Draft: 11/3/26

Life Insurance and Annuities (A) Committee
Virtual Meeting
October 27, 2026

The Life Insurance and Annuities (A) Committee met Oct. 27, 2026. The following Committee members participated: Doug Ommen, Chair (IA); Anita G. Fox, Vice Chair (MI); Mark Fowler (AL); Julia Dreier (MN); Susan Ochs represented by Dave Wolf (NJ); Kaitlin Asrow represented by William B. Carmello (NY); Judith L. French represented by Matt Elston (OH); TK Keen (OR); Amanda Crawford represented by Rachel Hemphill (TX); Scott A. White represented by Craig Chupp (VA); and Nathan Houdek (WI).

1. Adopted its Summer National Meeting Minutes

Director Fox made a motion, seconded by Hemphill, to adopt the Committee's Aug. 18 minutes (*see NAIC Proceedings – Summer 2026, Life Insurance and Annuities (A) Committee*). The motion passed unanimously.

2. Adopted the 2027 GRET

Hemphill said the Society of Actuaries (SOA) annually provides the Life Actuarial (A) Task Force with an update to the Generally Recognized Expense Table (GRET). She said the Task Force unanimously adopted the updated 2027 GRET on Sept. 17 and recommends its adoption by the Committee.

Hemphill made a motion, seconded by Wolf, to adopt the 2027 GRET (*see NAIC Proceedings – Fall 2026, Executive (EX) and Plenary Committee, Attachment ?*). The motion passed unanimously.

3. Adopted its 2027 Proposed Charges and Those of the Life Actuarial (A) Task Force

Hemphill explained that the Life Actuarial (A) Task Force added a proposed charge addressing requests for non-U.S. mortality tables. She explained that this summer was the second summer that the Task Force received and considered requests for non-U.S. mortality tables. The initial requests were received during Summer 2025. At that time, Task Force members indicated that additional information was needed before it could consider approval of non-U.S. mortality tables. In response, the Task Force adopted amendment proposal form (APF) 2025-13, effective for the 2027 *Valuation Manual*. APF 2025-13 provides background for companies to submit additional support for their non-U.S. mortality table requests, including reserve impacts, actual-to-expected ratios, and supporting narratives. This year, companies making requests were able to refer to APF 2025-13 and provide additional information that Task Force members had indicated they needed before approval could be considered. While more Task Force members were comfortable considering approval, the Task Force was still split. Concerned Task Force members noted that information from the SOA or a country's local actuarial organization providing details on the development of the table, which is information consistent with the type of updates received in the U.S., had not been provided.

Hemphill said NAIC committee support and the requesting companies were coordinating with the SOA and with local actuarial experts to provide the table development details that Task Force members requested. Since the Summer National Meeting, the Task Force heard a presentation on the Canadian table. The newly formed Non-U.S. Mortality Technical Review Group under the Task Force, led by Missouri, heard a presentation on the Chinese

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table. Four other countries have pending requests for review. Hemphill said the Task Force intends to continue reviewing requests in manageable increments.

Hemphill explained that U.S. insurers regulated by the states have international insured lives valued under VM-20, Requirements for Principle-Based Reserves for Life Products. Because mortality experience differs among countries, the Task Force seeks to determine whether an appropriate mortality table is available for each international insured life.

Ommen said the Committee was not contemplating any changes to its charges for 2027. He noted that charges can be updated or modified as issues arise. Kim O'Brien (Federation of Americans for Consumer Choice—FACC) asked whether the work on annuity suitability best practices, uniformity, training, and enforcement remained within the 2027 charges. Commissioner Ommen explained that the work remains with the Annuity Suitability (A) Working Group under its general charge to "promote greater uniformity in the adoption of the *Suitability in Annuity Transactions Model Regulation* (#275) across NAIC member jurisdictions."

Director Fox made a motion, seconded by Wolf, to adopt the Life Actuarial (A) Task Force's and the Life Insurance and Annuities (A) Committee's 2027 proposed charges (*see NAIC Proceedings – Fall 2026, Executive (EX) and Plenary Committee, Attachment ?*). The motion passed unanimously.

4. Discussed Other Matters

Director Fox encouraged Committee members to follow discussions concerning the placement within the NAIC organizational structure of ongoing risk-based capital (RBC) work. While RBC issues are not strictly within the purview of the Life Insurance and Annuities (A) Committee, actuarial and financial standards remain central to its work and that of the Financial Condition (E) Committee. She said that to the extent commissioner involvement is necessary, there are roundtables and other forums to bring items to commissioners' attention and not to take financial issues to Plenary too soon. Commissioner Ommen explained that this is an issue that has been raised at the Risk-Based Capital (E) Task Force, and he said he agreed that effective management of RBC work is important for life and annuity companies.

Director Fox also said there was confusion about whether certified public accountants (CPAs) may sign certain examination reports. She stated that this is already permitted when the report discloses the signer's credentials, so the receiving state understands who performed the review. Commissioner Ommen suggested the issue as a possible roundtable topic, and Director Fox said she would seek to place the matter on a roundtable agenda.

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

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NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

Virtual Meetings

LIFE INSURANCE AND ANNUITIES ILLUSTRATIONS (A) WORKING GROUP
September 15, 2026 / September 8, 2026 / September 1, 2026

Summary Report

The Life Insurance and Annuities (A) Working Group met Sept. 15, Sept. 8, and Sept. 1. During these meetings, the Working Group:

1. Discussed comments received on how best to address issues identified within annuity illustrations.

2. Discussed and reached preliminary consensus on the following concepts to include in revisions to the *Annuity Disclosure Model Regulation* (#245).
   A. Reduce illustration length through standardized requirements across carriers and products that reduce the illustration ledger length, combine illustration ledgers into single tables, and provide fewer redundancies between sections of Model #245.
   B. Include a signed attestation by a company officer to provide individual accountability for appropriate compliance with Model #245 requirements.
   C. Do not permit hypothetical returns for historical years during which an index did not exist, even if any input components to the index existed during those years.
   D. Either do not rely on illustrating non-guaranteed elements and/or historical index data (preferred by Working Group) or, if illustrating with historical index data, include adjustments or "haircuts" to the current level of non-guaranteed elements.
   E. Provide supplemental information through the following: 1) a one-period index term calculation of interest credited if the index goes up or down by a specified percentage (e.g., +/-20%); or 2) tables and/or visuals of alternate scenarios; and/or 3) if the proposal continues to include up/down scenarios in the illustration ledger, use the guaranteed scale as the "down" scenario.

3. Requested redline proposals to revise Model #245 consistent with the conceptual decisions made by the working group by Nov. 10.

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Life Insurance and Annuities Illustrations (A) Working Group
Virtual Meeting
September 15, 2026

The Life Insurance and Annuities Illustrations (A) Working Group of the Life Insurance and Annuities (A) Committee met Sept. 15, 2026. The following Working Group members participated: Ben Slutsker, Chair (MN); John Buono (AL); Cody Tyler (CA); Manny Hidalgo (CT); Russ Gibson and Johanna Nagel (IA); Jeff Varga (IL); Scott Shover (IN); Danielle Torres (MI); Michael Muldoon (NE); William B. Carmello (NY); Matt Elston (OH); Joshua Blakey (OR); Matthew Gendron (RI); Andreea Savu (SC); Kaleb Short (TN); Maribel Castillo, Angela McNeal, and Carol Lo (TX); Tomasz Serbinowski (UT); Craig Chupp, Melissa Gerachis, and Jarod Mentzer (VA). Also participating was: David Hippen (WA).

1. Heard a Recap of the Working Group's Sept. 8 Meeting

Slutsker reviewed the Working Group's Sept. 8 meeting. The Working Group discussed whether there should be a stopgap measure while revisions to the *Annuity Disclosure Model Regulation* (#245) are adopted in the states (Issue 5). The Working Group considered whether an actuarial guideline, a model bulletin, or a no-stopgap solution is preferable. After discussion, the Working Group agreed to have a model bulletin containing language similar to the revised model as a stopgap, but agreed to revisit the issue later, once revisions to Model #245 have been drafted.

Slutsker said the Working Group had made excellent progress toward reaching consensus on how to resolve issues identified for potential modifications in Model #245. The Working Group's previous two calls focused on how to address illustrated rates of return (Issue 4). The Working Group reached consensus on Issue 4A—Hypothetical Returns and agreed that the model should not illustrate returns for years in which the index did not exist, even if component indices existed during the historical illustration period. Regarding Issue 4B—Nonguaranteed Elements (NGEs), the Working Group preliminarily agreed that the treatment of NGEs in the current Model #245, with adjustments, was preferable to some other suggested alternatives, but expressed a strong interest in receiving alternative ideas for solutions that do not rely on NGEs or historical index data. The Working Group did not finish discussing Issue 4C—Additional Scenarios (including scenarios and information not based on recent history).

2. Discussed Issue 4C—Additional Scenarios and Supplemental Information

Slutsker explained that Issue 4C considers whether illustrations should include additional scenarios or other information that show a range of risks, such as high- and low-risk scenarios. Model #245 currently permits high and low illustrations based on the best and worst 10-year periods in the index's past 20 years. However, that period may not reflect the full range of potential outcomes or show that NGEs can change.

Slutsker said that, based on the comment letters received, there are four options to discuss: 1) extend historical periods used for high and low scenarios beyond the past 20 years; 2) replace the low scenario with a guaranteed scenario; 3) include supplemental tables, visuals, or alternate scenarios based on percentage reductions to NGEs, keeping in mind illustration length; or 4) prescribe up and down index-return scenarios (e.g., +/- 20%). He asked members to identify concepts that should move forward for more specific proposals.

Serbinowski cautioned that presentations of historical best, recent, and worst periods could create the impression that returns would remain within a narrow range. He said the Working Group should consider both what illustrations require and what they permit. Carmello supported option four, which shows standardized scenarios

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that do not project historical performance, similar to what the U.S. Securities and Exchange Commission (SEC) requires for variable annuities. He suggested showing prescribed index returns and standardized up-and-down scenarios. Blakey supported prescribed up-and-down scenarios and standardized flat-return scenarios. Torres agreed with Carmello and supports combining a guaranteed presentation with designated market-performance scenarios, with clear distinctions between guaranteed and nonguaranteed results.

Bonnie Burns (California Health Advocates—CHA) emphasized that any revision should prioritize uniformity and clear explanations, while reducing the number of pages of numerical projections. Peter Gould, an annuity owner, said fixed percentages could improve product comparisons and supported the inclusion of a year-by-year presentation of guarantees. Elston said it is important to preserve information showing how differently designed indexes may behave. Slutsker and Elston discussed whether actual index-return history or volatility information could address that concern without using historical performance as a projection. Michael Villa (Farm Bureau Financial Services) emphasized that standardized index-return assumptions should still allow consumers to see how product features, such as different caps, affect results.

Blakey suggested that actual index history could appear in supplemental information rather than serve as a basis for projected product returns. Burns cautioned that additional documents and pages could also overwhelm consumers. She urged the Working Group to focus on formatting and on clear distinctions between guaranteed and nonguaranteed information. Gould suggested developing sample presentations so the Working Group could assess their clarity. Slutsker said comments on the upcoming exposure should include mockups or visual examples. Birny Birnbaum (Birny Birnbaum Consulting) urged the Working Group to focus illustrations on how products operate rather than on hypothetical future-performance scenarios. He said illustrations should explain material product features and changes in caps, expenses, and other components. He also recommended consumer testing of any redesigned illustration. Jerry Vanderzanden (Life Insurance Consumer Advocacy Center—LICAC) supported using visuals where possible and focusing on demonstrating product operation.

Carmello asked how an illustration limited to guaranteed values can convey to consumers that NGEs have changed in the past and will change in the future. Birnbaum said illustrations should be limited to a single crediting period to demonstrate how a product operates without projecting long-term results. He said the whole point is to eliminate scenarios, whether hypothetical or guaranteed. Birnbaum said there is no way to encompass all that a consumer needs to understand on a piece of paper. If a consumer wants to see how the product may work in the future, they should work with a financial planner to review all the moving parts.

