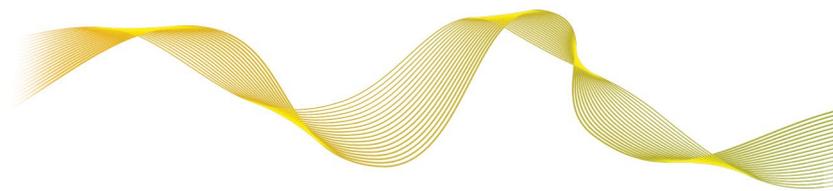




2026 SPRING NATIONAL MEETING
SAN DIEGO, CA



Draft date: 3/12/26

*2026 Spring National Meeting
San Diego, California*

LIFE INSURANCE AND ANNUITIES (A) COMMITTEE

Monday, March 23, 2026

3:30 – 4:30 p.m.

Manchester Grand Hyatt—Seaport Ballroom—Level 2

ROLL CALL

Doug Ommen, Chair	Iowa	Judith L. French	Ohio
Anita G. Fox, Vice Chair	Michigan	TK Keen	Oregon
Mark Fowler	Alabama	Suzette M. Del Valle	Puerto Rico
Holly W. Lambert	Indiana	Carter Lawrence	Tennessee
Grace Arnold	Minnesota	Amanda Crawford	Texas
Susan Ochs	New Jersey	Scott A. White	Virginia
Kaitlin Asrow	New York	Nathan Houdek	Wisconsin
Remedio C. Mafnas	Northern Mariana Islands		

NAIC Committee Support: Jennifer R. Cook/Jolie H. Matthews

AGENDA

1. Consider Adoption of its 2025 Fall National Meeting Minutes
—*Commissioner Doug Ommen (IA)*
2. Discuss its Task Force and Working Groups
 - A. Life Actuarial (A) Task Force—*Rachel Hemphill (TX)*
 - B. Annuity Buyer’s Guide (A) Working Group—*Lauren Van Buren (WI)*
 - C. Annuity Suitability (A) Working Group—*Johanna Nagel (IA)*
 - D. Life Insurance and Annuities Illustrations (A) Working Group
—*Ben Slutsker (MN)*
3. Hear a Presentation on Understanding Illustrations—*Ben Slutsker (MN)*
and *Russ Gibson (IA)*
4. Discuss Market Data and Scanning Priority—*Director Anita G. Fox (MI)* and
Tim Mullen (NAIC)
5. Update on the Society of Actuaries (SOA) and Center for Insurance Policy
and Research (CIPR) Use of Criminal History in Life Insurance
Underwriting Project—*Commissioner Doug Ommen (IA)*



6. Discuss Any Other Matters Brought Before the Committee
—*Commissioner Doug Ommen (IA)*
7. Adjournment

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Draft: 12/17/25

Life Insurance and Annuities (A) Committee
Hollywood, Florida
December 9, 2025

The Life Insurance and Annuities (A) Committee met in Hollywood, FL, Dec. 9, 2025. The following Committee members participated: Judith L. French, Chair (OH); Doug Ommen, Co-Vice Chair, and Mike Yanacheak (IA); Carter Lawrence, Co-Vice Chair (TN); Mark Fowler (AL); Anita G. Fox (MI); Eric Dunning (NE); Justin Zimmerman (NJ); Kaitlin Asrow represented by Mark McLeod (NY); Glen Mulready (OK); Elizabeth Kelleher Dwyer represented by Ray Santilli (RI); Cassie Brown represented by Rachel Hemphill (TX); Scott A. White (VA); and Nathan Houdek (WI).

1. Adopted its Nov. 21 Minutes

Director French said the Committee met Nov. 21 and took the following action: 1) adopted its Summer National Meeting minutes; 2) adopted its 2026 proposed charges and those of the Life Actuarial (A) Task Force; 3) adopted the 2026 Generally Recognized Expense Table (GRET); and 4) adopted revisions to *Actuarial Guideline XLIX-A—The Application of the Life Illustrations Model Regulation to Policies With Index-Based Interest Sold on or After December 14, 2020* (AG 49-A), limiting the disclosure of hypothetical index returns in years prior to an index's existence.

Commissioner Lawrence made a motion, seconded by Commissioner Mulready, to adopt the Committee's Nov. 21 minutes (Attachment One). The motion passed unanimously.

2. Adopted the Report of the Annuity Suitability (A) Working Group

Commissioner Ommen said the Annuity Suitability (A) Working Group has been working to finalize guidance on the safe harbor provision, Section 6E of the *Suitability in Annuity Transactions Model Regulation* (#275). Model #275 requires producers to act in the best interest of the consumer when recommending annuities and obligates insurers to establish supervisory systems that ensure recommendations address the consumer's insurance needs and financial objectives at the time of the transaction. To account for existing standards applicable to producers also acting as registered representatives, investment adviser representatives, or plan fiduciaries, Model #275 includes a safe harbor provision. The safe harbor provision allows insurance producers to satisfy Model #275's requirements if they comply with a comparable standard. There has been some concern about how insurers are interpreting and implementing the safe harbor provision.

Commissioner Ommen explained that a drafting group has met to draft safe harbor guidance language. After discussions with industry and other stakeholders, revised safe harbor guidance language was drafted for discussion and comment. The drafting group forwarded this draft to the Working Group for its review after the Summer National Meeting. The Working Group distributed the draft for a public comment period ending Sept. 22. The Working Group discussed comments received during its Oct. 7 meeting. Following that meeting, the Working Group developed a revised draft based on the comments received and distributed it for a public comment period ending Oct. 24. The Working Group met Nov. 5 and adopted the revised guidance document, which is now before the Committee for adoption.

Commissioner Ommen updated the Committee on annuity suitability training that occurred during the Insurance Summit in Kansas City, MO, on Sept. 17. Iowa, along with a number of other states, developed and provided the training on Model #275. The training consisted of two main parts. The first part consisted of three lectures to increase attendees' understanding of annuities and the best interest standard contained in Model #275. These morning sessions were open to both in-person and virtual attendees. Ohio, Minnesota, Rhode Island, Wisconsin,

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and Athene all contributed to the morning presentations. The second part of the training consisted of a practical, hands-on component to help regulator attorneys and investigators advance their deposition and interview skills. The afternoon training session was limited to 36 in-person attendees. Participants were provided with a detailed annuity case file to review prior to the deposition training.

Commissioner Ommen said participants had the opportunity to apply what they had learned in the morning and afternoon sessions by taking mock depositions of both an insurance producer witness and a consumer witness. The witness roles were played by six investigators from the Iowa Insurance Division. The participants were broken up into six groups of six, with two faculty members per group. Participants received immediate, constructive feedback from faculty members. The faculty was made up of insurance regulators with litigation experience. There were 12 faculty members from the states of California, Iowa, Minnesota, Missouri, New Mexico, North Carolina, Rhode Island, and Wisconsin.

Many of the afternoon participants and faculty members indicated that they are eager to participate in a deposition training next year. Participants also recommended having separate training sessions for attorneys and non-attorneys. The feedback received from both participants and faculty following the training suggests it makes sense to offer the annuity suitability best interest training on an annual basis.

Commissioner Ommen made a motion, seconded by Director Fox, to adopt the report of the Annuity Suitability (A) Working Group, including its Nov. 5 (Attachment Two) and Oct. 7 (Attachment Three) minutes, as well as the final *Annuity Best Interest Regulatory Guidance and Considerations* document (Attachment Four). The motion passed unanimously.

3. Adopted the Report of Life Actuarial (A) Task Force

Hemphill said the Life Actuarial (A) Task Force met Dec. 7–8. Hemphill provided an update on the Generator of Economic Scenarios (GOES). Hemphill said the Task Force adopted the model governance framework for the GOES, reflecting friendly amendments from industry received on the latest exposure. Hemphill noted that the GOES, like the *Valuation Manual*, is a living document, which means that as any new best practices emerge, the Task Force will regularly review whether the governance framework can be enhanced. Given the importance of the GOES, the Task Force is committed to maintaining and following a robust model governance framework.

Hemphill said the Task Force exposed an amendment that would establish a group annuity mortality data collection, similar to the current life mortality data collection. Hemphill reminded the Committee that the mortality data collection process allows the NAIC, typically working with the Society of Actuaries (SOA), to develop appropriate industry tables.

Hemphill said the Task Force exposed two amendments that would make the principle-based reserving (PBR) reinvestment guardrails less constraining: one proposal would allow an additional liquidity spread specific to assets supporting pension risk transfer business, and a separate proposal would update and harmonize the reinvestment guardrail across PBR frameworks in *Valuation Manual* (VM)-20, Requirements for Principle-Based Reserves for Life Products, VM-21, Requirements for Principle-Based Reserves for Variable Annuities, and VM-22, Requirements for Principle-Based Reserves for Non-Variable Annuities.

