and interest rate approaches listed in the exposed document.

Issue #4

AG49 applies to policies that have interest credits linked to an external index or indices. The attached draft requires all credits linked to an external index or indices to be considered within the 100 basis point limit. This consistent definition clarifies the 100 basis point differential applies to all sources index-based credits as Global Atlantic has suggested in our previous comment letters. Other policy credits, such as a reduction



in policy charges for those who lead a healthy lifestyle, are not derived from an external index and thus are not considered.

We look forward to continued dialogue on this important topic and the suggested revisions we are submitting with this comment letter.

A handwritten signature in black ink that reads "Thomas A. Doruska".

Thomas A. Doruska
Head of Life Product Development

A handwritten signature in black ink that reads "David P. Wilken".

David P. Wilken
President - Life