Villa said that an illustration only showing guaranteed values will not show how a product works; it will only show the minimum a product will offer, which is as unlikely to occur as any other future scenario. He is concerned about being overly focused on the potential for people to abuse the scenario chosen instead of providing information similar to what is provided on the life side, an illustration based on the history of known index values used as a going-forward rate. While it is not perfect, consumers would have a better idea of how a product may perform going forward and how one company's product may differ from another. Villa said he would like to ensure that the new illustration rules do not inhibit the ability to show how two products will operate differently in the future. Serbinowski asked whether there is a way to automatically show changes in a product's NGEs in future years, rather than saying they are using current parameters when they know that they are not offered in future years.

Slutsker summarized where the Working Group landed regarding the four options discussed under Issue 4C – Additional Scenarios and Supplemental Information. The Working Group was not in support of pursuing option one: extending historical periods for high and low scenarios. Regarding the remaining options two through four, the Working Group supported: 1) continued consideration of a guaranteed scenario and one-crediting-term demonstrations; 2) tables and visuals showing alternate scenarios, provided they do not materially increase illustration length; and 3) prescribed up and down index scenarios.

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3. Discussed its Next Steps

Slutsker explained that there would be an exposure period ending Nov. 10, asking for proposals amending Model #245 to incorporate conceptual decisions made by the Working Group. He said he would like the proposals to include a memo that succinctly describes any proposed changes, along with a visual example or a mock-up illustration, if possible. Redline changes to the model can be included, as well. He requested that all proposals incorporate the following preliminary conceptual decisions made by the Working Group:

A. Reduce illustration length through standardized requirements across carriers and products that reduce the illustration ledger length, combine illustration ledgers into single tables, and provide fewer redundancies between sections of Model #245.
B. Include a signed attestation by a company officer to provide individual accountability for appropriate compliance with Model #245 requirements.
C. Do not permit hypothetical returns for historical years during which an index did not exist, even if any input components to the index existed during those years.
D. Either do not rely on illustrating non-guaranteed elements and/or historical index data (preferred by Working Group) or, if illustrating with historical index data, include adjustments or haircuts to the current level of non-guaranteed elements.
E. Provide supplemental information through the following: 1) a one-period index term calculation of interest credited if the index goes up or down by a specified percentage (e.g., +/-20%); or 2) tables and/or visuals of alternate scenarios; and/or 3) if the proposal continues to include up/down scenarios in the illustration ledger, use the guaranteed scale as the “down” scenario.

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

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Draft: 9/25/26

Life Insurance and Annuities Illustrations (A) Working Group
Virtual Meeting
September 8, 2026

The Life Insurance and Annuities Illustrations (A) Working Group of the Life Insurance and Annuities (A) Committee met Sept. 8, 2026. The following Working Group members participated: Ben Slutsker, Chair (MN); Sanjeev Chaudhuri (AL); Cody Tyler (CA); Manny Hidalgo (CT); Mike Yanacheak (IA); Scott Shover (IN); Nour Benchaaboun (MD); Danielle Torres (MI); Michael Muldoon (NE); William B. Carmello (NY); Matt Elston (OH); Joshua Blakey (OR); Matthew Gendron (RI); Andreea Savu (SC); Maribel Castillo, Rachel Hemphill, Angela McNeal and Mathew Roos (TX); Tomasz Serbinowski (UT); and Craig Chupp, Melissa Gerachis, and Jarod Mentzer (VA). Also participating was: David Hippen (WA).

1. Discussed the Working Group's Sept. 1 Meeting

Slutsker summarized the Working Group's prior discussions of illustrated rates of return (Issue 4), which were divided into three categories: hypothetical returns (Issue 4A), nonguaranteed elements (NGEs) (Issue 4B), and additional scenarios (Issue 4C). He said the Working Group had reached consensus against permitting illustrations of hypothetical returns for years before an index existed. In discussing NGEs, the Working Group expressed concern that reflecting current levels of NGEs in historical periods, such as caps or participation rates, could create a potential mismatch. In states without the current *Annuity Disclosure Model Regulation* (#245), the current practice is to illustrate historical index returns using current NGEs. Under the current Model #245, if an index has existed for more than 10 years, illustrations of historical index returns using current NGEs are permitted. The Working Group discussed three possible options for NGEs. The first option would continue the current practice of showing current NGEs at their level throughout the illustration. The second option would show current NGEs with a simplified adjustment or haircut. The third option would show the NGEs that would have been afforded by the option budget in past years. Slutsker said the Working Group's sense was that, if history is to be illustrated, the approach should broadly follow the second option, and that there was substantial interest in exploring an alternative approach that does not rely on NGEs or historical data.

2. Discussed Potential Stopgap Solutions

Slutsker reminded the Working Group that it had previously discussed having an interim solution while revisions to Model #245 are adopted in the states (Issue 5). He asked members and interested parties to consider whether an actuarial guideline, a model bulletin, or no stopgap solution is preferable.

Carrie Haughawout (American Council of Life Insurers—ACLI) said the ACLI supported continuing work on Model #245 before determining whether an interim measure was necessary. She said any interim measure should complement the revised model rather than create a separate regime. She added that a regulatory bulletin would be more appropriate than an actuarial guideline if a stopgap solution became necessary.

Ryan Berends (Indexed Annuity Leadership Council—IALC) said the IALC's position was consistent with the ACLI's position.

Dan Schelp (NAIC) explained that actuarial guidelines assist states in interpreting statutes involving actuarial topics and are not intended to revise statutes. He said an actuarial guideline addressing illustrations would need to remain consistent with the applicable model requirements. Schelp also described model bulletins as administrative guidance of lower authority than model laws and regulations. He said the available accounting

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guidance did not clearly provide an enforcement mechanism for an actuarial guideline concerning illustrations that were not included in the *Valuation Manual*. Schelp clarified that he was describing existing NAIC guidance and was not providing a legal opinion.

Hippen said revisions to Model #245 should remain consistent with the annual statement interrogatory addressing illustrations. Blakey initially supported an actuarial guideline and suggested adding actuarial requirements to annuity illustrations. Carmello also supported an actuarial guideline as a stopgap while work on Model #245 continued. Slutsker said a model bulletin might be more practical because the Working Group had not determined whether actuarial elements would be included in the model revisions or which model could support an actuarial guideline.

Gendron said the *Suitability in Annuity Transactions Model Regulation* (#275) could provide authority and language for a model bulletin concerning consumer disclosures. Hemphill said an actuarial guideline appeared less appropriate because the Working Group was considering substantive changes rather than a narrow clarification. Benchaaboun also leaned toward a model bulletin but questioned how it would operate in a state that had not adopted Model #245. Schelp and Gendron said a state would need existing legal or regulatory authority to support a bulletin, and Gendron identified Model #275 as a possible source. Slutsker also identified the unfair trade practices authority as another possibility.

Hippen said connecting an interim measure to Model #275 and the annual statement interrogatories could offer advantages, but Washington would need to determine how a bulletin could operate under its current annuity illustration requirements. Hemphill said the mix of actuarial and non-actuarial changes also supported considering a model bulletin. Blakey then supported a model bulletin if it could be connected to a model Oregon had adopted.

Bonnie Burns (NAIC Consumer Representative) encouraged the Working Group to make minimum benefits easy for consumers to identify. Brenda Cude (NAIC consumer representative) said consumers also need plain-language explanations of how the products operate. Benchaaboun noted that Model #245 requires an annuity buyer's guide and said another working group was updating that guide. Cude questioned how required disclosures differ from illustrations. Elston supported an interim solution but said the proposal did not appear actuarial and indicated Ohio was not issuing bulletins, so he would likely abstain from a poll that did not offer an appropriate option for Ohio.

Slutsker conducted an informal poll regarding the Working Group's preference for a stopgap solution. Based on the poll, the Working Group agreed conceptually with the idea of a model bulletin containing language similar to the revised model as a stopgap, subject to further consideration of how it would operate in participating states. Slutsker said the Working Group might revisit the issue later, once revisions to Model #245 have been drafted.

2. <u>Discussed Additional Scenarios and Supplemental Information</u>

Slutsker introduced the next issue for discussion, additional scenarios and supplemental information (Issue 4C). Slutsker asked whether revisions to Model #245 should include additional scenarios or provide other information to present a range of risk. The question arises out of a concern that the past 20 years do not provide a full range of possible high and low scenarios that could occur and do not indicate that NGEs may change. States that have not adopted the most recent version of Model #245 show high and low scenarios based on the best and worst 10-year period within the past 20 years of index history, using current NGEs. In states with the current Model #245, if an index has existed for more than 10 years, high and low scenarios based on the best and worst 10-year period within the past 20 years of index history, using current NGEs, can be shown. Slutsker presented four options for dicussion: 1) develop high and low scenarios based on index history beyond the past 20 years, if available; 2)

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replace “low” scenario with “guaranteed” scenario; 3) add supplemental tables, visuals, or illustration scenarios based on percentage haircuts to NGEs; and 4) include an up and down X% index return scenarios (e.g., +/-20%), not based on history.

Berends said the IALC had proposed replacing the low scenario with the guaranteed scenario and using a 30-year period to determine the high scenario. Carmello opposed historical projections and supported a standardized, modest projection approach. He also supported prescribed up-and-down scenarios that demonstrate how product features, including caps, operate.

Blakey cautioned that combining a longer historical period for selecting a high scenario with the replacement of the low scenario by the guaranteed scenario could omit the effects of market declines. He supported prescribed up-and-down scenarios as more transparent than historical information. Benchaaboun also leaned toward prescribed scenarios because they could explain product mechanics, including caps and spreads, more clearly to consumers.

Hippen noted that Model #245 does not cover registered index-linked annuities, whereas the annual statement interrogatory and Model #275 do. Slutsker said the Working Group was beginning with fixed indexed annuities for process purposes but had not completed its discussion of registered index-linked annuities.

Peter Gould (Retired) said information describing the range of risk should be consistent with the buyer’s guide and suitability requirements and should account for what consumers receive before signing an application and paying a premium. He suggested prominent disclosures regarding the absence of Federal Deposit Insurance Corporation (FDIC) coverage and limits of state guaranty association coverage.

Slutsker asked whether members objected to further consideration of supplemental tables or visuals and prescribed up-and-down scenarios. Gendron expressed concern that supplemental information could lengthen already complex illustrations. He suggested limiting illustrations to one or two pages, with visuals and tables on one page and explanatory text on the other. Blakey supported shorter illustrations and suggested using a non-personalized visual explanation of how the buyer’s guide and product concepts apply, rather than incorporating an individual consumer’s premium and withdrawal information.

3. Discussed its Next Steps

Slutsker said the Working Group would schedule another call to complete its discussion of additional scenarios and supplemental information (Issue 5). He invited the American Academy of Actuaries (Academy) to discuss its comments during the next call. Slutsker also said he planned to announce an exposure requesting proposals, including potential redlined language, once the Working Group reaches consensus on the remaining issue (Issue 5).

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

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Life Insurance and Annuities Illustrations (A) Working Group
Virtual Meeting
September 1, 2026

The Life Insurance and Annuities Illustrations (A) Working Group of the Life Insurance and Annuities (A) Committee met Sept. 1, 2026. The following Working Group members participated: Ben Slutsker, Chair (MN); Sanjeev Chaudhuri (AL); Cody Tyler (CA); Manny Hidalgo (CT); Doug Ommen and Mike Yanacheak (IA); Jeff Varga (IL); Nour Benchaaboun (MD); Danielle Torres (MI); Michael Muldoon (NE); William B. Carmello (NY); Matt Elston (OH); Joshua Blakey (OR); Andreea Savu (SC); Bill Huddleston and Kaleb Short (TN); Maribel Castillo, Rachel Hemphill, and Carol Lo (TX); Tomasz Serbinowski (UT); Melissa Gerachis and Craig Chupp (VA). Also participating was: David Hippen (WA).

1. Heard Introductory Remarks from Commissioner Ommen

Commissioner Ommen expressed support for the direction of the Working Group. He said it is important to test the effect of proposals under consideration and to precisely identify the concerns being addressed. As an example, he said the term "backcasting" has had different meanings over the years, and that the practice the Working Group has evaluated might be better described as hypothetical index performance history—charts and illustrations depicting index performance during years when the index did not actually exist.