Hemphill reported that the Task Force discussed presentations on the potential retrospective application of VM-22 from individual companies that had been heard during the VM-22 (A) Subgroup's regulator-to-regulator meetings. Based on the various preferences, motivations, and challenges expressed during those presentations, the Task Force agreed to proceed by exposing, at the VM-22 (A) Subgroup level, a list of several potential paths forward for in-force application. The Task Force generally agreed with eliminating the following two extreme options: 1) requiring all companies to follow in-force application; and 2) not allowing any companies to follow in-

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force application. Instead, the potential paths being considered differ based on: 1) the granularity with which companies should be allowed to choose to elect or not elect to follow VM-22 for different blocks of in-force business; and 2) what support companies should provide for this election. This item is still in preliminary discussions, at the conceptual stage. Further robust discussion at the Subgroup and Task Force levels is expected.

Regarding other VM-22 “Day 2” questions, Hemphill stated that, for aggregation, the Task Force expressed support for allowing companies to reflect the benefit of the diversification of risks across products when determining non-variable annuity PBR. The Task Force agreed to proceed by exposing, at the VM-22 (A) Subgroup level, language allowing the benefit of aggregation to be reflected.

Hemphill said the Task Force also exposed an amendment that would allow companies to reflect the aggregation benefit from the diversification of risks across products when determining the VM-20 stochastic reserve.

Commissioner Zimmerman made a motion, seconded by Commissioner Mulready, to adopt the report of the Life Actuarial (A) Task Force. The motion passed unanimously.

4. Heard a Presentation on GOES

Scott O’Neal (NAIC), Yanacheak, and Daniel Finn (Conning) gave a presentation on GOES. O’Neal explained that economic scenarios are used by state insurance regulators to assess risks to insurers in potential future economic environments. A good set of scenarios captures the range of future economic environments; however, an economic scenario generator is not meant to be predictive in and of itself. Given that the future is unknown, testing many scenarios provides insight into insurer solvency positions and provides assurance that insurers will be able to pay claims in the future, regardless of what economic environment occurs. O’Neal explained that economic scenarios covering treasury scenarios, equity fund scenarios, and bond fund scenarios are used in risk-based capital (RBC) frameworks for life insurance, variable annuity (VA), and non-variable annuity products. GOES is a comprehensive solution promoting life insurer solvency across companies with diverse product portfolios and investment strategies.

Yanacheak discussed some of the drivers of GOES reform. He stated that in 2016, there was significant reform of VA reserving in capital standards. During that project, a consultant recommended changes to the prescribed economic scenario generator. Changes were outside the scope of the project at the time, but they explained the need for reform to regulators. In 2017, the American Academy of Actuaries (Academy), which maintained the previous economic scenario generator, notified the Life Actuarial (A) Task Force that it did not have the resources to maintain the prescribed economic scenario generator, except in its current form, until a suitable replacement could be found. In 2019, the Financial Stability (E) Task Force noted a potential deficiency in the prescribed economic scenario generator related to a limited reflection of long periods of low (or negative) interest rates. That was a weakness that needed to be addressed, and the GOES project was officially started in 2019, with regulators deciding that a request for proposal should be issued in 2020.

O’Neal shared some quotes from stories in the Wall Street Journal highlighting how different economic environments can impact insurers. O’Neal highlighted the following quote: “[f]ew industries have as much interest rate risk as life insurers, which invest premiums largely in bonds,” and another that stated “[b]ut rising rates can pose problems for life insurers. As rates start to rise, a customer’s return on a fixed annuity product is relatively unattractive.”

O’Neal shared a fixed deferred annuity example showing that the currently prescribed economic scenario generator failed to capture the rising interest rate environment that began in 2022. The interest rates rose, consumers surrendered annuities for higher yields in new products, and excess surrenders forced companies to sell assets at a loss. This type of extremely fast-rising interest rate can pose a challenge to insurers and, from a

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technical perspective, can be challenging for economic scenario generators to model. Yanacheak stated that for fixed annuity carriers, the existing economic scenario sets were not robust enough to account for the rise in interest rates experienced in the last five years. GOES has been calibrated to at least match this type of rise and is able to produce scenarios that rise quickly.

O'Neal discussed universal life with secondary guarantee (ULSG) and some of its risks. One of the primary drivers of GOES is related to a concern with a lack of "low for long" scenarios in the current prescribed economic scenario generator. When interest rates go low and stay low, companies lower crediting rates to minimum guarantees and account values deplete, but policies stay in force due to no-lapse guarantees. GOES is able to produce rates as low as those experienced during COVID, while the current prescribed economic scenario generator was not able to handle that environment.

O'Neal moved from talking about the effect of interest rates to the effect of equity market performance. In the VA example, he explained that in periods of steep decline, equity markets across the globe tend to move together. O'Neal said the stock market crashes, account values drop and claim payments could lead to solvency concerns. Yanacheak said that GOES is able to model this situation better than the current economic scenario generator.

Finn talked about some of the key project deliverables of GOES and how it works for insurance companies. He stated that Conning will generate economic scenarios monthly for the industry to access on a public GOES scenario website covering nearly any need companies might have. The data set includes ten thousand scenarios by one-hundred years and includes U.S. Treasury, bond fund, and equity fund data. Conning and the NAIC also produce scenario summary statistics and a number of key comparisons. Companies can look at a wide range of distributional information and see a much broader investment universe than is in the existing generator. Finn demonstrated some of the functionality of the website and a statistical report that informs users how scenarios are changing. There is also a section on documentation that the NAIC and Conning will be continually updating that covers key components like interest rates, equities, corporate bonds, and the governance process. There are simulations of the stochastic exclusion ratio test (SERT) scenarios and a questions and answers (Q&A) document that will also be updated. He said it includes a great deal of information available to insurers and regulators. One example is an explanation of how the model was calibrated, given new considerations like the "low for long" interest rates, while retaining variability. He said the site is getting traffic, and insurers are starting to download files, test them, and look at the wide range of additional files that have been developed to help companies understand the scenarios.

O'Neal emphasized that the statistics that Conning and the NAIC are generating on a monthly basis will empower company actuaries to explain their results to their management and domestic regulators. None of this information was produced with the previous generator, so this is an added value of the GOES. O'Neal said that the Life Actuarial (A) Task Force adopted the GOES Model Governance Framework. The model governance framework addresses: 1) the purpose and scope of the document; 2) how the model will be reviewed and updated; 3) a process for handling any issues that arise; and 4) standards for documentation.

Yanacheak explained the roles and responsibilities of the GOES (E/A) Subgroup, which he chairs. He said the Subgroup's work is supported by committee support and Conning and takes its responsibility to the GOES project and interested parties who rely on it seriously. He explained that because the GOES is used for calculating reserves, the Subgroup reports to the Committee and Life Actuarial (A) Task Force, as well as to the Life Risk-Based Capital (E) Working Group and the Financial Condition (E) Committee, because GOES is also used in RBC calculations and capital. Future items to consider will be updates to annual statement instructions and *Valuation Manual* updates as part of the overall model governance. Additionally, the Subgroup remains committed to reviewing comments it received on the framework and continuing to engage with industry on their experiences and best practices to make improvements to the model governance framework going forward.

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O'Neal shared information about next steps in the GOES process. Currently, scenarios are being released on a monthly basis with a goal of identifying and resolving any kinks prior to Jan. 1, 2026, when the scenarios are prescribed for calculations of PBR under the *Valuation Manual*. Some issues were identified, and improvements were made to the production scenarios processes. The NAIC and Conning look forward to making any additional necessary improvements heading into 2026. Regarding RBC, changes to the RBC blanks and instructions are needed to effectuate GOES for RBC year-end 2026. Comments on recent exposures of the RBC blank and instructions changes will be discussed in early 2026.

5. Heard an Update on the SOA and CIPR Project on the Use of Criminal History in Life Insurance Underwriting

Kelly Edmiston (CIPR) updated the Committee on the status of the research project being undertaken by the SOA and Center for Insurance Policy and Research (CIPR). The lead researcher on the project is David Shraub, an independent actuary contracted by the Society of Actuaries who is jointly funded by the SOA and CIPR. Edmiston said he is representing the CIPR and, as a researcher, is fully involved in all aspects of the project.

Edmiston explained that he and Schraub report all plans and findings to a project oversight group (POG). He said that several state regulators are members of the POG. The POG has true oversight in the sense that it must approve all work. The POG has been providing helpful feedback and suggestions. There is also a less formal ad hoc advisory group that provides useful feedback but has no authority.

Edmiston provided a high-level overview of the research approach and some of the more salient findings and obstacles. Edmiston focused on some of the findings from the research review, which is roughly complete. Edmiston said that he spoke with criminologists and reviewed the research literature. The research makes clear that there is an elevated risk of mortality after release from prison. For example, an article in the *New England Journal of Medicine*, which looked at convicts released from Washington State Prison over the year following their release, found a mortality rate 3.5 times that of the general population (a mortality rate is the number of deaths, usually expressed per 1,000, 10,000, etc. over a time period, usually a year, compared to another population, which is usually the general population). Perhaps most interesting for life insurers is that most of the increased deaths occurred within two weeks of release, largely due to homicide, suicide, drug overdose, and cardiovascular disease. In the first two weeks after release, the mortality rate of the convicts was 13 times that of the general population.

