**Securian Financial Group, Inc.**

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July 25, 2022

Mr. Mike Boerner

Chair, NAIC Life Actuarial Task Force (LATF)

Mr. Fred Andersen

Chair, NAIC Indexed Universal Life (IUL) Illustration (A) Subgroup (IUL Subgroup)

Dear Fred,

Securian Financial respectfully submits these comments in response to the NAIC IUL Illustrations (A) Subcommittee request for comments on AG49-A.

To reiterate the main points of Securian’s comment letter in February

* AG49-A was successful for products that charge for multipliers and/or buy-up accounts as they are illustrating substantially similar to those products without the additional charges.
* There is nothing inherently wrong with fixed account value bonuses, proprietary indices, or the combination of them.
* Securian Financial has deep concerns that the amount of leverage being illustrated on non-BIA Indexed accounts is not consistent with the intent of AG49/AG49-A or what LATF would expect of these type of illustrations.

Securian Financial believes that option (a) of the July request for comment is the most desirable of the choices presented. There are several straightforward ways to change AG49-A to make it clearer/enforce that the BIA guardrails apply to all illustrated indexes. We would like the language below to be added to AG49-A as a starting point for the conversation on how the subgroup could approach option (a) in the July requests for comments.

**Recommended Changes**

We would like to recommend changes to AG49-A 4C by adding condition (iii) to limit the maximum amount of leverage illustrated to that of the BIA:

C. For any other Index Account that is not the Benchmark Index Account in 3 (D), the Annual Rate of Indexed Credits illustrated as a percentage of the account value in the Index Account prior to the deduction of any charges used to fund a Supplemental Hedge Budget shall not exceed the minimum of (i), (ii) and (iii):

i. The Annual Rate of Indexed Credits for the Benchmark Index Account calculated in 4 (B) plus the Supplemental Hedge Budget for the Index Account.

ii. The Annual Rate of Indexed Credits reflecting the fundamental characteristics of the Index Account and the appropriate relationship to the expected risk and return of the Benchmark Index Account. The illustration actuary shall use actuarial judgment to determine this value using lookback methodology consistent with 4 (A) and 4 (B) (i) where appropriate.

iii. The lesser of (a) and (b) multiplied by the Annual Rate of Index Credits for the Benchmark Index Account, calculated in 4B, divided by (b); plus, the supplemental hedge budget:

a) The Hedge Budget of the Indexed Account

b) Hedge Budget of the Benchmark Indexed Account.

The spreadsheet attached uses the same parameters as was used in 2020 but with two more examples to show how the proposed change would impact several index designs and the added rows for the new 4(c)iii and the resulting options profit being illustrated. Focus your attention on Column E and note that without 4(c)(iii), the illustrated leverage (option profit) as seen on Row 29 would be 155%.

Respectfully,

Seth Detert, Securian Financial

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