Commissioner Ommen said the Life Insurance and Annuities (A) Committee at its meeting during the Summer National Meeting heard presentations on registered index-linked annuities (RILAs). While the primary interest of the Committee at this time is fixed-indexed annuities, the Working Group also needs to monitor federal market regulation of RILAs. He said that, during the Working Group's most recent call, members discussed companies that have used hypothetical index performance history for years before an index was publicly recognized, and that the Financial Industry Regulatory Authority (FINRA) reached a similar conclusion and does not allow the use of hypothetical index performance histories in RILA marketing or illustrations.

Commissioner Ommen said illustrations or charts that create unrealistic expectations in the minds of annuity holders are unfair and deceptive and present a reputational risk to the business. He said there is consensus in the Working Group on the problems of creating and using hypothetical index performance histories, and he encouraged the Working Group to continue building consensus on the remaining issues, such as illustrating non-guaranteed elements (NGEs).

2. Heard a Recap of the Working Group's Prior Discussions

Slutsker recapped the Working Group's prior discussions. The Working Group reached consensus on the conceptual direction to take on several issues: 1) illustration length; 2) disclosures; 3) accountability ; and 4) hypothetical performance histories. The Working Group reached a general consensus on reducing illustration length by standardizing and reducing the illustration ledger, reviewing for redundancies between the narrative summary and Section 5 of the *Annuity Disclosure Model Regulation* (#245), and standardizing and combining the illustration ledger. Slutsker said the concept of standardization was added to reflect interest in greater consistency across companies, though not necessarily identical illustrations.

On disclosures, Slutsker said there was no single type of disclosure that the Working Group fully endorsed. He said existing disclosures have not been shown to be effective, that emphasizing currently required disclosures could be helpful, and that additional disclosures might not address the identified issues and could increase illustration

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length. He said disclosure ideas would be considered in future proposals, but that no specific type of disclosure had been agreed upon.

On accountability, Slutsker said there was general agreement on holding an individual accountable through an attestation or certification of compliance with Model #245, with the specifics to be determined. He said there was a majority consensus that the attestation could be signed by a company officer rather than an actuary, and that an illustration of the actuary concept could be revisited if specific actuarial exercises are added.

The Working Group had decided in principle not to permit the illustration of hypothetical index returns for years in which the index did not exist, with all but one member supporting that outcome. He said this includes components or inputs of indices that existed during the historical period, and that the Working Group discussed clarifying that illustrating such components is also not permitted.

3. Discussed Non-Guaranteed Elements

Slutsker said he would like to start discussing the treatment of non-guaranteed elements (NGEs) in illustrations. He described three general options for illustrations of NGEs based on history. The first option would continue the current practice of showing current NGEs at their level throughout the illustration. The second option would show current NGEs with a simplified adjustment or haircut. The third option would show the NGEs that would have been afforded by the option budget in past years. Slutsker said the third option is theoretically appealing but presents practical challenges and added complexity, referencing *Actuarial Guideline XLIX—The Application of the Life Illustrations Model Regulation to Policies with Index-Based Interest* (AG 49). He also described a separate alternative approach that would not rely on historical data or NGEs. Slutsker asked which of the three options members preferred if history is illustrated, and whether the Working Group should remain open to proposals that do not rely on history or NGEs.

Carmello said he would not favor illustrating history and that, in his understanding, FINRA does not allow historical results to be shown in variable annuity illustrations. He said using current caps and participation rates on historical data does not make sense, and that if history is to be illustrated, only the third option—basing caps and participation rates on what would have been available at that time—would be appropriate.

Ryan Berends (Athene) spoke on behalf of the Indexed Annuity Leadership Council (IALC). He said the concept of planned changes to NGEs is the most material point under this heading, and that introducing a certification requirement, which is already in Model #245, would create additional accountability. Berends cautioned that the third option must remain internally consistent because applying the option budget of a product priced to today's economics to historical option costs could produce outcomes that do not make practical sense, for example, if option costs were materially lower in the past. He said changes in option cost relative to when a contract is priced and issued matter more than the absolute level of option costs. Berends also said the primary illustration should reflect the product and value proposition the customer is buying today, and that requiring a significant reduction in NGEs after the first crediting term, a scenario not likely to occur, could reduce consumer confidence in FIAs.

Carrie Haughawout (American Council of Life Insurers—ACLI) said the illustration should remain closely aligned with the product and continue to serve as an effective tool for producers and advisors. She said the ACLI is evaluating options and exploring alternatives that improve customer understanding while addressing regulator concerns. Haughawout said the third option is significantly more challenging for consumers and companies because it requires additional education on option budgets and adds complexity. She said the second option is simpler than the third but does not align with current or expected NGEs and may create confusion, with impacts varying by product design, and the first option is relatively straightforward and aligns with consumer

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understanding but has raised regulator concerns. She said the ACLI is continuing to explore alternatives that balance consumer understanding with regulatory objectives.

Yanacheak offered an alternative for consideration. He said variable annuities are not projected at historical rates but at standardized rates, with disclosure of historical returns for the available sub-accounts. Yanacheak asked whether the IALC or the ACLI would consider disclosing historical performance figures—such as one-, three-, five- and 10-year returns—without projecting them forward, paired with a standardized projection. Haughawout and Berends each said they were willing to consider the suggestion and discuss it further. In response to a question from Slutsker, Haughawout said she would not set aside the three options without first discussing the alternative with ACLI members, and that the ACLI was also considering an approach between the first and second options. Berends said the appeal of a standardized, tabular approach is understandable, but that showing the variability of outcomes within a fixed index annuity from crediting term to crediting term has value that could be lost with a fully levelized growth-rate assumption, and that historical index performance can help demonstrate that variability.

Hippen said the annual statement includes an interrogatory regarding NGEs and illustrations that apply to both life insurance and annuities. He said the interrogatory addresses whether current NGEs applied to illustrations are, or can reasonably be expected to be, supportable in the future, which points toward the first option. Hippen said to be consistent with the interrogatory, that would be the most appropriate direction for Model #245, unless the interrogatory is also changed. Carmello said the interrogatory is not tied to history and would not imply using historical results, and Hippen agreed that it concerns whether current illustrations are reasonably expected to come to pass. Slutsker said this related to the earlier discussion about disciplined current-scale testing.

Serbinowski said he supported Yanacheak's proposal. He said using a standardized basis rather than historical performance for projections would avoid incentivizing companies to design strategies—such as particular index weightings or combinations of participation rates and caps—that perform well in historical backtesting, which he described as unhealthy. Serbinowski said illustrating figures such as one-, five-, and 10-year returns would better convey that future returns are uncertain, and that showing only best- and worst-case returns over a single 10-year period could mislead consumers into expecting a similar return. He expressed interest in exploring a standardized projection going forward, paired with historical returns shown over varying periods, similar to how mutual fund returns are presented.

Hemphill said the history of AG 49 leads her to seek an approach that will avoid similar repeated iterations in the future. She shared Carmello's concerns about the first option and said the third option has theoretical appeal but raises concerns about complexity, operational burden, and inconsistent implementation, which could create an unlevel playing field. Hemphill said she had leaned toward a variant of the second option, or an approach between the first and second options, and suggested phrasing the second option more broadly to capture a simpler adjustment or alternative approach that improves on the first option without the complexity of the third.

Blakey said Oregon likes the prescriptive nature of the third option but is concerned that its complexity could create loopholes or inconsistent interpretations. He said the first option is a non-starter and that the Working Group's goal also includes addressing deceptive and misleading illustrations. Blakey said the second option is a good middle ground, but that prescriptive haircuts could create loopholes as crediting parameters vary or as companies develop new parameters. He suggested an adjustment for renewal rates using generic language—such as allowing nothing more favorable to the consumer than a set percentage of the current publicized rate—so that it would apply to current and future crediting parameters. Blakey said he would lean away from approaches that do not rely on NGEs, because they are integral to the products, but that moving away from history is worth exploring.

Elston said Ohio would suggest avoiding the third option if it is complicated and unworkable despite its theoretical value. He asked whether Yanacheak's suggestion contemplated showing historical index returns or historical interest credited rates. Slutsker said it appeared to contemplate at least historical index returns, and that historical credited rates would require further consideration. Yanacheak said his suggestion was a thought experiment, that he had no strong preference, and that he was seeking a practical, workable solution.

Carmello clarified that he does not favor showing history going forward, but that if history must be shown, fairness would require the third option because the other options mix historical data with the current option budget. He said he would support including current NGEs with a standardized projection, similar to variable annuities.

Lo said the illustration should be simple and avoid misleading older adults who are seeking stable growth in retirement. She said that after the first year or initial guarantee period, caps and participation rates can drop significantly, and that companies may divide a product into subgroups by policy duration, with higher participation and caps for new business and lower rates at later durations. Lo suggested using the average NGEs for policyholders with three or more years of duration, rather than current new-business rates, so that the illustration would not show the highest caps and participation rates for the entire projection period. Slutsker said this was closer to the second option and addressed the concern of an initial drop in NGEs, sometimes called the teaser rate issue.

Gene Hauser (IALC) said he favored a middle-ground approach in which index history is shown in tabular form without pulling actual index history and NGEs into the projection. He said the second option should accompany the first rather than replace it, thereby allowing companies to educate consumers on why NGEs might change. Hauser said the current Model #245 attestation refers to planned changes, which he understands to mean changes in the liability spread and option budget rather than anticipated future investment yields. On the third option, Hauser cautioned that bringing historical option costs into the calculation would tend to produce higher cap rates because option costs are currently at historical highs. Berends said the Working Group should not assume that the teaser rate approach is the industry standard, describing it as the exception rather than the norm, and noting that many customers have experienced level renewal rates.

Slutsker conducted a poll of Working Group members on the three options for illustrating history and on the alternative approach, and he invited abstentions. Benchaaboun voiced support for the second option, and Shover voiced support for the alternative approach. Slutsker said the sense of the Working Group was that, if history is to be illustrated, the approach should be broadly along the lines of the second option, and that there was substantial interest in exploring an alternative approach. He said the Working Group would look for proposals reflecting those directions.

4. Discussed its Next Steps

Slutsker said that during the Working Group's next meeting, he would like to discuss addressing the two remaining issues: additional scenarios and supplemental information (issue 4C) and a stopgap solution focused on a model bulletin or actuarial guideline (issue 5). He said the Working Group would likely then expose more specific proposals and redlined language.

Having no further business, the Working Group adjourned.

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NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS

Virtual Meetings

ANNUITY BUYER'S GUIDE (A) WORKING GROUP
November 9, 2026 / October 30, 2026 / September 24, 2026

Summary Report

The Annuity Buyer's Guide (A) Working Group met Nov. 9, Oct. 30, and Sept. 24. During these meetings, the Working Group:

1. Discussed comments received on draft revisions to the *NAIC Annuity Buyer's Guide* (Buyer's Guide).

2. Agreed to develop a shorter Buyer's Guide that would direct consumers to an NAIC-maintained online resource where consumers can obtain additional information about annuities. The Working Group will continue to work on the online resource.

3. Adopted a revised Buyer's Guide.

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Draft: 11/13/26

Annuity Buyer's Guide (A) Working Group
Virtual Meeting
November 9, 2026

The Annuity Buyer's Guide (A) Working Group of the Life Insurance and Annuities (A) Committee met Nov. 9, 2026. The following Working Group members participated: Lauren Van Buren, Chair (WI); Matthew Gendron, Vice Chair (RI); John Buono (AL); Jeff Varga (IL); Nour Benchaaboun (MD); Laura Hall and Danielle Torres (MI); Maggie Reinert (NE); Gregory S. Arce and Victoria W. Fowler (NH); Kaleb Short (TN); Maribel Castillo, Angela McNeal, Mathew Roos, and Rachel Hemphill (TX); and Melissa Gerachis and Jarod Mentzer (VA).

1. Reviewed the Nov. 2 Draft Buyer's Guide

Van Buren said the Nov. 2 draft *NAIC Annuity Buyer's Guide* (Buyer's Guide) had been posted on the Working Group's web page for a final review. She said adoption by the Working Group at this meeting would allow the NAIC Membership to review the text and consider its approval at the Life Insurance and Annuities (A) Committee at the Fall National Meeting. She said an approved Buyer's Guide would be in a position to be consumer tested in the near future. She also said the Committee could consider revisiting the *Annuity Disclosure Model Regulation* (#245) provisions governing the delivery of the most recent Buyer's Guide in the future.