Edmiston said there are studies that see effects further out, but they usually look at a relatively small time frame, often a year. Only one longitudinal study, from Sweden, has been located. Edmiston also noted that, according to the research, individuals on probation, which encompasses a larger period post-release, have a mortality rate about three times the mortality rate of those still in state prison. One aspect that is not yet clear is the marginal effect of incarceration on health status indicators that are collected at the same time.

Edmiston explained that the rest of the study is largely built on industry interviews and surveys. The primary objective of the study is how criminal history is used in underwriting, and the only way to achieve that is to ask. Edmiston shared that the surveys have been less successful than the research review. The surveys are being sent out in three phases. The first phase was talking to data providers. Nine data providers were contacted, and two agreed to correspond, although they were not forthcoming with information. Edmiston said they did provide some information, which will be incorporated into a more formal presentation in the future.

Edmiston said the second phase was to query reinsurers of the five largest life insurers. That inquiry is ongoing. The two reinsurers contacted have been more willing to talk. Edmiston said they are not at a point where they can share any findings, but the early indications are that criminal history is relevant, although not a priority. He said that there does not seem to be a consistent approach, and the importance of criminal history may be more of a subjective matter for an underwriter in relation to the entire picture of a particular applicant.

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Edmiston said the last phase is to query life insurers about how they are using criminal history in their underwriting process. Given the lackluster responses to inquiries in the first two phases and the lack of an incentive to respond to inquiries, Edmiston said he has been considering how to encourage responses in the next phase of the project. Edmiston said that consumer advocates have expressed a lot of interest in this issue and shared their perspectives. Edmiston said he hopes that life insurers will want the opportunity to explain how they use the information and ensure that there is an accurate understanding of their perspective. Edmiston explained that the lack of participation has been the most significant obstacle to the success of the study. Edmiston said he has been trying to think of ways to encourage participation, especially in this last phase of the study when they are sending surveys to life insurers. Edmiston said he has drafted a letter that he hopes some Commissioners will consider sending to life insurers in their state, encouraging them to participate.

Commissioner Fowler said that he and Commissioner Michael Humphreys (PA), as co-chairs of the former Special Committee on Race and Insurance Life Workstream, supported gathering information about how criminal history is used in life insurance underwriting. Commissioner Fowler reiterated that there is not much information about this issue, but it is important for us to understand. He said that he supports the concept of sending a letter to life insurers in his state, letting them know about this project. He said they will be receiving a survey that should not be too onerous to respond to. He said he thinks the survey is important and hopes that, while not required, life insurers will choose to respond.

Commissioner Fowler said he would like to take a look at the letter that Edmiston has drafted. He asked that any Committee member who is open to sending a letter let Jennifer Cook (NAIC) or Edmiston know. Director French suggested that Edmiston work with Commissioner Fowler to reach out to commissioners about sending a letter.

Brendan Bridgeland (Center for Insurance Research) and Peter Kochenberger (NAIC Consumer Representative) expressed support for the research study, but said that the results so far echo concerns expressed a year ago regarding the need for information. Kochenberger said the difficulty of getting information from non-regulators, combined with the voluntary nature of participation, means that the survey results are not going to cover most of the regulatory issues that insurance departments are concerned about and responsible for. Kochenberger said the survey that was drafted by the former Special Committee on Race and Insurance Life Workstream, or a similar survey, will get to the underwriting information being sought in the SOA/CIPR project as well as additional important information, given that criminal history records, especially at the local level, are notoriously unreliable, and marking someone with a criminal history has serious consequences. Kochenberger said he hoped that the status report would give regulators the incentive to get the basic information. Bridgeland said this information is important because technology is advancing, and regulators need to be more proactive rather than reactive because criminal history is being used by insurers now, and it is affecting consumers. He said it is easier to do an analysis to figure out what is going on than it is to clean things up afterwards through market conduct or other means.

Having no further business, the Life Insurance and Annuities (A) Committee adjourned.

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ANNUITY BUYER'S GUIDE (A) WORKING GROUP

Summary Report

The Annuity Buyer's Guide (A) Working Group:

1. Exposed the draft *NAIC Buyer's Guide for Deferred Annuities* dated March 16 for a 30-day comment period ending April 16.
2. Plans to meet April 20 to discuss comments received.

Virtual Meeting

LIFE INSURANCE AND ANNUITIES ILLUSTRATIONS (A) WORKING GROUP

Tuesday, February 24, 2026

Summary Report

The Life Insurance and Annuities Illustrations (A) Working Group met Feb. 24, 2026. During this meeting, the Working Group:

1. Discussed its background and purpose.
2. Exposed the following chair discussion question and response instructions for a 30-day public comment period ending March 24:

Regulators have observed index annuity disclosures that suggest annual returns can range from 10% to 25% for several years. This has brought up potential concerns around whether consumers are receiving reasonable expectations regarding future performance upon purchasing an annuity. What are both short-term and long-term approaches to ensure consumers receive reasonable expectations for index annuity returns at the point-of-sale?

- Please keep any comments at a high level regarding potential direction for the Working Group and types of proposals, rather than providing specific proposals themselves.
- In addition, please feel free to include any comments related to disclosures around newly developed indices and any other elements related to the concerns described above.

Draft: 3/10/26

Life Insurance and Annuities Illustrations (A) Working Group
Virtual Meeting
February 24, 2026

The Life Insurance and Annuities Illustrations (A) Working Group of the Life Insurance and Annuities (A) Committee met Feb 24, 2026. The following Working Group members participated: Ben Slutsker, Chair (MN); Sanjeev Chaudhuri (AL); Cody Tyler (CA); Lei Rao-Knight (CT); Matt Cheung (IL); Scott Shover (IN); Mike Yanacheak (IA); Nour Benchaaboun (MD); Danielle Torres (MI); (NE); William Carmello (NY); Matt Elstion (OH); Josh Blakely (OR); Andreea Savu (SC); Kaleb Short (TN); Mathew Roos (TX); Tomasz Serbinowski (UT); and Craig Chupp (VA). Also participating was: Sandy Ray (WA).

1. Discussed its Background and Purpose

Slutsker explained that the Life Insurance and Annuities Illustrations (A) Working Group was formed as part of the Life Insurance and Annuities (A) Committee's 2026 charges. The Working Group has a charge to "[e]valuate concepts for improving life insurance and annuity illustrations and disclosures and consider revisions to relevant NAIC models or develop other guidance where feasible and appropriate." He explained that, while the Working Group is new, the topic is not. There have been several groups at the NAIC over the years tasked with reviewing life insurance and annuity disclosures, including illustrations. Slutsker mentioned the Annuity Disclosure (A) Working Group that reviewed the *Annuity Disclosure Model Regulation* (#245), the Life Insurance Illustration Issues (A) Working Group that reviewed a variety of issues, including an effort to simplify illustrations, and the Indexed Universal Life (IUL) Illustrations Subgroup of the Life Actuarial (A) Task Force that focused on developing and then revising *Actuarial Guideline XLIX-A—The Application of the Life Illustrations Model Regulation to Policies With Index-Based Interest Sold on or After December 14, 2020* (AG 49-A).

Slutsker explained that the work of this Working Group touches on actuarial themes. However, the focus and membership extend beyond the actuarial and include member regulators with backgrounds in market conduct and compliance and focus on issues surrounding disclosures and sales materials more broadly. He explained that, to the extent that actuarial issues are part of this group's work, those efforts will be coordinated through the Life Actuarial (A) Task Force.

Slutsker explained that his first focus will be on the examination of indexed annuity sales materials and disclosures. He said an issue that is not necessarily new, but is becoming more pronounced, is that some carriers are illustrating annual returns as high as 10% to 25% indefinitely when purchasing indexed annuities. This potential outcome looks great to consumers, especially when paired with downside protection such as a 0% floor. This sets expectations about how well their annuity will perform from an investment perspective, and if those returns are not realized, that leads to frustration. There have been a number of annuity-related lawsuits filed recently, some of which focus on disclosure documents rather than just representations made during the sales process.

In an effort to better understand the issue and identify what is happening in the market, several states have recently informally requested illustrations from the top 25 to 30 annuity market leaders. The illustrations are still being collected, but what regulators have seen so far is that, across indices and products for a given company, for the highest-illustrated annual investment rates, about one-third of the responses are 10% or lower. The remaining two-thirds of the responses are showing some products that are greater than 10% for the illustrated rates. About half of those are in the 11% to 15% range, and the other half show 16% to 27% per year in the illustration shown. This does not mean that all the illustrated rates are like this; this is just the highest illustrated rate for a given company.

Slutsker also clarified that these figures refer to illustrations of recent history, not to the most favorable possible returns sometimes shown. The more favorable scenarios show even higher returns, often in the 20% or higher range. He said that these observations include both interest credited rates and cash surrender values, so overall, these high rates define the issue. While illustrations aim to show how a product works and where its benefits lie, there needs to be a balance in what is shown that sets reasonable expectations for the consumer.

Slutsker also said another interesting thing is that only about a quarter of the highest-illustrated rates involved registered index-linked annuities (RILAs), which carry a risk of losing principal and may also offer upside. However, the highest rates were shown in conjunction with fixed indexed annuities (FIAs), which feature a 0% floor. Additionally, the highest FIA-illustrated rates also came from back-casting, which is a term describing disclosures for indices that were recently created but show a history of returns as if they had been in existence for many years. Slutsker said these indices were created specifically to illustrate favorably. None of the RILAs showed any evidence of back-casting, but some still had illustrated rates of 15% to 20%, which is concerning.

