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THE Committee OF Annuity Insurers
www.annuity-insurers.org

**Via Email to jcook@naic.org**

**July 17, 2026**

**National Association of Insurance Commissioners Life Insurance and Annuities Illustrations (A) Working Group**

**Re: Potential Modifications to Model #245 and the Proposed Actuarial Guideline as a Short Term Solution "Starting Point" For Short-Term Solution Addressing Annuity Illustrations**

On behalf of the Committee of Annuity Insurers ("CAI" or "Committee"),[1] we are pleased to submit this comment letter responding to the Life Insurance and Annuities Illustrations (A) Working Group's ("Working Group") request for comments on the Chair Exposure Questions related to the summary guide of comments to the NAIC Annuity Disclosure Model Regulation (Model #245) and the flowchart on adopting an actuarial guideline as stopgap measure. Set forth below is the request from the Working Group:

1. Summary Guide (available here: Summary Guide ) - Please provide feedback on each idea included in the summary guide list of potential Model 245 modifications, including whether or not you support each idea, and any suitable alternatives as relevant.

2. Flow Chart (available here: AG Flow Chart ) - Please provide feedback on whether you support using an actuarial guideline as a stopgap until states adopt an updated model. If you do not support this idea, please provide an alternative that can serve as an effective stopgap solution.

The Committee sets forth below its comments on the Summary Guide, and with respect to the Flow Chart on the possible use of an actuarial guideline as a stopgap. With regard to stopgap approaches or short-term solutions, we also identify some possible alternatives to an actuarial guideline as other potential stopgap approaches. However, the CAI believes that the best approach is to focus on amending and then seeking broad adoption of Model 245 as quickly as possible. In addition, the CAI:

- fully supports the American Council of Life Insurers comments on the Summary Guide and related possible revisions to Model 245 ("ACLI Comment Letter") which the Committee believes would provide practical and consumer-friendly ways to improve annuity illustrations while addressing the identified concerns of the Working Group; and
- also conceptually supports the approach proposed by the Indexed Annuity Leadership Council to revising Model 245, although it is continuing to review the specifics proposed in their redline to the Model.

**Summary Guide Comments.** The CAI concurs with the feedback on the list of ideas for proposed modifications to Model 245 in the Summary Guide set forth in the ACLI Comment

[1] The Committee of Annuity Insurers is a coalition of life insurance companies that issue annuities. It was formed in 1981 to address legislative and regulatory issues relevant to the annuity industry and to participate in the development of public policy with respect to state regulatory, securities and tax issues affecting annuities. The CAI's current 33 member companies represent approximately 80% of the annuity business in the United States. More information is available at https://www.annuity-insurers.org/.

Letter. The Committee also offers the following observations on several of the ideas from other commenters appearing in the Summary Guide:

*Item 2(E):* [LICAC] supports a "Single prescribed crediting rate for all carriers and also for RILAs, e.g., 5%.

*CAI Response:* The CAI does not support allowing solely for a single prescribed hypothetical crediting rate. The Committee believes that the current ideas supported by the CAI in the Summary Grid and described in more detail in the ACLI Comment Letter provide more valuable information about both how the crediting features of the annuity work, and could also provide important information about how the applicable indexes have performed in different markets.

In addition, the CAI strongly rejects any revisions to Model 245 that would render it applicable to RILAs (or other annuities that are securities products). Illustrations for RILAs and variable annuities are comprehensively regulated by the SEC and by FINRA through its specialized Advertising Regulation Department ("Ad Reg"). All variable annuity illustrations (and other variable annuity advertising material) are required to be filed with and are reviewed by Ad Reg. RILA illustrations and advertisements are also filed with Ad Reg. Such FINRA filing and review is typically required under the selling agreements between retail firms selling the RILAs, the insurer and its distributing broker-dealer. Imposing the requirements of Model 245 on RILAs and variable annuities would lead to unnecessarily duplicative, or worse, conflicting regulatory regimes.

