

November 22, 2022

Mr. Fred Andersen
Chair, Indexed Universal Life (IUL) Illustration (A) Subgroup

Via Email: jfrasier@naic.org

Re: October 13 IUL Subgroup Exposure for Model Reg 582 Ideas

Dear Mr. Andersen:

The undersigned companies welcome the opportunity to comment on the exposure regarding Life Insurance Illustrations Model Regulation #582 (Model). We would like to acknowledge the efforts the IUL Illustration Subgroup and Life Actuarial Task Force (LATF) have put forth to date and appreciate the opportunity to participate in the process.

As regulators consider exploring a comprehensive, longer-term solution, we believe that the desired end state and specific regulatory goals for life insurance illustrations should be established before determining what changes, if any, are needed to the Model. We agree with the comments made by the American Council of Life Insurers (ACLI) in response to this exposure and recommend that any review of the illustration framework include the following principles:

- Focus on protecting consumers by enhancing their understanding of all life insurance products.
- Promotion of consumer access and a regulatory framework that fosters a fair and competitive playing field across all types of life insurance as consumers may be considering multiple product types.
- Accommodation of evolving product designs in response to consumer interest while mitigating the possibility of frequent updates to the Model or Actuarial Guideline.

We propose that these principles serve as a starting point for defining the best way to educate consumers on all life insurance products. As regulators look toward a potential comprehensive review, we recommend consideration of how all life insurance products illustrate not only Indexed Universal Life. With clearly defined goals, we will be in a better position to provide constructive input to support LATF and the IUL Illustration Subgroup in determining if this end state requires opening the Model, or if it can be achieved through an Actuarial Guideline or other means.

Building on the principles outlined above, we propose the following ideas be considered as a part of any effort to improve consumer understanding in the next phase:

- Expanded or updated disclosures to increase transparency and better explain product features for all products.
- Inclusion of varying returns in Indexed Universal Life illustrations and how it impacts the illustrated values and exploration of how this concept could enhance other types of life insurance illustrations.
- Strengthening consumer understanding of the guaranteed, average, and alternative ledgers.

Our companies make every effort to ensure customers choose the products and features that meet their needs. We are committed to supporting the efforts of regulators to enhance disclosures and illustrations. Thank you for your consideration and we look forward to future discussions.

Allianz Life
John Hancock
Lincoln National
National Life Group
Nationwide
Pacific Life
Sammons Financial Companies