Wayne Mehlman (American Council of Life Insurers—ACLI), speaking on behalf of the industry coalition—the Insured Retirement Institute (IRI), the ACLI, the Committee of Annuity Insurers (CAI), and the National Association for Fixed Annuities (NAFA)—said he had submitted some technical revisions to the Nov 2 draft. Van Buren reviewed the proposed edits, which provided technical clarification, improved flow, and reordered product definitions. Gendron supported the proposed edits.

Peter Gould, speaking as an annuity owner, said he continued to prefer a comprehensive guide paired with the shorter document. He said an online guide would be useful but should not replace printed versions because some consumers lack access to, or experience using, online materials. He said a longer guide could explain fixed indexed annuity features, including caps, participation rates, and spreads. He recommended adding information explaining that: 1) annuities are not covered by Federal Deposit Insurance Corporation (FDIC) insurance; 2) state guaranty association coverage may apply; and 3) the insurer named in the contract is responsible for paying benefits. He also recommended advising consumers to work with a qualified and experienced agent, obtain a sample contract, review guarantees, and monitor the insurer's financial strength as well as the policy's performance. He said a longer resource could also explain how to review an agent's disciplinary history, compare insurers' financial strength, review complaints, and understand separate-account protections for variable annuities.

Van Buren said she and Gould had exchanged emails about his proposed revisions before the meeting. She said the drafting group generally did not support shifting responsibility for reviewing insurer solvency to consumers and questioned including FDIC information in a concise guide. She said the Working Group appreciated Gould sharing his experience as a consumer.

Gendron said consumer complaints in Wisconsin and Rhode Island showed that consumers did not use the existing guide because it was unwieldy. He said he supported a concise, required guide supplemented by a more comprehensive online resource. He said Gould's recommendations could be considered for the longer resource but could overwhelm consumers if added to the short guide. Gendron noted that recent Pew research data indicates 97% of Americans have access to the internet. Gendron noted that a working group under the Market

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Regulation and Consumer Affairs (D) Committee was looking at improving consumer access to producer information and suggested waiting until that work was completed.

Beth Keith (American Academy of Actuaries—Academy) recommended deleting "some" from a statement that annuities are intended to provide income payments over time because all annuities provide an income option. Van Buren agreed that the edit clarified the statement, and Benchaaboun supported the change.

2. Adopted the Revised Buyer's Guide

Gendron made a motion, seconded by Benchaaboun, to adopt the Nov. 2 draft Buyer's Guide, as revised by the industry coalition and Academy edits (Attachment XX). The Buyer's Guide will be considered for adoption by the Life Insurance and Annuities (A) Committee at the Fall National Meeting.

Having no further business, the Annuity Buyer's Guide (A) Working Group adjourned.

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Draft: 11/10/26

Annuity Buyer's Guide (A) Working Group
Virtual Meeting
October 30, 2026

The Annuity Buyer's Guide (A) Working Group of the Life Insurance and Annuities (A) Committee met Oct. 30, 2026. The following Working Group members participated: Lauren Van Buren, Chair (WI); Matthew Gendron, Vice Chair (RI); John Buono and Anthony Williams (AL); Jeff Varga (IL); Nour Benchaaboun (MD); Laura Hall and Danielle Torres (MI); Adam Clayton (NE); Gregory S. Arce and Victoria W. Fowler (NH); Glynda Daniels (SC); Kaleb Short (TN); Maribel Castillo, Angela McNeal, Mathew Roos, and Rachel Hemphill (TX); and Melissa Gerachis and Jarod Mentzer (VA).

1. Reviewed Comments Received on the Oct. 13 Draft of the Buyer's Guide

Van Buren thanked commenters for submitting comments on the Oct. 13 draft of the *NAIC Annuity Buyer's Guide* (Buyer's Guide). She said the proposals that further the goal of communicating plainly to consumers or add needed technical clarification without adding unnecessary complexity will be prioritized. She said the drafting group plans to meet to address comments that were submitted. Van Buren explained that the Oct. 13 draft, which is much shorter than the previous drafts, reflects her experience with annuity consumer complaints over the past nine years. She stated that in her experience, consumers did not understand product features even when they had received the existing Buyer's Guide and it contained the relevant information. She said the shorter draft focuses on information that would have helped those consumers. An example of how the Oct. 13 draft guide might look once it is formatted was posted on the Working Group's web page and includes callout boxes and columns. The final guide will be formatted by NAIC publications staff.

Van Buren said she envisions the shorter Oct. 13 draft as the Buyer's Guide required by the *Annuity Disclosure Model Regulation* (#245). She said the details that were part of the earlier drafts but not included in the Oct. 13 draft will be part of an online guide that the Working Group will continue to develop. The online guide is intended to supplement the required Buyer's Guide. Consumers will be able to use a QR code in the Buyer's Guide to access a longer guide online and find definitions and more detailed information. She said the supplemental material in the online guide will make the NAIC a source of consumer information rather than private websites.

Sarah Wood (Insured Retirement Institute—IRI), speaking on behalf of the joint trades—the IRI, the American Council of Life Insurers (ACLI), the Committee of Annuity Insurers (CAI), and the National Association for Fixed Annuities (NAFA)—supported the shorter guide and layered approach. She said the joint trade's redline comments sought to improve accuracy and readability without materially expanding the guide, and she identified accurate product descriptions as a priority suggestion. Wood requested a reasonable transition period for providing the new Buyer's Guide.

Kim O'Brien (Federation of Americans for Consumer Choice—FACC) said the FACC supports the comments in the joint trade letter as well as the shortened guide. She recommended modifying the statement in the guide's introduction that says "… some, but not all insurance agents, may also be financial advisors" because consumers may understand who is a financial advisor differently. She suggested explaining that other financial professionals may offer products other than annuities. Van Buren agreed that the sentence needed clarification.

Peter Gould, speaking as an annuity owner, said the Buyer's Guide and annuity illustration projects were parts of the broader sales process. He said the full sales process needs to be examined and improved, as standalone updates to the Buyer's Guide and illustrations are not going to make a difference for consumers. For example,

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Model #245 requires the Buyer's Guide to be provided to consumers at the time of application in a face-to-face sale, or within five days after an application is received if there is no face-to-face meeting. In reality, however, the buying decision is made long before an application is submitted. Gould said it was imperative for the Buyer's Guide to go through rigorous consumer testing. He said a shorter document could serve as an introduction, but that a full Buyer's Guide addressing all the complexities inherent in purchasing and owning an annuity needs to be provided to consumers. He said a short guide with a QR code linking to an online guide is not a Buyer's Guide; it is a cheat sheet. He said not all consumers have access to a computer or a smartphone, and it is unduly burdensome to require consumers to go online to access information not in the Buyer's Guide. Gould said his opinion is that, while the online guide is a good idea for consumers who would like to access the information online, every consumer should receive a hard copy of the full Buyer's Guide.

Van Buren provided some feedback on Gould's comments. She explained that the best interest revisions to Model #275 were focused on improving the sales process, and those revisions have been very effective. Since the widespread adoption of Model #275 in the states, the number of annuity complaints states see has been greatly reduced. At this point in time, she did not think there would be much of an appetite to revisit how the sales process occurs or what standards agents are held to when selling annuities. Van Buren said she understood Gould's concern with the Buyer's Guide delivery at the time of application; however, the timing requirements in Model #245 are outside the scope of this Working Group's charge. She said that from a regulatory perspective, the delivery requirement needs to be tied to concrete action. Gould suggested that there could be a requirement that the Buyer's Guide be delivered a week or 10 days before the application could be submitted. Van Buren said such a requirement could create a waiting period and recommended raising that in the context of discussions about revising Model #245.

Van Buren agreed that consumer testing was important and said an approved guide was needed before testing would be useful. She said testing could inform a future revision. Gould identified information he believed was missing, including risks related to insurer financial strength, limits of state guaranty association coverage, the absence of Federal Deposit Insurance Corporation (FDIC) protection, the identity and ownership of the issuing insurer, and the fact that only the insurer named in the contract backs the policy. Van Buren said some of the information mentioned is related to insurer solvency, which is the responsibility of the state insurance regulator rather than consumer guide content. Gould said the short guide could reference those topics and the longer guide could discuss them in greater detail.

Beth Keith (American Academy of Actuaries—Academy) supported the shorter guide and recommended removing duplicative material. She suggested using "financial market" or "market" instead of "stock market," asked whether changing "accumulation value" to "account value" was intentional, and recommended limiting discussion of tax status because the source of funds could require a longer explanation. Van Buren said the drafting group would address the market terminology and tax issue. She said "accumulation value" was more technically precise, but "account value" had been selected as a simpler term for consumers.

2. Discussed its Next Steps

Van Buren said she expected to reconvene the drafting group to discuss proposed revisions, followed by another Working Group meeting. She said once the Working Group adopts the revised Buyer's Guide, it may be considered for adoption by the Life Insurance and Annuities (A) Committee at the Fall National Meeting. Van Buren said that the Fall National Meeting is earlier than usual, but the work, rather than the timeline, would determine when the project was complete.

Having no further business, the Annuity Buyer's Guide (A) Working Group adjourned.

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Draft: 11/13/26

Annuity Buyer's Guide (A) Working Group
Virtual Meeting
September 24, 2026

The Annuity Buyer's Guide (A) Working Group of the Life Insurance and Annuities (A) Committee met Sept. 24, 2026. The following Working Group members participated: Lauren Van Buren, Chair (WI); Matthew Gendron, Vice Chair (RI); Yada Horace and John Buono (AL); Jeff Varga (IL); Nour Benchaaboun (MD); Anita G. Fox and Danielle Torres (MI); Maggie Reinert (NE); Gregory S. Arce and Victoria W. Fowler (NH); Glynda Daniels (SC); Kaleb Short (TN); Maribel Castillo and Rachel Hemphill (TX); and Melissa Gerachis (VA).

1. Reviewed Comments Received on the Aug. 3 Draft of the Buyer's Guide

Van Buren explained that comments received on the Aug. 3 draft *NAIC Annuity Buyer's Guide* (Buyer's Guide) reflected broad agreement on the guide's objective, but disagreement over how much information it should contain. She said the guide should be understandable to consumers, accurately describe products in the marketplace, and identify questions and risks consumers should consider before and after purchasing an annuity. She expected the Working Group to make extensive revisions addressing both individual provisions and the guide's organization and flow.

Director Fox summarized Michigan's comments, which were developed with NAIC consumer representative Brenda J. Cude (University of Georgia). Director Fox said the Buyer's Guide should clearly explain that an annuity is one product to consider within an overall financial plan. The Buyer's Guide should help consumers understand how an annuity may fit their needs, what questions to ask an adviser, and what rights they have after purchase. Cude said the Buyer's Guide should be as readable as possible while recognizing that many annuities are complex products that cannot always be explained simply.

Gendron asked about the timing for the delivery of the Buyer's Guide Guide and how that informs the content in it. Director Fox agreed that timing affects the information consumers need. She supported considering a succinct introduction for consumers unfamiliar with annuities, while retaining enough information for consumers who would like to delve deeper before making a significant long-term financial decision. Cude said consumer education should address the product, the consumer's goals and financial circumstances, the producer, and the insurer. She suggested the Buyer's Guide could identify its product-focused scope and use a searchable format that allows consumers to read sections relevant to their questions.

Benchaaboun asked how the Buyer's Guide could balance technical definitions with readability and encourage consumers to consult their contracts. Cude said the definitions had been simplified where possible, but some concepts remained complex. She said question-form headings and links from terms to definitions could help consumers locate answers to specific questions. Director Fox and Cude also discussed supplemental educational materials and outreach to increase awareness and provide information when consumers are considering an annuity.

Beth Keith (American Academy of Actuaries—Academy) asked whether the Buyer's Guide would apply to all annuities or only deferred annuities and whether a separate insurance-only version would be needed for persons who cannot discuss variable annuities. She asked the Working Group to consider both the Academy's redlined draft and its condensed version. Keith also asked whether a Buyer's Guide used at the point of sale should serve the same purpose as broader consumer education and whether generic industry terms could conflict with

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contract-specific terminology. Van Buren said the Working Group would consider both Academy submissions and its technical comments in the next revision.