In contrast, Slutsker said, indexed life insurance policies have death benefits and cost-of-insurance charges that result in lower illustrated returns. The illustrated returns range from 5% to 8%, compared with double-digit returns from annuities. For life insurance, the *Life Insurance Illustrations Model Regulation* (#582) has been widely adopted, and *Actuarial Guideline XLIX—The Application of the Life Illustrations Model Regulation to Policies with Index-Based Interest* (AG-49) and subsequent iterations, such as AG 49A, have had an impact. For annuities, the Model #245 prohibits the illustration of indices that have existed for fewer than 10 years, but it has been adopted in only 10 states.

Slutsker said that companies, in order to be competitive, feel forced to show higher illustrated rates. He said that regulators and commissioners are concerned, and it may be time to explore additional regulatory limits or requirements. Slutsker said he wants to ensure this is a collaborative project between regulators and interested parties and to explore possible solutions.

Slutsker said he would like to expose the following question for a 30-day comment period to solicit feedback and ideas from Working Group members, interested regulators, and interested parties.

Regulators have observed index annuity disclosures that suggest annual returns can range from 10% to 25% for several years. This has brought up potential concerns around whether consumers are receiving reasonable expectations regarding future performance upon purchasing an annuity.

What are both short-term and long-term approaches to ensure consumers receive reasonable expectations for index annuity returns at the point-of-sale?

- Please keep any comments at a high-level regarding potential direction for the Working Group and types of proposals, rather than providing specific proposals themselves.
- In addition, please feel free to include any comments related to disclosures around newly developed indices and any other elements related to the concerns described above.

Slutsker said he did not expect detailed proposals but is looking for high-level conceptual ideas, such as whether a guidance document, actuarial guidelines, model revisions, or something else might be appropriate. Slutsker says he expects a lot more conversation and additional exposures before a decision is made regarding the best path forward.

Torres asked whether the illustrations that Slutsker reviewed showed years with zero returns. Slutsker said the illustrations include guaranteed scales where the lowest possible returns are shown. So, in an FIA with a 0% floor, after charges, there would be a net negative return illustrated. But in cases where there were back-casted indices, there was a wide variation in how prominently the fact that the index was recently created was displayed.

Sometimes there would be a separate page with a long list of footnotes that included the information, and there were some cases where there was no notation and only by researching the index could someone see that it was recently created.

Serbinowski pointed out that not only are 25% returns year after year unrealistic, so are 0% returns. He said that when an illustration shows average returns, and the most recent 10 years, the disclosure of 0% that is required to be included as a worst-case scenario is not a particularly persuasive warning. Blakely said that in Oregon, he has seen a real lack of uniformity in how back-casted indices are disclosed to consumers. He is wondering what kind of philosophies or approaches companies have regarding disclosure of back-casted practices because it seems like it is up to each company how it would like to handle things. He said in some cases companies will say it is historical data without saying it is not actual historical data, which is arguably intentionally misleading. Slutsker agreed that he would be interested in this information as part of his overall exposure question.

Benchaaboun agreed with Blakely and Serbinowski in that illustrations need to be realistic, not inflated, and properly disclosed. He also asked about collecting illustrations from the top 25 annuity writers. Slutsker explained it was not a formal NAIC project. He said an informal group of states has come together over the past three years to review around 10 life illustrations per year, ensure understanding of disciplined current-scale testing, and review compliance with AG 49. As part of that effort, this year, when the group reached out to companies, they asked for annuity illustrations. He said other top market leaders that were not previously included were asked this year. He said it was more individual state efforts, not a formal project.

Torres said that she agreed with all that had been said and pointed out that Financial Industry Regulatory Authority (FINRA) Rule 2211 permits illustrations for variable annuities using assumed rates of return up to 12% gross, provided a 0% gross rate is included. She suggested that the Working Group review whether a cap on illustrated interest rates might be appropriate. Serbinowski said there is a difference between variable and fixed products. He said that variable products, such as universal life or variable annuities, might show different hypothetical returns, but they generally do not vary those returns by your own investments, so it is not going to tell you your allocation and show you what you should expect based on that allocation, but that is exactly what many fixed products do. Fixed products display projected numbers based on your allocations.

Slutsker agreed with Torres' suggestion that federal approaches should be considered for two reasons: 1) the Working Group should consider as many potential solutions as possible and consider what concepts can be borrowed; and 2) to understand better why RILAs, if they are subject to additional federal rules, are also illustrating 15% to 20% returns, like FIAs. Slutsker said he would like to better understand what the federal requirements are and how they compare to any statutory or NAIC requirements.

Carmello said New York has been focused on the life side and has not looked at annuity illustrations. He said, however, he has been saying for years that the current practice on the life side has been misleading. He thinks illustrations should just show what happens over one year if the market goes up (e.g., 20%) and if it goes down by that same amount. He said, with respect to the long term, what has been going on has been misleading for many years, and there should be a limit on what life companies can assume is earned from derivatives, and what has been accepted on the life side was way too much and not realistic.

Bonnie Burns (Consumer Representative) said that life insurance and annuities are increasingly offering long-term care benefits, either within the product itself or as a rider, and that the majority of riders are not long-term care riders; they are guaranteed living benefits or viaticals under Section 101 of the Internal Revenue Code. Burns is concerned about how the underlying insurance products these benefits are attached to will work for people in the future when they need the benefits they have bought, especially when there is a potential for the product to

lose money. Burns is concerned about whether people understand the product when they buy it, which is why she is interested in disclosures.

Dick Weber (Consumer Representative) said he has been involved with the NAIC for a long time and was an interested party in the lead-up to the adoption of Model #582 in the mid-1990s. Weber said he is going to share with the Working Group an annuity illustration that he encountered that shows varying rates, some realistic, but every five years, they show a rate, the least of which is 36% and the greatest of which is 57%. Weber said this leads to the issue he is most concerned with: the expectations illustrations create. He said that, whether overtly or subtly, the agent uses the illustration to suggest to consumers what is reasonable to expect. The illustration is used as a projection rather than a demonstration of how a product works in a very limited, and frankly impossible, situation. Slutsker said that it will be helpful to have the perspective of seeing the similarities and differences from the life side leading up to the adoption of Model #582.

Lawrence Rybka (Bellmark Financial Group) said his company stands behind life insurance and annuities. He said his company has \$70 billion in in-force life insurance and \$4 billion in annuities. He said he agrees with Weber and has observed fake indices (or what marketers call proprietary indices) that use back-casting to cherry-pick returns that exceed the S&P 500. He said Bobby Samuelson (Life Product Review) has documented that the returns on these indices have averaged only 2% to 3% over the past three years, when the S&P 500 has continued to rise considerably. He said some of these proprietary indices have had zero returns in 2023, 2024, and 2025. He said this is a real bait-and-switch for consumers, and there needs to be substantial reform in how they are illustrated. He said actual returns from inception should be prominently displayed. If an index purports to outperform the S&P 500 and ends up with returns less than 3% in the last three years, that is patently deceptive.

Slutsker said that Rybka raises an important issue. He said regulators have been looking at illustrated returns and describing them from an observation standpoint, but proprietary indices have been offered for a while, and there should be some history on how actual performance has compared to initial illustrations. That kind of information would be a helpful data point for the Working Group as it identifies the issues it is trying to address.

Birny Birnbaum (Birnbaum Consulting) offered some broad principles for the Working Group's consideration. First, he said consumers should be shown how a product works in a manner they can understand. When you give a consumer 20 pages of small-font tables, they are going to key in on the fact that a \$200,000 investment will be worth \$200 million in 30 years, and this should be avoided. Consumers could also benefit from being shown the company's history of caps, floors, and other features tied to investment returns. If a company routinely offers a product with a 10% or 12% cap and systematically reduces it over time, consumers should be aware of that.

Birnbaum said he agreed with looking at best practices for other investment products and would be interested in learning whether any other investment products permit back-casting or projections of future returns. He is also interested in understanding the difference between the federal rules and everything that surrounds them. He said the federal rules apply to people trained to give financial advice subject to a fiduciary standard and are subject to a number of constraints that do not exist for annuity illustrations. Birnbaum mentioned that he has made several presentations to the Life Insurance and Annuities (A) Committee and its Working Groups over the years that could be helpful to the Working Group. He said he gave a presentation with Brenda Cude (University of Georgia) in 2023 that analyzed issues with illustrations, discussed consumer understanding, and outlined concepts for improving illustrations. He suggested starting by identifying guiding principles rather than tweaking rules or models. Slutsker agreed that it would be helpful to look at principles and emphasized that the Working Group was interested in collecting ideas at this stage.

Samuelson said the Working Group should be thoughtful about using the term "investment." He said an annuity is not an investment; it is an insurance contract with index-linked crediting, and is not a direct investment.