*Item 2(F):* [LICAC] recommends that "When there is history, require a table of caps in each past calendar year, spreads/fees in each past calendar year, interest credited, and cash values (LICAC proposed five years of history)."

*CAI Response*: The CAI believes that this level of detail will be overly complex and confusing to customers based on the number of different contract types and features, and the frequency with which rates are changed, and ultimately would be of little value to the customer.

*Item 3(A):* [AAA] recommends "Adding disclosures to further emphasize that illustrations are not intended to be projections."

*CAI Response*: *The* Committee agrees that enhanced disclosure could be provided to emphasize that illustrations are not projections. The Committee believes the Working Group should consider this enhanced disclosure in conjunction with the existing disclosure requirement under Section 6.G(4)(b) of Model 245, including the language that "[t]he values in this illustration are not guarantees or even estimates of the amounts you can expect from your annuity."

**Flow Chart/Actuarial Guideline as a Stopgap.** The Committee does not support the development of an actuarial guideline as a stopgap solution for a variety of reasons. Creating such a guideline for states that have not adopted Model 245 apparently in reliance on a drafting note under the NAIC's Suitability in Annuity Transactions (Model 275) referencing the Model seems like a circuitous and illogical path.[2] In addition, it is unclear precisely what the "actuarial" nature of the guideline would be. Actuarial guidelines should not be used to create new illustration policy, but rather are a useful mechanism to clarify existing actuarial requirements. The Committee believes a directed effort to adopt Model 245 (and any applicable amendments finalized by the Working Group) is the best approach to address any annuity illustration concerns.

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[2] We note that certain Working Group members voiced concerns about whether an actuarial guideline was a viable or even appropriate method for addressing the annuity illustration issues focused on by the Working Group.

The Committee supports an expedited and comprehensive effort to move forward with amendments to Model 245, and believes that this is the path the Working Group should take. An inherent problem/challenge with any stopgap measure is that it likely will create confusion and may turn out to be inconsistent with the revisions to Model 245 that the Working Group recommends. However, if the Working Group continues to believe a short-term stopgap approach is required as well, there are several possible other options the Working Group could consider, including:

- The adoption of a bulletin.[3] While states would then need to work through their individual, required processes to adopt any "annuity illustration" bulletin, on balance that process could be quicker than adopting a regulation or statute. It also would avoid a principal concern with an actuarial guideline insofar as noted above the basis for such a guideline in this context would be tenuous at best.

- The issuance of illustration "guidance" or "tools" that prescribe best practices for regulators when, for example, reviewing a filed illustration or conducting an exam related to annuity illustrations. Under this option, the Working Group could consider whether that guidance might be provided through the adoption of a standalone tool/guidance document.[4] The benefit of this option could be that the guidance/tool would have immediate effect nationwide once adopted by the NAIC – no state-level action would be required.

**ACLI Comment Letter**. The CAI supports the ACLI Comment Letter and the responses to the Summary Grid comments therein which are consistent with the Committee's comments in its May 18, 2026, letter to the Working Group. In particular, the Committee notes that it supports continued discussion and consideration of the manner in which Model 245 should address newly developed indexes with a focus on creating a structure that allows for consumers to understand the manner in which the annuities would operate with a newly developed index. In addition, the Committee agrees with the suggestion in Sections I(A) and I(C) of the ACLI Comment Letter that the Working Group consider modifying Model 245 by replacing the current requirement for illustrating a "low" scenario with an illustration of the minimum guaranteed scenario (contract minimum less fees).

We appreciate the Working Group's continued, thoughtful review of annuity illustrations, and we support and look forward to the continued dialogue on approaches that enhance consumer understanding while preserving the accuracy and usefulness of annuity illustrations.

Sincerely,

**THE COMMITTEE OF ANNUITY INSURERS**

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[3] See, e.g., the AI Model Bulletin.

[4] Examples of tools for other areas of NAIC input include the NAIC AI Systems Evaluation Tool, and the Cross Border Reinsurance Worksheet . The Market Regulation Handbook might also provide an avenue for guidance on annuity illustrations that would provide a stopgap measure.