Sarah Wood (Insured Retirement Institute—IRI), speaking on behalf of the joint trades—the IRI, the American Council of Life Insurers (ACLI), the Committee of Annuity Insurers (CAI), and the National Association for Fixed Annuities (NAFA)—said the Aug. 3 draft was clearer and easier to follow than the prior draft. She said the joint trades' edits focused on readability, placing concepts with the applicable product type, and using defined terms consistently. The joint trades also suggested expanding the discussion of lifetime income options. Wood asked the Working Group to confirm that the final Buyer's Guide would replace prior NAIC Buyer's Guides and satisfy the Buyer's Guide requirements in the *Annuity Disclosure Model Regulation* (#245), noting that state requirements reference different guide years and titles. Gendron offered to help identify and address state-specific implementation issues. Kim O'Brien (Federation of Americans for Consumer Choice—FACC) said FACC supported the comments in the joint trade letter and had no additional comments.

Peter Gould, speaking as an annuity owner, explained that the artificial intelligence (AI)-generated material appended to his letter was illustrative and was not proposed as a replacement for the Aug. 3 draft. He said his 13 proposed additions addressed purchase risks and insurer financial condition, emphasizing that an annuity's promised benefits may not be tested for decades. He said consumers should receive the Buyer's Guide before applying for an annuity and that presale and immediate post-sale communications should be coordinated and consumer-focused. Gould also recommended consumer testing and consideration of information needed by consumers who receive annuities through arrangements such as structured settlements or pension risk transfers.

Cude noted that other lines of insurance use both shopper's guides and buyer's guides. She suggested an online shopper's guide could provide additional content if the Working Group determined that a single buyer's guide could not serve all consumer education needs.

2. Discussed its Next Steps

Van Buren said she expected to reconvene the drafting group to discuss proposed revisions and then present those revisions to the Working Group. She said the draft would then proceed to the Life Insurance and Annuities (A) Committee and Plenary. Although the timeline was tight because the Fall National Meeting was earlier than usual, she said the timeline would not dictate the work product.

Director Fox and Cude offered to assist with incorporating comments, readability, and organization. Van Buren said interested parties would have an opportunity to review revisions. Gendron said the comment period produced substantial input that is very useful in developing a final draft.

Having no further business, the Annuity Buyer's Guide (A) Working Group adjourned.

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Adopted by Annuity Buyer's Guide Working Group on November 9, 2026
Adopted by Life Insurance and Annuities (A) Working Group on ?
Adopted by Plenary on ?

NAIC ANNUITY BUYER'S GUIDE

This guide is designed to introduce you to basic information about annuities. It is important to understand information about the annuity you are considering so you can make informed decisions about whether an annuity could fit into your financial plan. An annuity is a long-term contract issued by insurance companies and sold by licensed insurance agents. Not all insurance agents are licensed to sell all types of annuities.

UNDER STATE LAW, EVEN IF YOU'VE ALREADY BOUGHT YOUR ANNUITY, YOU MAY HAVE THE RIGHT TO CANCEL IT WITHIN A CERTAIN TIME PERIOD WITH NO PENALTY OR CHARGE. REFER TO THE FIRST PAGE OF YOUR ANNUITY CONTRACT FOR HOW TO CANCEL YOUR CONTRACT.

How might you use an annuity as part of your financial plan?

- To avoid outliving your savings: An annuity can provide regular income payments over time by annuitizing the contract. An optional rider may offer lifetime withdrawals if added to the annuity contract. If this is the reason you might buy an annuity, ask when payments could start, if lifetime payments are an option, and the cost of any optional rider.
- To manage certain market risks: Some annuities guarantee a minimum return for a period of time no matter what happens in the financial market. Other annuities require that you take on investment risk if you want your account value to grow.
- To postpone paying federal income taxes on the growth of your annuity's value: You generally don't pay income tax on the growth from an annuity until you withdraw money, receive income payments after annuitization, or a benefit is otherwise distributed from your annuity. Tax-deferred does not necessarily mean tax-free, and how you are taxed depends on the source of the money used to buy the annuity, for example, an IRA, a qualified retirement plan, a Roth account, or money that has already been taxed.
- To plan for unexpected events: Some annuities let you buy extra benefits that could, for example, help you pay for long-term care or give you access to cash if you have a critical illness. These benefits (called riders) may increase the cost of your annuity.
- To leave money to beneficiaries: Some, but not all, annuities pay a death benefit to your beneficiaries.

What are some things to consider before you buy an annuity?

- You should consider your financial goals and evaluate how an annuity will fit into your financial plan to help you reach those goals, including comparing to other options.
- Most annuities have a surrender charge period. If you withdraw more than the annuity contract allows (typically 5% - 10% annually) or cash out your annuity during that period, you may pay a surrender charge.
- Depending on the type of annuity that you buy, fees, charges, or adjustments may reduce your annuity's value or limit how much it grows.
- Annuities are intended to provide income payments over time and some of these features come with a cost. If you're considering an annuity because you may want future income payments, ask questions about the annuity's features, benefits, and costs to better understand how you can use it to meet your goals.

- If you choose to convert your annuity into a stream of scheduled income payments (referred to as annuitizing the contract), you generally can't withdraw the remaining account value later as a lump sum or change your income payment amounts.
- Some annuities include optional features, guarantees, or riders that have an additional cost. Before buying an annuity, you should consider that cost and think about how likely you are to use those features, whether it is worthwhile to pay the extra cost, and what impact the extra cost may have on the annuity's account value growth.

How can you use an annuity to get income payments?
Depending on the annuity contract, an annuity can provide income through a variety of payout options, including payments that continue for a specified period or for the rest of your life, a process commonly called annuitization. There are annuity contracts that allow withdrawals without annuitizing your contract, but you should consider if the withdrawal amount will be sufficient to meet your income needs.

TYPES OF ANNUITIES
Immediate Annuity: An immediate annuity is an insurance contract where you make a single payment or multiple payments in exchange for guaranteed, ongoing income. Income begins soon after the annuity contract purchase and continue for your lifetime or for a set period, or the later of the two.

Deferred Annuity: A deferred annuity is an insurance contract in which you pay money into the contract and the annuity may grow in value over time. Income payments (also may be referred to as annuitization) begin at a later date, should you choose to take payments.

Deferred Income Annuity (DIA): A DIA is a deferred annuity funded by a single or multiple payments in exchange for a guaranteed stream of income that starts in the future usually at a specific age or after a number of years you designate.

With both immediate annuities and DIAs, you generally cannot access your funds outside of the scheduled income payments and those payments continue for the rest of your life or the specified period.

Fixed Annuity (FA and MYGA): A FA and a multi-year guaranteed annuity (MYGA) are deferred annuities that grow at a guaranteed interest rate the insurer sets. Your annuity contract will state how long the interest rate is guaranteed. A MYGA is a type of fixed deferred annuity contract with a guaranteed interest rate for an initial multi-year period.

Fixed Indexed Annuity (FIA): A FIA is a deferred annuity that protects your principal while crediting interest based, in part, on the performance of one or more market index. It is important to understand that a FIA is an insurance product, not an investment in a market index. A FIA protects you from investment risk associated with financial markets, but your annuity's value may not grow as much as the market or as much as other types of annuities, particularly where you assume investment risk.

Variable Annuity (VA): A VA is a type of deferred annuity where your money is invested in subaccounts (funds of stocks, bonds, or money markets) and the value of your annuity changes based on the performance of the subaccounts. Because your money is invested in the financial markets, there is

higher potential for growth compared to fixed and fixed indexed annuities. However, because your returns depend on the financial markets, your annuity value can fall, and you can lose money you put into the annuity. Not all insurance agents can offer you this type of annuity, these products can only be sold to you by an insurance agent licensed to sell securities.

Registered Index-Linked Annuity (RILA and ILVA): A RILA, also called an indexed-linked variable annuity (ILVA), is a type of deferred annuity that will credit interest based on the performance of one or more market indexes, so you can lose money because of the index performance. A RILA/ILVA typically limits how much you can lose due to poor market index performance, but those limits generally only apply at certain designated times. Because you can lose money when a market index performance is poor, a RILA/ILVA is considered an investment similar to variable annuities. Not all insurance agents can offer you this type of annuity, these products can only be sold to you by an insurance agent licensed to sell securities.

When can you access your account value?
Annuities can limit your access to your money. If you purchase a SPIA or DIA, or annuitize a deferred annuity, you typically can no longer withdraw the account value as a lump sum. Instead, you receive income payments as described in your annuity contract.

Most deferred annuities have a surrender charge period, often 5 to 10 years, sometimes longer. You may be able to withdraw a portion of your cash value each year without a surrender charge, but charges may apply if you withdraw more than the annuity contract allows, typically 5% - 10% annually. Before you buy, make sure you understand when and how you can access your money and what charges may apply.

Can you replace an annuity with another annuity?
Yes. An annuity replacement is a transaction where you use the value of an existing annuity to buy a new annuity. A replacement may involve surrendering your current annuity or transferring all or part of your annuity's value to a new annuity. Replacing an annuity requires careful consideration. Your insurance agent should provide a comparison of your existing annuity and the proposed replacement annuity. If you replace your annuity during the surrender charge period, you may pay surrender charges. Even if your existing annuity is no longer subject to surrender charges, a new annuity will generally begin a new surrender charge period. You may also lose benefits, guarantees, or other features available under your existing annuity contract.

How is my insurance agent paid to sell me an annuity?
Insurance companies typically pay insurance agents a commission for selling an annuity. The commission is generally based on a percentage of your premium payment. You can ask how much the insurance agent expects to be paid by selling you any annuity. The insurance agent is required to act in your best interest and help you understand why any recommended annuity fits your financial needs.

How can I see how my annuity will work?
Your insurance agent may show you an annuity illustration, which is designed to help you understand how your annuity value might grow and demonstrate insurance features of the annuity. An annuity illustration is based on certain assumptions. **Illustrations are not promises or guarantees about how your annuity value will grow, if at all.** Ask your insurance agent which illustrated values are guaranteed and which are hypothetical.

After you buy an annuity

Read your annuity contract carefully. After you carefully read your annuity contract, you should be able to answer the following important questions:

- Is your personal information correct?
- Did you name a beneficiary?
- Do you understand what parts of the annuity contract are guaranteed and what parts can change?
- How may your annuity grow in value? Are there any features, costs, or benefits in the annuity contract that you expected to see but are missing, or any that you did not expect or do not understand?

Your insurance agent can help you understand anything that isn't clear in your annuity contract.

If you're not satisfied with your annuity contract, you can typically return it for a full refund within a certain period, usually 10 days, after you receive your annuity contract. The review period is stated on the first page of the annuity contract.

If you decide the annuity meets your financial needs, keep your annuity contract in a safe place where you can easily find it when needed. Review the annuity contract periodically and, if the annuity includes a death benefit, make sure your beneficiaries know how to access the annuity contract, or the information they may need.

Drafting Note: ADD LINK AND QR CODE TO ACCESS NAIC ANNUITY LONG GUIDE

PROJECT HISTORY

ANNUITY BUYER'S GUIDE

1. Purpose, Description of the Project, Date Adopted

The Annuity Buyer's Guide (A) Working Group was charged in 2026 by the Life Insurance and Annuities (A) Committee to "Review and revise the NAIC *Buyer's Guide for Deferred Annuities* in light of changes in the marketplace." The *Annuity Buyer's Guide* was revised to give consumers useful information about annuities, how they work, the differences among products, and the contractual features, limitations, costs, and risks they are most likely to encounter.

A regulator-only drafting group was created to revise the *Annuity Buyer's Guide*. Each draft was exposed for public comment by the Annuity Buyer's Guide (A) Working Group. Comments were discussed, and the *Annuity Buyer's Guide* was revised based on the comments received.

The Working Group voted to adopt the revised *Annuity Buyer's Guide* on Nov. 9.

2. Relationship to Federal Legislation, If Any

None.