Samuelson also said questions about consumer expectations and illustrations have been an issue for a long time, first with life illustrations and more recently with annuity illustrations. He said the question revolves around the role of an illustration and whether it is meant to be an explanation or a projection. Samuelson suggested that the Working Group needs to be clear on the role of the illustration and how it relates to other insurance contracts versus actual investments. He said this is more complex than it seems, because regarding life insurance, there are actuarial guidelines and the disciplined current scale that provides a structural foundation for AG 49 that does not exist on the annuity side. He said another issue is that annuity illustrations are often nothing more than marketing materials with the client's name on top. Not every state reviews the material the same way, or even at all. Samuelson said he thinks that there needs to be a conversation about index-linked returns and annuities before exposing the question for comment because it frames the issue in a particular way.

Samuelson also pointed out that not all FIAs are created equally: some are accumulation-oriented, where, in the worst-case scenario, the client does not get a 37% return but will not lose any money. He may not get what was illustrated, but he will get some return, which is the point of the product. He said the issue he sees is not on the accumulation side; it is on the income side, where these illustrated returns are being used to drive income benefits or, as Burns mentioned, other types of benefits inside the contract. Clients are deciding whether to exchange old policies or buy a policy based on projected income that might last for 30, 40, or 50 years, using these illustrations. Once benefits are attached to these products, other issues arise. For example, is it appropriate to exchange an old contract for a new one based on the illustrated performance? Regarding life insurance, there is supportability testing, but there is not that infrastructure on the annuity side. Samuelson is concerned that there may be other issues that should be addressed but are missed because the issue is framed in a way that puts the focus on illustrations. Slutsker agreed that the exposure should include comments on whether there are issues not covered by the illustration.

Ray asked whether the Working Group knows how many carriers file their products to be sold with an illustration. Yanacheak explained that Model #582 requires life insurers to designate, at the time of filing, whether a policy form is to be marketed with or without an illustration. Benchaaboun clarified that this requirement does not apply to variable life insurance or annuity contracts. There is no similar requirement in Model #245 regarding annuity illustrations. Model #245 states that an insurer or producer may provide a consumer with an illustration that meets the model's requirements at any time. Slutsker said he would be interested in hearing from the Interstate Insurance Product Regulation Commission (Compact) and the states on whether they review illustrations when a company indicates it plans to use one. Blakely said that Oregon uses the Compact for contract filings, but all advertisements must be filed, and they receive separate advertising filings for each illustration. He said they send objections pretty regularly, so he is glad they see them, but it is a separate state filing with the state, even after the base product is approved by the Compact.

Jason Robbins (The Standard) said that custom indices are more common in the FIA space. He consulted an older Barclays report that shows around 265 of these newer indices, while in the RILA space, there are around 30 or 40. He thinks that investment banks create these new indices and bring them to carriers to be marketed, but because they are so new, they engage in back-casting to create the history. He said that these indices are intentionally constructed so that they can say, if we had launched this 20 years ago, here are the returns, and oftentimes they are excessive. He said that he believes the driver of the illustrations of excessive returns is these newer indices. He said in the variable annuity world, there was the ability to use a hypothetical varying rate of return, which is where the 12% limit comes into play. He wondered whether adding something like that in the FIA space may help with the back-casted data, which projects high returns that are seldom realized once the index goes live.

Cude said she was concerned that the Working Group was at a real disadvantage unless it obtained research-based information on what consumers want to know when considering annuities. She wondered what disclosures

consumers actually review and whether they review them independently of advisors. She said she has been unable to locate that kind of research or anyone who may have it to share, as it would be tremendously helpful.

Blakely said that Oregon has seen multiple illustration filings that are traditionally reviewed with an advisor. But recently, he has seen multiple situations where there is an online tool with a dropdown menu, where someone can pick their accounts and their premium deposit, and it creates an illustration without anyone there to explain it, other than the disclosures the company chooses to put on the tool. He said that the use of illustrations alongside an advisor may no longer be the norm. He said in the context of people accessing information that they are left to interpret for themselves, disclosure and context are especially important. Cude said that a self-guided, personalized online disclosure seems very different from a traditional paper illustration and raises different questions from a consumer perspective.

Slutsker said he looked forward to continuing discussions on not only where the Working Group should focus its efforts, but also on identifying the issues it is trying to address.

2. Discussed its Next Steps

Slutsker said he would make a chair exposure of a discussion question along the lines of what the Working Group discussed for a 30-day exposure period. Another meeting to discuss the feedback received will be scheduled for late March or early April.

Having no further business, the Life Insurance and Annuities Illustrations (A) Working Group adjourned.

SharePoint/NAIC Support Staff Hub/Committees/B CMTE/ERISA/ 2025 Summer National Meeting

OUR MEETING WILL BEGIN SHORTLY

LIFE INSURANCE AND ANNUITIES (A) COMMITTEE

Virtual Attendees

- Audio will be muted upon entry.
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LIFE INSURANCE AND ANNUITIES (A) COMMITTEE

March 23, 2026

Wi-Fi Network: NAIC2026

Password (case sensitive):
StrongFuture26

MARCH 22-25

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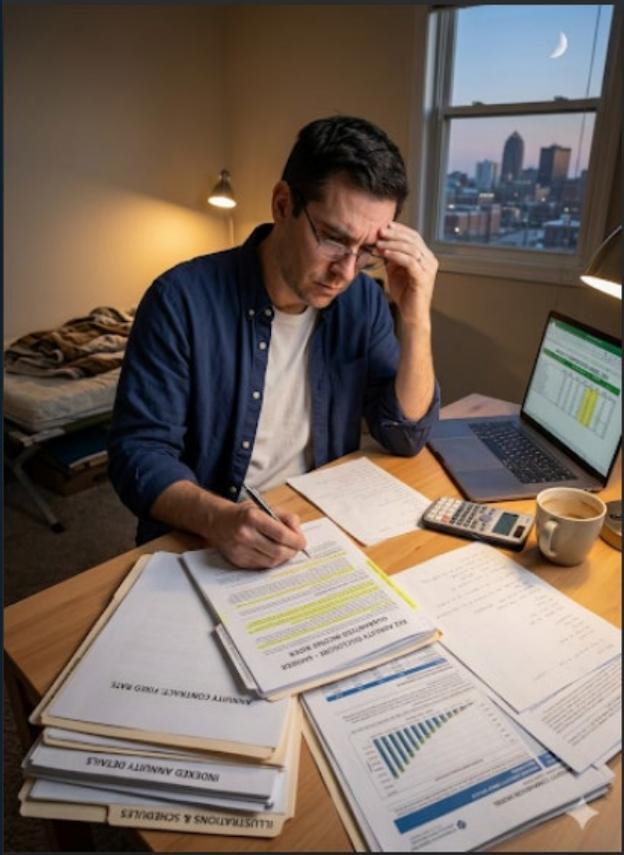
2026 SPRING NATIONAL MEETING
SAN DIEGO, CA

#3 (Mis)Understanding Annuity Illustrations

*Russell Gibson, Consumer Advocacy Officer
Iowa Dept. of Insurance and Financial Services*

*Ben Slutsker, Director of Life Actuarial Valuation
Minnesota Department of Commerce*

Annuities 101

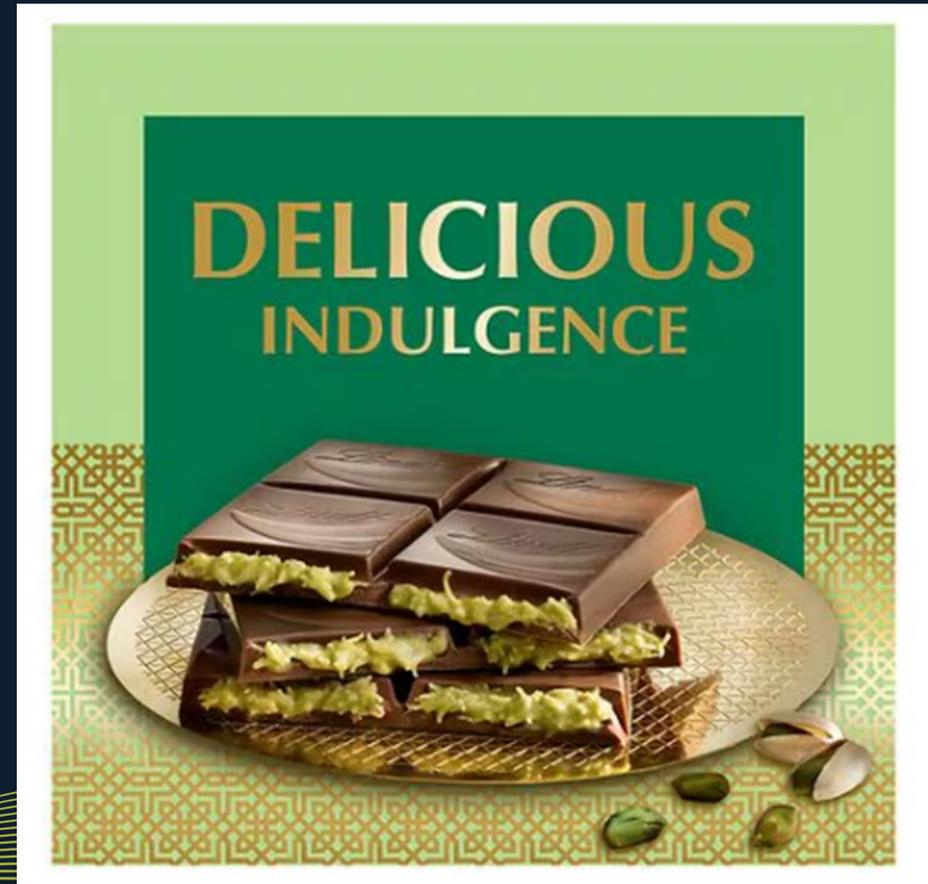


An **annuity** is an insurance contract designed to provide income for a specified period of time, or duration of life for a person or persons.

It is often used as a vehicle to save/accumulate funds, especially for retirement.

The 'Dubai Chocolate' Problem in Annuity Illustrations

Indexed Annuities
with "Exotic" Indices
Look Fancy and
Sweet...



The 'Dubai Chocolate' Problem in Annuity Illustrations

...but are you really just getting some 'basic' chocolate in the end?



Imagine...

- You meet with an agent.
- You're worried about the market - they propose an indexed annuity.
- You still want some decent (and no negative!) returns.
- The agent shows you potential returns using an **illustration**.
 - Illustration: fancy word for projected future values.



Market Reality vs. Illustration Mirage (Growth of \$100,000 Over 10 Years)



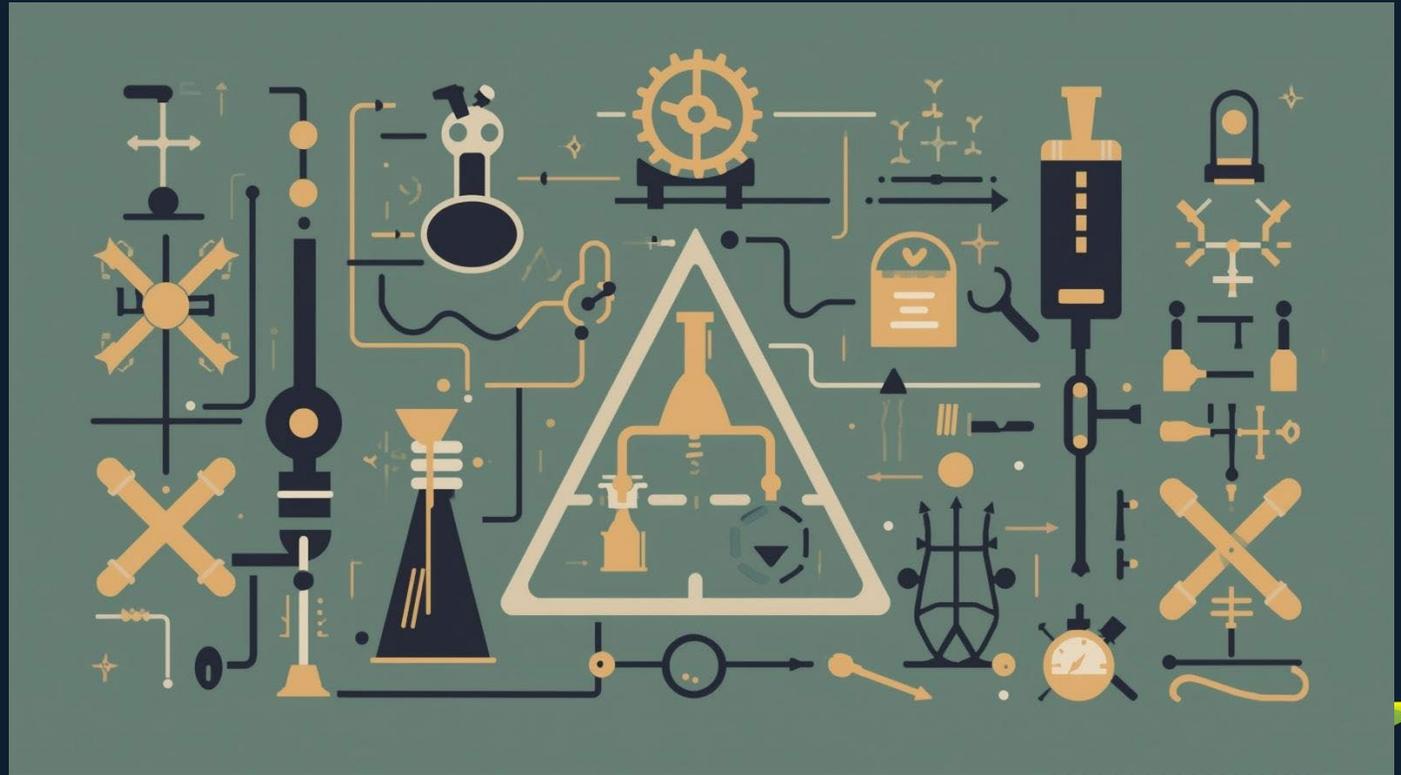
The Paper Problem

- Multi-page illustrations overwhelm
- Average length: 21 pages.
- Length = a disadvantage?
 - Multiple charts
 - Lots of fine print
- On-screen only limitations



Proprietary Index Alchemy

- 250+ engineered indices
- Many are proprietary
- One inquiry showed 10-year returns between 5% and 22%
- Back-casting hides real-world volatility



Hypothetical Most Recent 10 Years Illustrated Values SDHCH50 Index 1 Year Point-to-Point with 110% Participation Rate

Product: Strategic Accumulator V
 Initial Premium: **\$100,000**
 Prepared for: Valued Client
 Prepared: 3/23/2026

The values shown in the charts below are not guaranteed. They illustrate the interest that would have been credited over the most recent 10 years. The values shown do not account for withdrawals. They do account for fees.

Amount of money client puts into annuity

Contract Year	End of Year Age	Premiums	Minimum Guaranteed Value	Credited Interest Rate	Accumulated Value	Cash Surrender Value	Death Benefit
0	60	\$100,000					
1	61	\$0	\$100,000	36.1%	\$135,400	\$121,860	\$135,400
2	62	\$0	\$100,000	0.0%	\$134,723	\$123,945	\$134,723
3	63	\$0	\$100,000	28.4%	\$172,166	\$161,836	\$172,166
4	64	\$0	\$100,000	13.6%	\$194,577	\$186,794	\$194,577
5	65	\$0	\$100,000	53.7%	\$297,530	\$291,580	\$297,530
6	66	\$0	\$100,000	0.0%	\$296,043	\$296,043	\$296,043
7	67	\$0	\$100,000	16.3%	\$342,517	\$342,517	\$342,517
8	68	\$0	\$100,000	9.5%	\$373,045	\$373,045	\$373,045
9	69	\$0	\$100,000	30.2%	\$483,298	\$483,298	\$483,298
10	70	\$0	\$100,000	10.9%	\$533,091	\$533,091	\$533,091
Average				18.8%	18.2%		

Amount of money client receives after 10 years

Page 18
 This report is not valid without all 28 pages
 This is a hypothetical illustration, not a contract
 All figures which are not clearly marked as Guaranteed are subject to change

Hypothetical Historical Index Comparison Periods

SDHCH50 Index 1 Year Point-to-Point with 110% Participation Rate

Product: Strategic Accumulator V
 Initial Premium: \$100,000

Prepared for: Valued Client
 Prepared: 3/23/2026

The values shown in the charts below are not guaranteed. They illustrate the interest that would have been credited during different historical periods. The high and low periods are selected based on the best and worst 10-year periods of index performance. The values shown do not account for withdrawals or fees. The average interest rates shown are the geometric average.

Contract Year	High Period 01/2012 - 01/2021			Low Period 01/2006 - 01/2015			Most Recent Period 01/2017 - 01/2026		
	Index Change	Credited Interest Rate	Accumulated Value	Index Change	Credited Interest Rate	Accumulated Value	Index Change	Credited Interest Rate	Accumulated Value
			\$100,000			\$100,000			\$100,000
1	57.6%	63.4%	\$163,360	-3.0%	0.0%	\$100,000	32.8%	36.1%	\$136,080
2	32.6%	35.9%	\$221,941	2.2%	2.4%	\$102,387	-3.4%	0.0%	\$136,080
3	18.0%	19.8%	\$265,885	-19.2%	0.0%	\$102,387	25.9%	28.4%	\$174,774
4	-9.0%	0.0%	\$265,885	16.5%	18.2%	\$120,970	12.4%	13.6%	\$198,517
5	7.6%	8.4%	\$288,201	3.8%	4.2%	\$126,027	48.8%	53.7%	\$305,082
6	22.8%	26.4%	\$307,184	-4.2%	0.0%	\$126,027	-12.0%	0.0%	\$305,082
			\$879,248		-9.0%	\$335,087		9.9%	\$560,494

24.3%

favorable scenario

12.9%

unfavorable scenario

18.8%

recent scenario

out all 28 pages
 ion, not a contract

All figures which are not clearly marked as Guaranteed are subject to change

The Corporate Year 2 'Problem'

- Potentially high 'teaser' rates in Year 1
- Potential drop or change in rates in Year 2+
- Fees
- Choosing (at purchase) & managing (ongoing) index options...