3. Name of Group Responsible for Drafting the Model and States Participating

The Annuity Buyer's Guide (A) Working Group

Lauren Van Buren, Chair	Wisconsin	Maggie Reinert	Nebraska
Matthew Gendron, Vice Chair	Rhode Island	Gregory S. Arce/Victoria W. Fowler	New Hampshire
Yada Horace	Alabama	Glynda Daniels	South Carolina
Jeff Varga	Illinois	Kaleb Short	Tennessee
Nour Benchaaboun	Maryland	Maribel Castillo/Angela McNeal/Mathew Roos	Texas
Danielle Torres	Michigan	Melissa Gerachis/Jarod Mentzer	Virginia

4. Project Authorized by What Charge and Date First Given to the Group

The Life Insurance and Annuities (A) Committee 2026 charges included the following:

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

1. Review and revise the NAIC *Buyer's Guide for Deferred Annuities* in light of changes in the marketplace.

5. A General Description of the Drafting Process (e.g., drafted by a subgroup, interested parties, the full group, etc.). Include any parties outside the members that participated (attach a list)

Annuity Buyer's Guide drafts were written by a drafting group (Illinois, Maryland, Michigan, New Hampshire, Rhode Island, South Carolina, and Wisconsin).

Each draft of the *Annuity Buyer's Guide* was reviewed by the Annuity Buyer's Guide (A) Working Group on an open call and exposed for public comment.

Public comments were received from Maryland and Michigan; funded consumer representatives Bonnie Burns, Dick Weber, and Brenda J. Cude; annuity owner Peter Gould; and the following industry groups: American Academy of Actuaries (Academy), Aspida Life Insurance Company, Industry Coalition (American Council of Life Insurers [ACLI], Insured Retirement Institute [IRI], the Committee of Annuity Insurers [CAI], and National Association of Fixed Annuities [NAFA]) and the Federation of Americans for Consumer Choice [FACC].

6. A General Description of the Due Process (e.g., exposure periods, public hearings, or any other means by which widespread input from industry, consumers and legislators was solicited)

- On March 16, a chair draft of the *Annuity Buyer's Guide* was exposed for a 30-day public comment period ending April 16.

- The Working Group met April 20 to discuss comments received on the March 16 chair draft.

- The drafting group met on May 7, June 1, and Aug. 3 to discuss the comments received and revise the chair draft.

- On Aug. 4, the Annuity Buyer's Guide (A) Working Group met to review the Aug. 3 *Annuity Buyer's Guide* revised draft. The Aug. 3 draft was exposed for a 45-day public comment period ending Sept. 18.

- The Working Group met Sept. 24 to discuss comments received on the Aug. 3 draft.

- The drafting group met Oct. 6 and Oct. 9 to revise the draft based on the comments on the Aug. 3 draft. Based on the written comments on the Aug. 3 draft and the discussions during its Sept. 24 meeting, a shorter (4-page) *Annuity Buyer's Guide* draft was created. The drafting group agreed to continue working on a web-based consumer guide to annuities that will provide more comprehensive educational information.

- On Oct. 13, the Working Group exposed a revised (4-page) *Annuity Buyer's Guide* draft for a 15-day public comment period ending Oct. 28.

- On Oct. 30, the Working Group met to review and discuss comments received on the Oct. 13 draft.

- On Nov. 2, the Working Group exposed a revised *Annuity Buyer's Guide* for review and consideration of adoption during a Nov. 9 meeting.

7. A Discussion of the Significant Issues (items of some controversy raised during the due process and the group's response)

Revising the *Annuity Buyer's Guide* was not controversial. During public comment periods, regulators, the industry, and consumer representatives provided comments, expressed language preferences, and occasionally raised concerns about decisions to emphasize or not emphasize certain language in the guide. Every effort was made to make the *Annuity Buyer's Guide* technically accurate while recognizing the need for simplicity. The decision to create a shorter guide was in response to comments made by regulators and interested parties that more disclosure does not necessarily lead to greater understanding. The shorter *Annuity Buyer's Guide* will give consumers useful information about annuities, how they work, the differences among products, and the contractual features, limitations, costs, and risks they are most likely to encounter. Moving detailed content to an NAIC-maintained online guide allows the shorter guide to focus on essential information while directing consumers to the online guide for fuller explanations of complex annuity features.

8. List the key provisions of the model (sections considered most essential to state adoption)

The "most recent NAIC *Annuity Buyer's Guide*" is referenced in the *Annuity Disclosure Model Regulation* (#245). Incorporation of this revised *Annuity Buyer's Guide* into Model #245 is automatic once it is adopted by the NAIC Membership. Each state will need to review its laws to ensure that this revised NAIC *Annuity Buyer's Guide* is appropriately referenced. States will want to consider whether a transition period is appropriate as the industry switches to the new NAIC *Annuity Buyer's Guide*.

9. Any Other Important Information (e.g., amending an accreditation standard)

None.

Richard M. Weber, MBA, CLU

NAIC Consumer Representative

Life Insurance
Consumer Advocacy Center

We are working with a number of current consumer complaints and litigation due to the misleading **policy illustrations** projecting indexed life and annuity values

- There is no disciplined scale in IUL (or VUL). AG49 and its updates only address allowable illustration rates and features, not other important issues!

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- The use of constant crediting rates is unrealistic. Because agents most often use the illustration to describe policy benefits (but not risks), illustrations used in such a way are deceptive, and an agent with a fiduciary duty (CFP / IAR) must not use these illustrations with clients.

Issues of the Life Insurance Illustration Model #582 (1995) and Indexed Universal Life

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- The 0% / midpoint / current depictions have little value because it uses the *currently* calculated premium.

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- All new policies eventually become old policies and lose the benefits of being a new, actively marketed product. In a recent anecdotal survey, while several in-force policies saw slight increases in Cap rates when interest rates began rising in 2022, the trend in in-force Cap rates has been downward.

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Carriers have virtually total control over all pricing elements – not even agents realize this – and certainly not customers.

- “The best a policy will ever look is when it is first depicted in a sales illustration.”

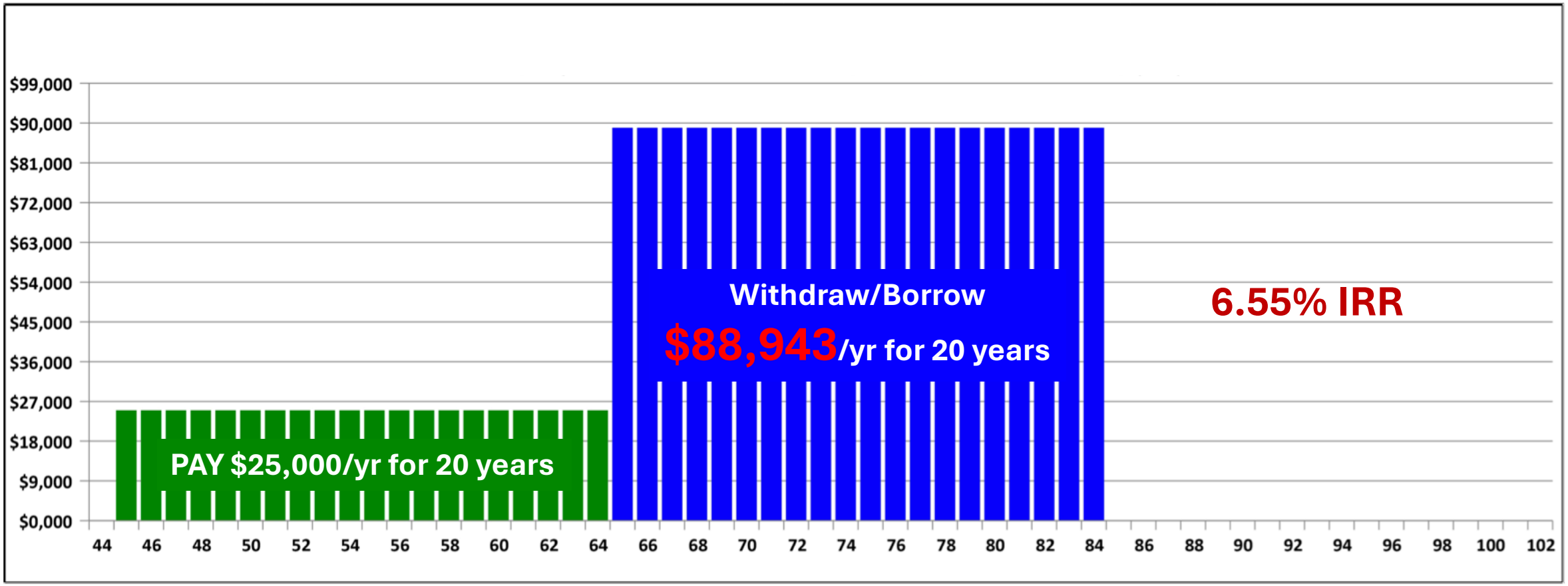
A practical analysis of these issues



Income-tax-free Retirement Income via IUL Life Insurance

The Illusion within the Illustration

Expected future annual premium(s) and income (loan / basis draws) with a 10.5% CAP



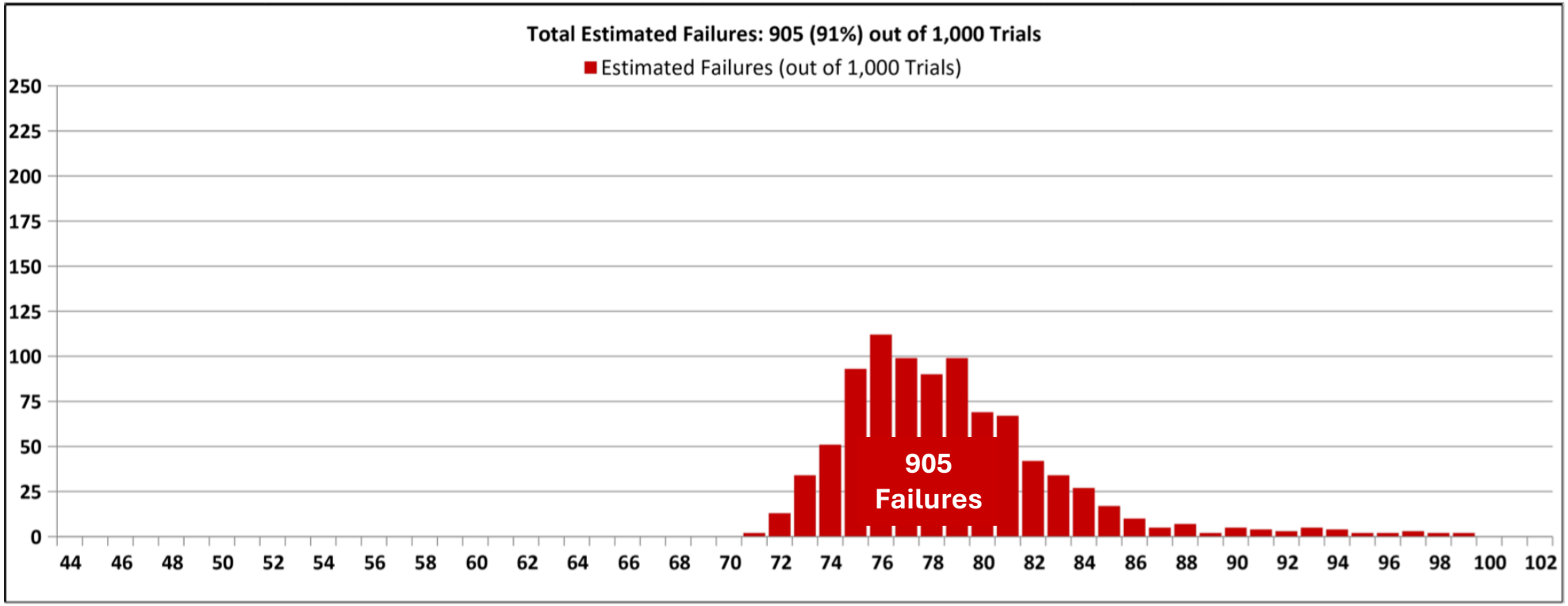
S&P500 | Cap: 10.50% | Floor: 0.00% | Participation: 100%