Index Options – Sampler (looks like a Dubai Chocolate bar!)

Premium Allocation and Current Rate Assumption Indexed Interest Crediting Options	Charge	Participation		Cap / Rate / Spread		Allocation
		Guaranteed	Current	Guaranteed	Current	
CIBC Balanced Asset 5 th Index 1:1R Point-to-Point with Spread and Participation	0.00%	100.00%	200.00%	4.00%	1.50%	0%
CIBC Balanced Asset 5 th Index 2:1R Point-to-Point with Spread and Participation	0.00%	100.00%	300.00%	4.00%	0.00%	0%
GS Global Factor Index 1: Year P/L to P/L P/L	0.00%	40.00%	200.00%	N/A	N/A	0%
GS Global Factor Index 2: Year P/L to P/L Spread and P/L	0.00%	100.00%	300.00%	4.00%	0.00%	0%
CIBC Balanced Asset 10 th Index 1:1R Annual Point-to-Point with Participation	0.00%	25.00%	100.00%	N/A	N/A	0%
CIBC Balanced Asset 10 th Index 1:1R Point-to-Point with Spread and Participation	0.00%	40.00%	200.00%	10.00%	1.00%	0%
CIBC Balanced Asset 10 th Index 2:1R Point-to-Point with Spread and Participation	0.00%	40.00%	220.00%	10.00%	1.00%	0%
S&P 500 Index One Year Monthly Point-to-Point with a Cap	0.00%	100.00%	100.00%	1.00%	1.00%	0%
S&P 500 Index One Year Annual Point-to-Point with a Cap	0.00%	100.00%	100.00%	1.00%	9.20%	0%
S&P 500 Index One Year Fixed Declared Rate on Gain	0.00%	N/A	N/A	1.00%	7.20%	0%
Barclays Tracker Index 1: Index Two Year Point-to-Point with a Spread	0.00%	100.00%	270.00%	5.00%	0.00%	0%
CIBC Balanced Asset 5 th Index 1:1R Annual Point-to-Point with Participation	1.20%	100.00%	200.00%	N/A	N/A	100%
CIBC Balanced Asset 5 th Index 2:1R Point-to-Point with Participation	1.20%	100.00%	340.00%	N/A	N/A	0%
GS Global Factor Index 1: Year P/L to P/L P/L	1.20%	100.00%	200.00%	N/A	N/A	0%
GS Global Factor Index 2: Year P/L to P/L P/L	1.20%	100.00%	330.00%	N/A	N/A	0%
CIBC Balanced Asset 10 th Index 2:1R Point-to-Point with Spread and Participation	1.20%	70.00%	200.00%	10.00%	0.00%	0%
S&P 500 Index One Year Annual Point-to-Point with a Participation Fee	1.20%	10.00%	50.00%	N/A	N/A	0%
S&P 500 Index One Year Monthly Point-to-Point with a Cap	1.20%	100.00%	100.00%	1.00%	1.00%	0%
S&P 500 Index One Year Annual Point-to-Point with a Cap	1.20%	100.00%	100.00%	1.00%	12.20%	0%
S&P 500 Index One Year Fixed Declared Rate on Gain	1.20%	N/A	N/A	1.00%	9.20%	0%
Barclays Tracker Index 5: Index Two Year Point-to-Point with a Spread	1.20%	100.00%	270.00%	5.00%	0.00%	0%
Fixed	N/A	N/A	N/A	1.00%	4.00%	0%

Regulatory Call to Action

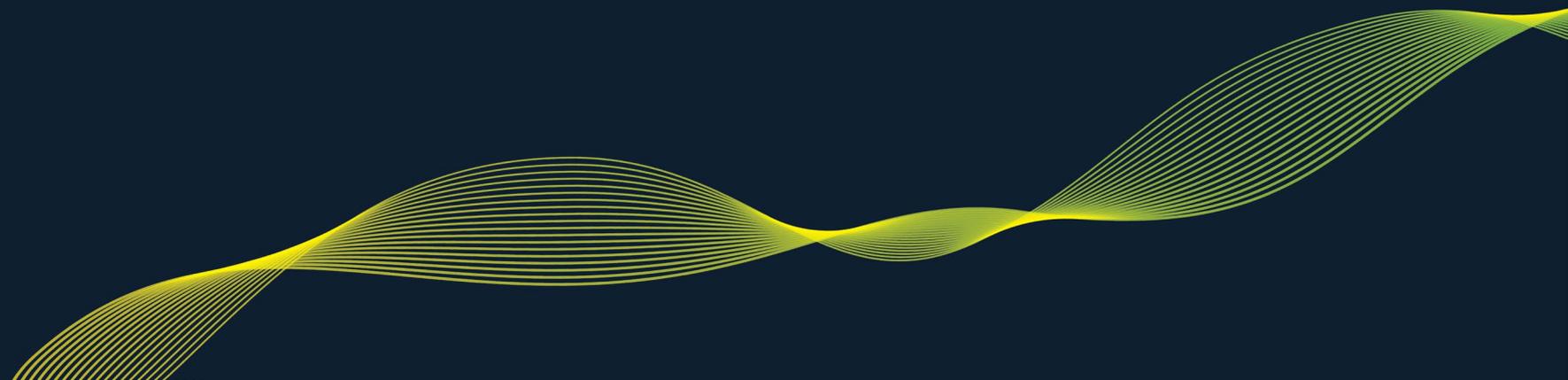


Thank you

MARCH 22-25

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2026 SPRING NATIONAL MEETING
SAN DIEGO, CA



Update for Life Insurance and Annuities (A) Committee
Project on Criminal History and Life Insurance Underwriting

2026 Spring National Meeting

Kelly D. Edmiston, Ph.D., Policy Research Manager, CIPR/NAIC

The Criminal History and Life Insurance Underwriting project continues to move forward. The researchers are David Schraub, and independent actuary contracted by the Society of Actuaries and CIPR (project lead) and Kelly Edmiston, Policy Research Manager at the CIPR.

A literature review is being conducted and is nearly complete. The literature review focuses on the relationship between criminal history (largely incarceration) and mortality and studies on the implications of having a criminal history on various facets of work and life (not specifically insurance, for which the literature is thin at best).

Data collection efforts continue to move forward. Data collection has occurred in three phases:

Phase I: Data Providers

We contacted nine data providers seeking information about the criminal history data they provide, where they get the information, and how the information is treated. Three reported that they do not provide material information on criminal history, while the remainder were tight-lipped, being unable or unwilling to provide information to us.

Phase II: Reinsurers and Large Life Companies|

We contacted seven reinsurers and were able to get at least some information from five, either by email or videoconference discussion. We contacted five large life insurance companies directly, including MetLife (no longer sell individual policies), MassMutual, Northwestern Mutual, Prudential, and New York Life. We have heard that one of these five companies had done a substantial study on criminal history information in the underwriting process, but none mentioned such a study. We never connected with MassMutual. Of the others, three stated that they had no information to share.

(continued)

Phase III: Smaller Life Insurance Companies

We submitted an online survey (Attachment One) via email to roughly 700 companies, from which we received (as of March 11, 2026) 173 responses. This data will now be analyzed to glean all the information we can from the responses to draw out themes and common practices.

All information to be included in the final report will be aggregated in a way that speaks to the insurance industry as a whole. We do not know which companies submitted any specific survey.

We asked commissioners* to send a letter to their domestic life insurers or life insurers doing business in their state to encourage participation in the survey, if they felt comfortable doing so and were willing to do so. Attached to this document is a letter we drafted for commissioners or DOIs to send. (Attachment Two) Of course, we had the expectation that commissioners would modify the document as they saw best to suit the purpose. We greatly appreciate the response from the commissioners who were able to make the request. Based on the volume of my discussions with insurance companies seeking additional information, the letters were very effective in bringing in additional responses.

We hope to get the last of the data analyzed and the report written as timely as possible while maintaining the quality of the analysis.

I am happy to address any questions or concerns regarding the study. I can be reached at kedmiston@naic.org.

* I use the term "commissioners" to account for all commissioners, superintendents, and directors of insurance.

Use of Criminal History in Life Insurance

Start of Block: Demographics

Q38 Dear Life Insurance Carrier, We are sending this questionnaire to all life insurers doing business in the United States. The questionnaire is one of three phases of a research project described below. On behalf of the Society of Actuaries (SOA) Research Institute and the Center for Insurance Policy & Research (CIPR) at the National Association of Insurance Commissioners (NAIC), we would like to invite you to participate in a joint research project examining the use of criminal history (CHx) in life insurance decision-making in the United States. The objective of this project is purely fact-finding. The objective of the SOA-CIPR study is to inform regulators. Regulators have heard from consumer advocates, and to a much lesser extent, industry advocates, on this issue, but they have received few in any insights from life insurance companies themselves. Engaging perspectives from all parties is critical to ensure that any future regulatory approaches are informed by practical realities and focused on meaningful outcomes, rather than perceptions that may not fully reflect current practices. Both the SOA and the CIPR are well-established and esteemed research organizations for whom unbiased research is fundamental, with no advocacy. David Schraub is the lead researcher on this project as an independent contractor, with support from Kelly Edmiston of the NAIC's CIPR. We understand the importance of confidentiality and adhere to strict protocols to protect your information. All responses will be shared only with David Schraub and Kelly Edmiston. They will not be disclosed to other SOA or NAIC staff, insurance companies, competitors, or any other stakeholders. Additionally, all findings will be presented in a manner that prevents identification of individual sources or information, and all data will be aggregated.

Page Break

Q1 In terms of annual premium volume, is your company:

- Small (less than \$1B) (1)
- Medium (between \$1B and \$10B) (2)
- Large (more than \$10B) (3)

End of Block: Demographics

Start of Block: Underwriting

Q2 Does your company use applicant criminal history data in the underwriting process for the following products? Select all that apply.

	Yes (1)	No (2)	Don't Know (3)	Not applicable (do not offer product) (4)
Whole Life (1)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Term Life (2)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Indexed Life (3)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Universal Life (4)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Variable Life (5)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Variable Universal Life (6)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Long-Term Care (7)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Other (please specify below) (8)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Skip To: End of Block If Does your company use applicant criminal history data in the underwriting process for the followi... [Yes] (Count) =

Q3 If other, please specify additional product line(s):

Q4 Does your company's definition and use of criminal history include the following distinctions? Select all that apply.

- Misdemeanor (1)
 - Felony (2)
 - Parole (3)
 - Conviction vs incarceration (4)
 - Incarceration length (5)
 - Incarceration facility type (6)
 - Juvenile record (7)
 - Pending charges (8)
-

Q5 Roughly what percentage of annual applications include a consideration of criminal history data? (That is, what percentage are found to have criminal history data that is actively

considered in the underwriting process, according to your company's business practices, whether or not the consideration changes the outcome).

- Less than 1% (1)
 - Between 1-4% (2)
 - Between 5-10% (3)
 - Between 10-25% (4)
 - More than 25% (5)
-

Q6 Does your company vary its practices regarding applicant criminal history by product?

- Yes (1)
- No (2)

Skip To: End of Block If Does your company vary its practices regarding applicant criminal history by product? = Yes

End of Block: Underwriting

Start of Block: Additional comments

Q7 Any additional information you would like to share?

Q8 Please provide a company contact if we have any questions regarding your responses.

Name (1) _____

Email (2) _____

End of Block: Additional comments

Start of Block: Underwriting Question Loop by Product

Q9 Please select how your company asks the applicant for criminal history information during the underwriting process for [\\${Im://Field/1}](#):

Through a question in a policy application (1)

Through an authorization for data pull (2)

Both (3)

Other (please explain) (4)

Q10 If other, please explain:

Q11 When an applicant's criminal history is actively considered in the underwriting process for [\\${Im://Field/1}](#), how might that history impact coverage? Select all that apply,

- Denial of coverage (1)
- Negative impact in the risk classification (2)
- Postpone application (3)
- No impact (4)
- Other (please specify below) (5)

Q12 If other, please specify how criminal history may impact the applicant's coverage:

Q13 What is your rationale for using criminal history in the underwriting process for [\\${Im://Field/1}](#)? Select all that apply.

- Included in reinsurer's underwriting manual (1)
 - Internal study (2)
 - External study (3)
 - Other (4)
 - Not applicable (5)
-

Q14 Additional comments (optional):

Q15 Where criminal history is used for [\\${Im://Field/1}](#), is it used for:

- All policies (1)
 - A subset of policies (2)
-

Q16 If for only a subset of [\\${Im://Field/1}](#) policies, what is the subset criteria (e.g. only policies with face amount above \$X)?

Q17 How does your company address any inconsistencies in voluntarily provided and externally sourced data regarding a [\\${Im://Field/1}](#) applicant's criminal history?

- Data obtained from external sources is always considered more credible (1)
- Voluntarily obtained data is always considered more credible (2)
- Inconsistencies are considered on a case-by-case basis (3)
- Not applicable (only one source is used) (4)
- Other (5)

Q18 If other, please explain:

Q19 For those $\{\text{Im://Field/1}\}$ applications that involve active consideration of criminal history data, what rough percentage falls into each of the following underwriting results? Total should = 100%.

Denied coverage : _____ (1)

Coverage offered at a less preferred risk class : _____ (2)

Postponed application : _____ (3)

No impact : _____ (4)

Other : _____ (5)

Total : _____

End of Block: Underwriting Question Loop by Product

Start of Block: Additional Context

Q20 Do you use criminal history data in other functions of the insurance value chain besides underwriting at the time of sale (e.g. checking if the applicant was truthful in the application process at time of claim adjudication)?

Yes (1)

No (2)

Q21 If yes, please explain:

Q22 How long have you used criminal history?

- Less than one year (1)
 - 1 to 5 years (2)
 - 5 to 10 years (3)
 - More than 10 years (4)
-

Q23 Has your definition of criminal history changed over time?

- Yes (1)
 - No (2)
 - Don't know (3)
-

Q24 If yes, in what way has your definition of criminal history changed?

End of Block: Additional Context

Start of Block: Data Quality

Q25 Do you have a process for each of the following:

	Yes (1)	No (2)	Conducted by Data Provider (3)	Don't Know (4)
Ensuring sealed or expunged records are not included (1)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Handling overturned convictions, plea bargains vs. trial convictions, dropped charges (2)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Allowing individuals to challenge the data (3)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Ensuring accurate, up-to-date information (4)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Aggregating multiple records for a single incident (5)	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Q26 Please list the vendor(s) from which you receive criminal history data:

End of Block: Data Quality

Start of Block: Underwriting Question Loop All Products

Q27 Please select how your company asks the applicant for criminal history information during the underwriting process:

- Through a question in a policy application (1)
 - Through an authorization for data pull (2)
 - Both (3)
 - Other (please explain) (4)
-

Q28 If other, please explain:

Q29 When an applicant's criminal history is actively considered in the underwriting process, how might that history impact coverage? Select all that apply,

- Denial of coverage (1)
- Negative impact in the risk classification (2)
- Postpone application (3)
- No impact (4)
- Other (please specify below) (5)

Q30 If other, please specify how criminal history may impact the applicant's coverage:

Q31 What is your rationale for using criminal history in the underwriting process? Select all that apply.

- Included in reinsurer's underwriting manual (1)
- Internal study (2)
- External study (3)
- Other (4)
- Not applicable (5)

Q32 Additional comments (optional):

Q33 Where criminal history is used, is it used for:

- All policies (1)
 - A subset of policies (2)
-

Q34 If for only a subset of policies, what is the subset criteria (e.g. only policies with face amount above \$X)?

Q35 How does your company address potential inconsistencies in voluntarily provided and externally sourced data regarding an applicant's criminal history?

- Data obtained from external sources is always considered more credible (1)
 - If inconsistent, more credibility is given to data from external sources (2)
 - If consistent, both sources are considered credible (3)
 - If inconsistent, more credibility is given to voluntarily provided data (4)
 - Not applicable (only one source is used) (5)
 - Other (6)
-

Q36 If other, please explain:

Q37 For those applications that involve active consideration of criminal history data, what rough percentage falls into each of the following underwriting results? Total should = 100%.

Denied coverage : _____ (1)

Coverage offered at a less preferred risk class : _____ (2)

Postponed application : _____ (3)

No impact : _____ (4)

Other : _____ (5)

Total : _____

End of Block: Underwriting Question Loop All Products

[INSERT DEPARTMENT OF INSURANCE LETTERHEAD]

[Insert Name of Domestic Life Insurer]

[Insert Address]

February 2026

[Insert Name of Primary Contact at Life Insurer]:

Re: Short Survey on Criminal History and Life Underwriting

The [Center for Insurance Policy & Research](#) (CIPR), which is the core research arm of the National Association of Insurance Commissioners (NAIC), is working with a contracted independent actuary, David Schraub, and the [Society of Actuaries \(SOA\) Research Institute](#) to conduct a study on the use of criminal history in life insurance decisions. The goal of the project is to better understand how insurers use criminal history, particularly in their underwriting practices, but also in their claims management processes, with a secondary objective to better understand the relationship between criminal history, particularly incarceration, and morbidity and mortality.

At the current stage of the project, the research team is asking life insurance companies, including yours, to respond to a very brief digital survey on if and how they use criminal history in their underwriting.

Responding to this survey is not mandatory, but I encourage you to participate. The NAIC has heard from several advocates, most of them opposed to the use of criminal history in life underwriting, but has not yet heard from individual life insurance companies. The survey allows insurance companies an opportunity to explain if, when, and why they use criminal history in life insurance underwriting, providing a proper balance to the story the NAIC has heard thus far.

As noted in the survey itself, data will be held in the strictest confidence. Only Mr. Schraub and Dr. Kelly Edmiston, CIPR policy research manager, will have access to the survey data. Nothing will be shared with departments of insurance, the NAIC, the SOA, or more broadly.

Thank you for considering participation in the survey.

Sincerely,

[Insert Name of Insurance Commissioner/Superintendent/Director]

cc: Kelly Edmiston kedmiston@naic.org