1000 Trials with Random Crediting Rates

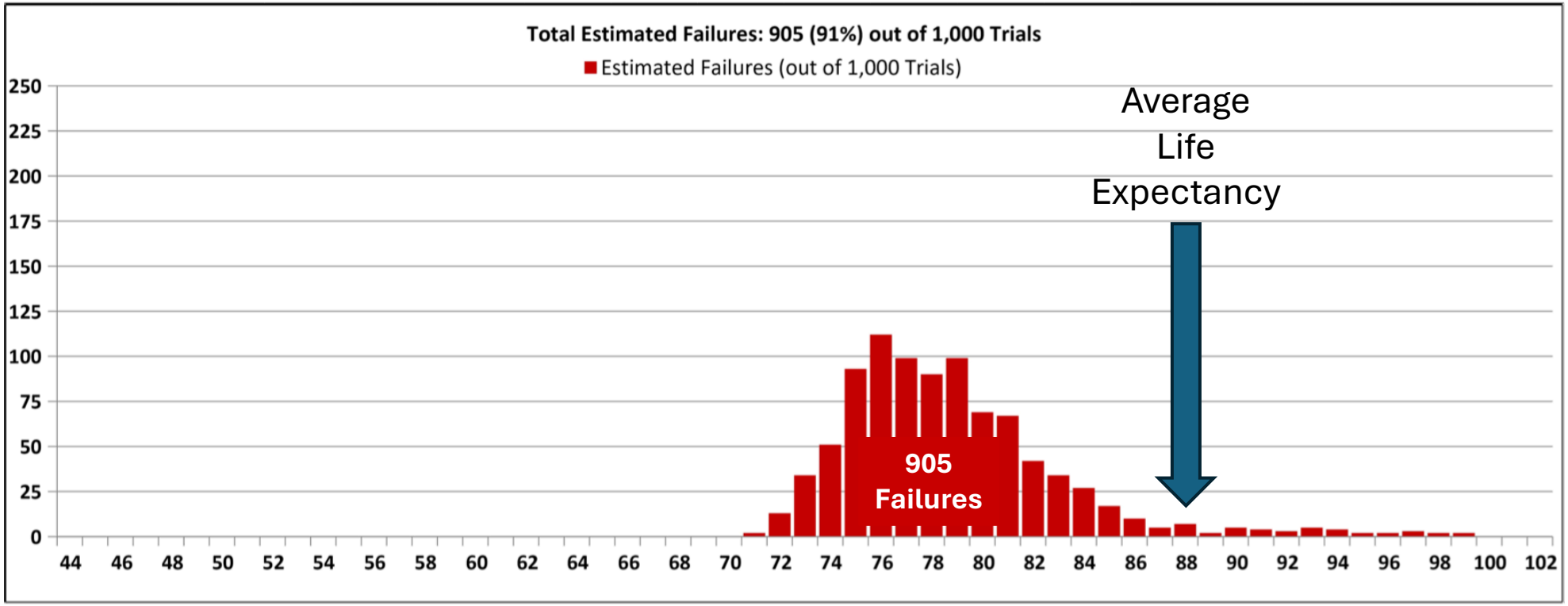
S&P500 | Cap: 10.50% | Floor: 0.00% | Participation: 100%

Probability of Success
10%



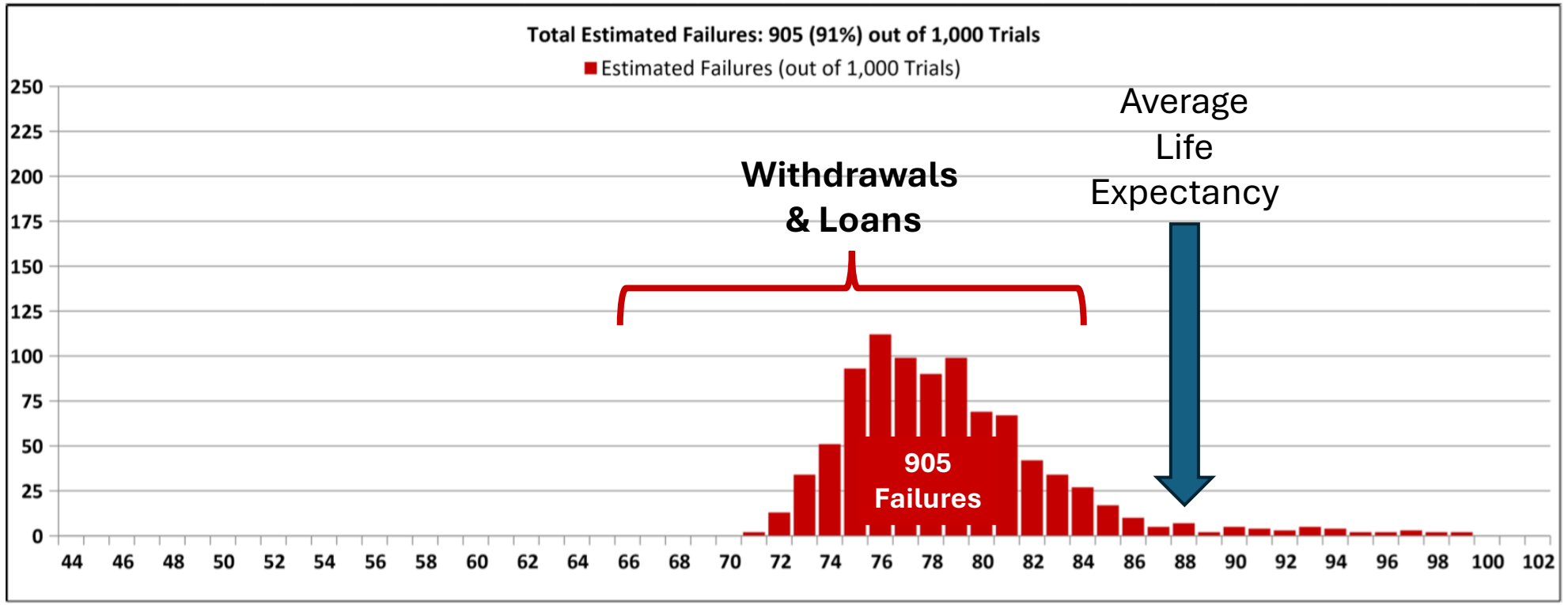
S&P500 | Cap: 10.50% | Floor: 0.00% | Participation: 100%

Probability of Success
10%



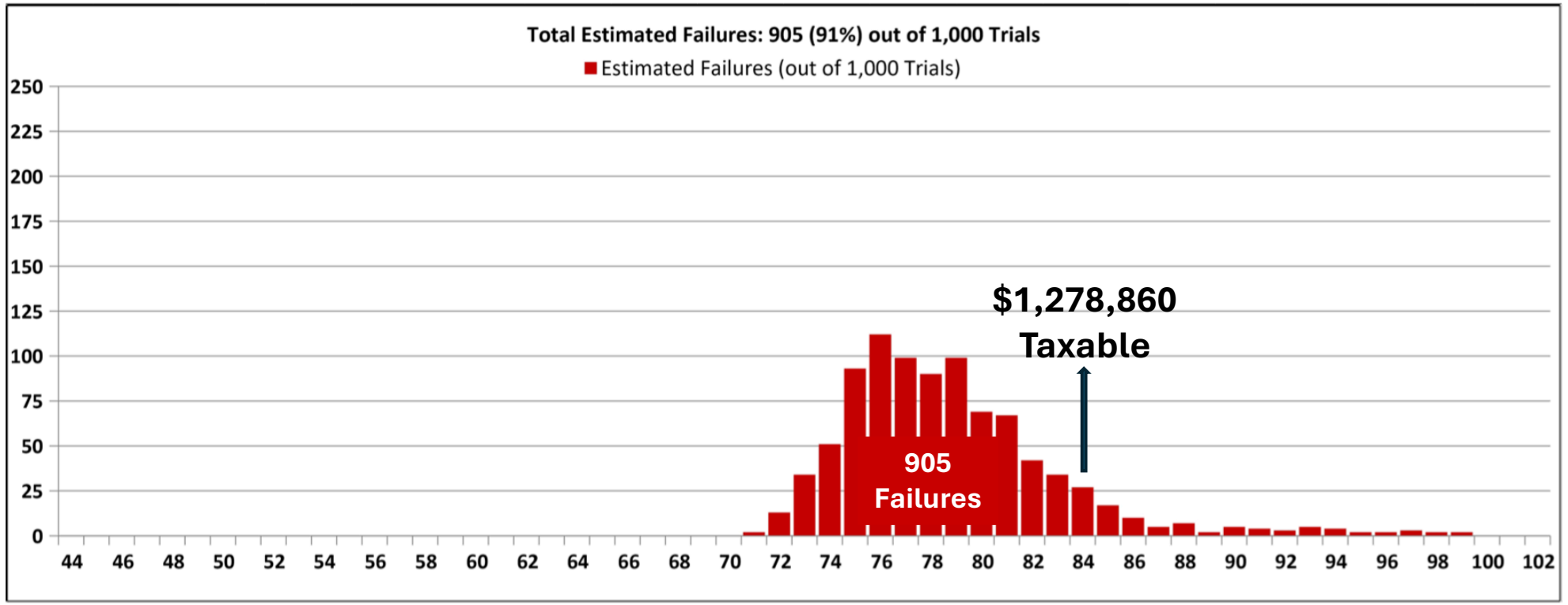
S&P500 | Cap: 10.50% | Floor: 0.00% | Participation: 100%

Probability of Success
10%



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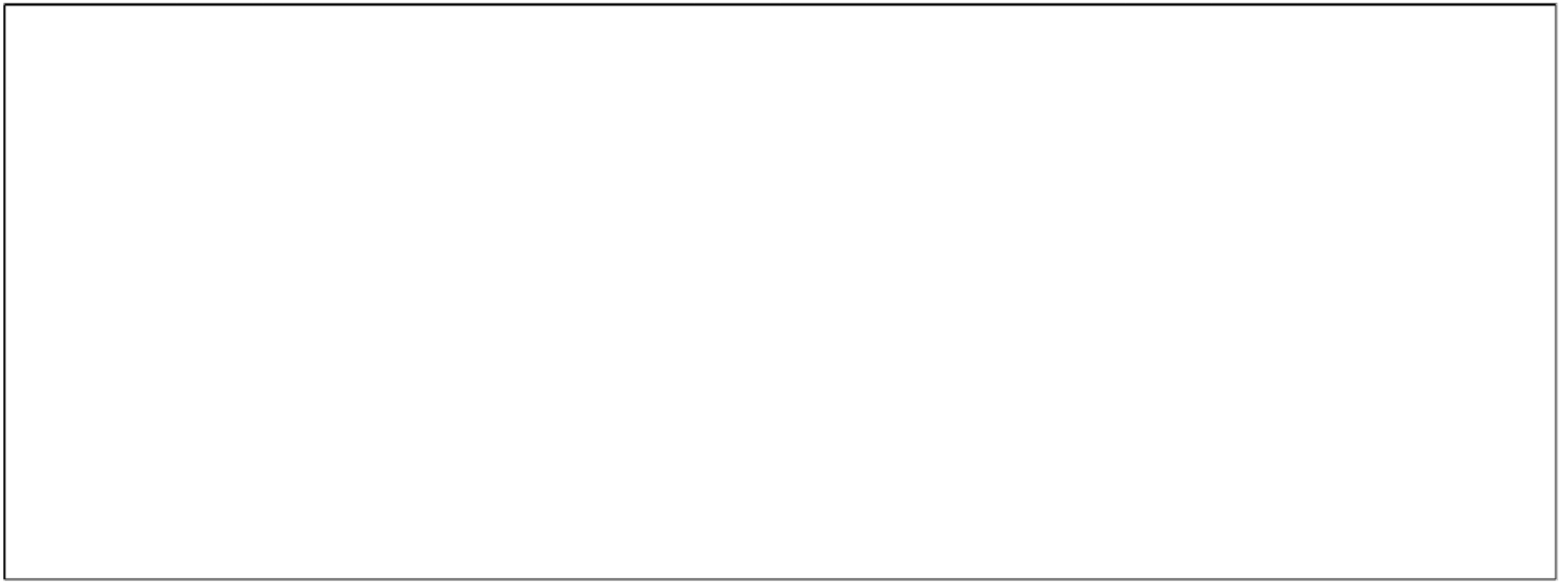
Probability of Success
10%



What are the full disclosure presentation options?

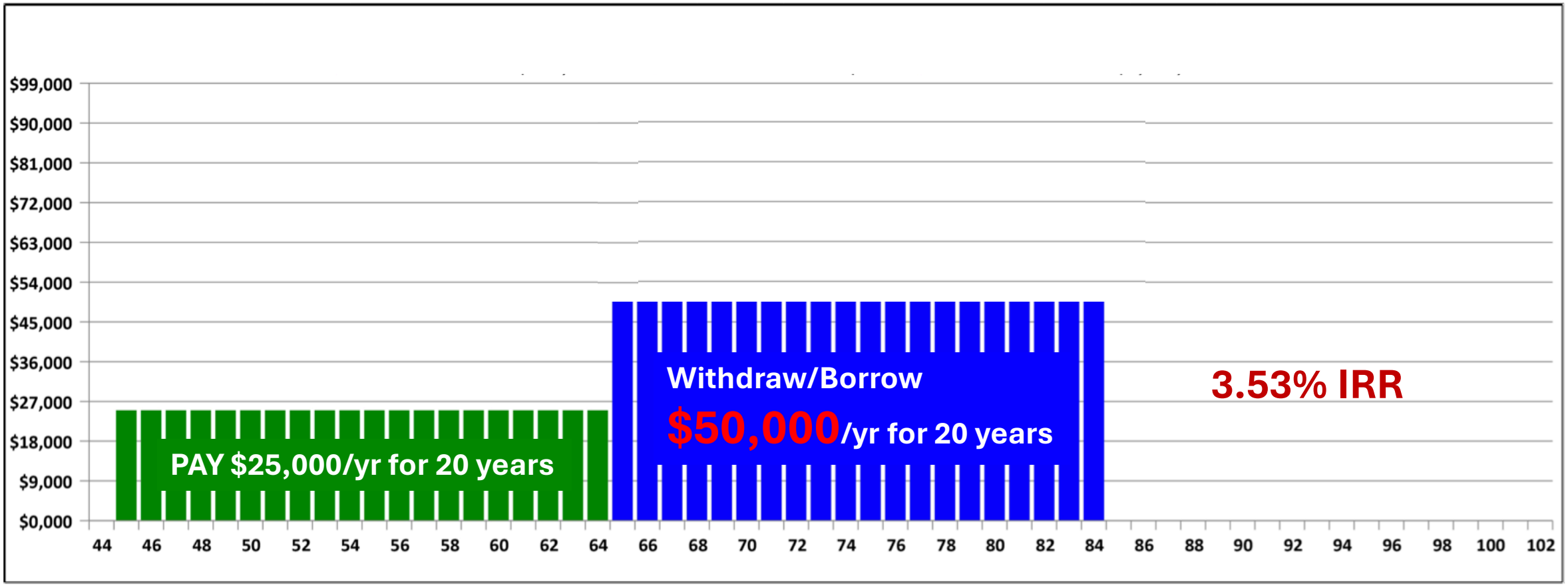
Probability of Success
95%

Expected future annual premium(s) and income (loan / basis draws) with a 10.5% CAP

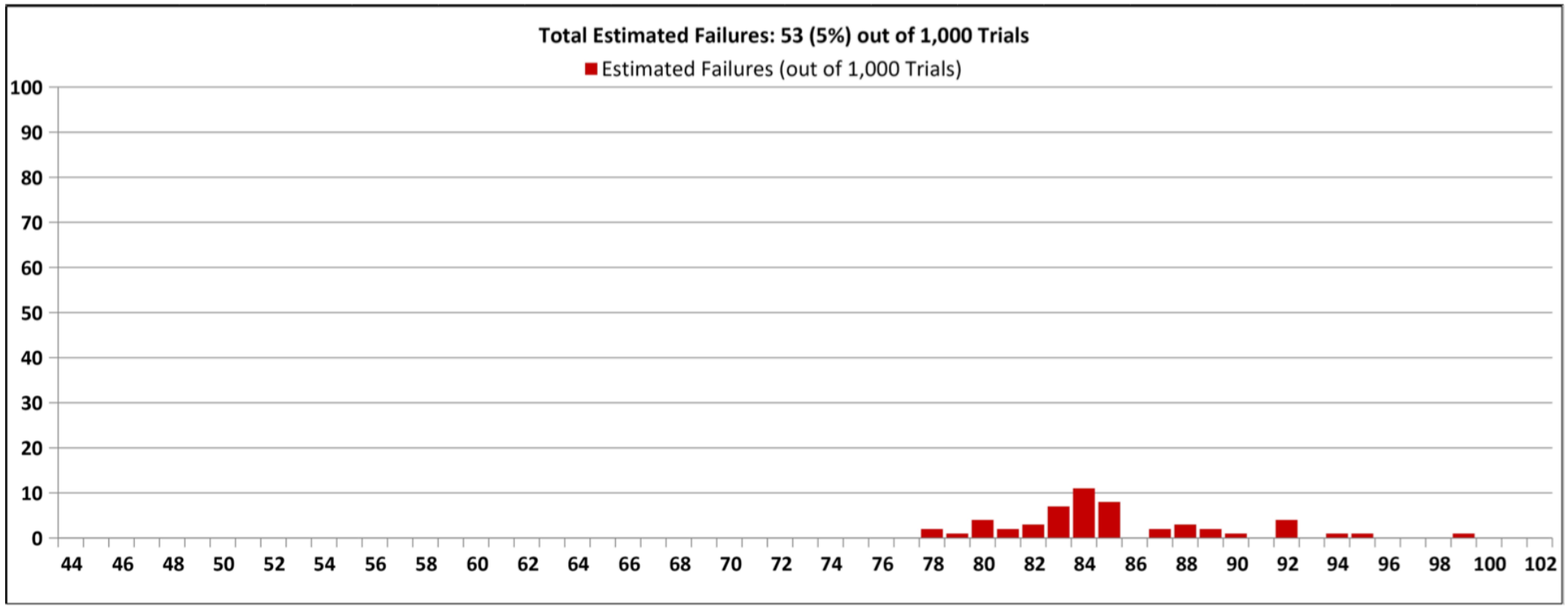


Probability of Success
95%

Expected future annual premium(s) and income (loan / basis draws) with a 10.5% CAP



Probability of Success
95%



CAPTASTROPHY!



CAPTASTROPHY!

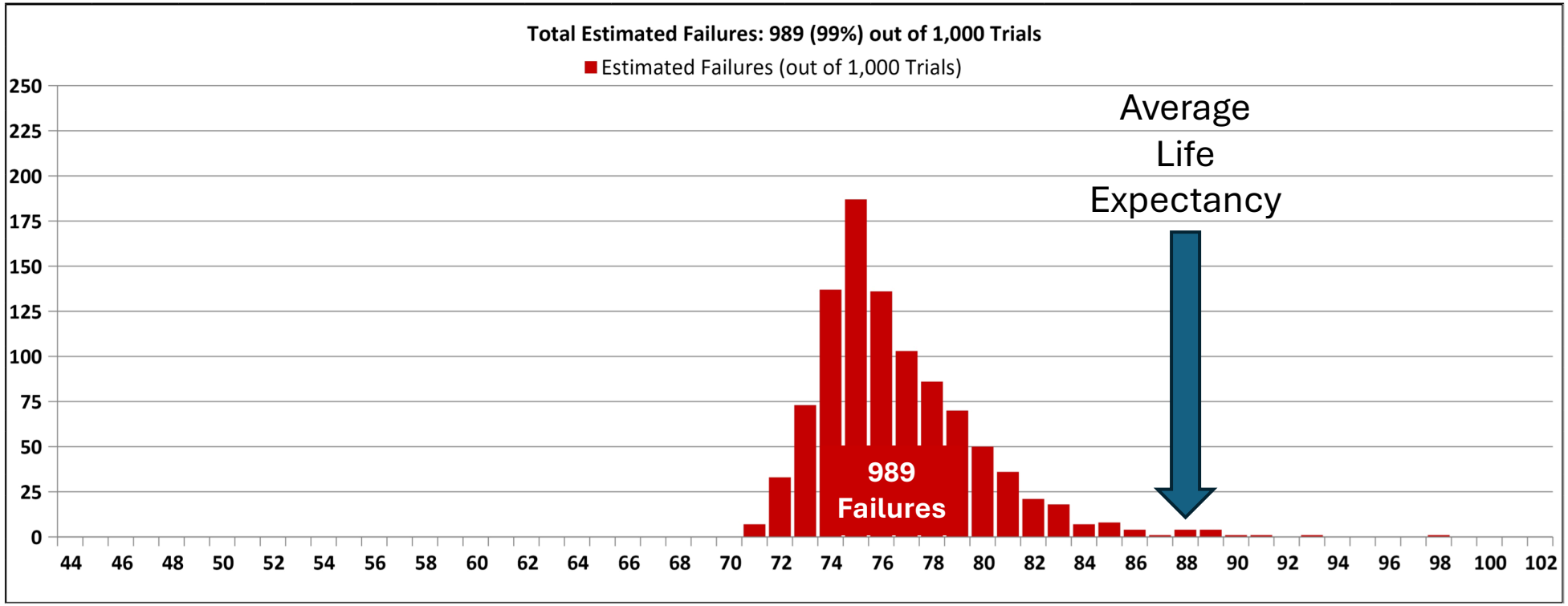
10.5% Cap

9.5% Cap



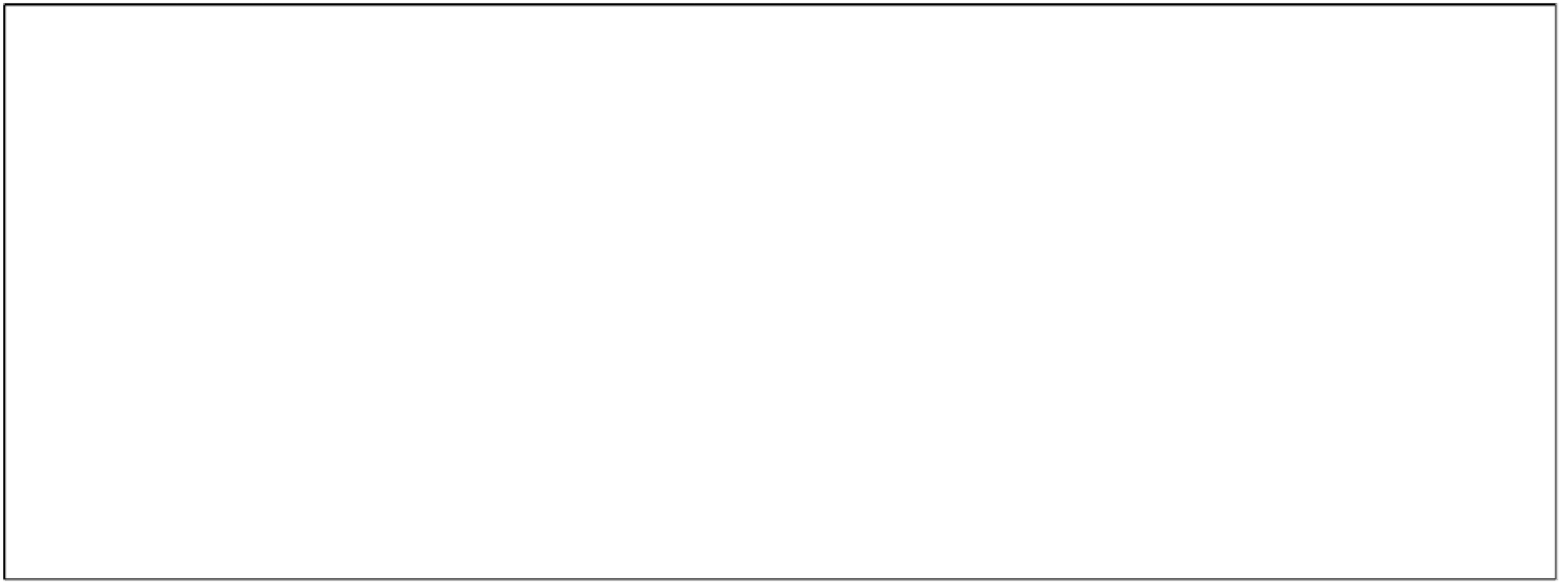
S&P500 | Cap: 9.50% | Floor: 0.00% | Participation: 100%

Probability of Success
1%



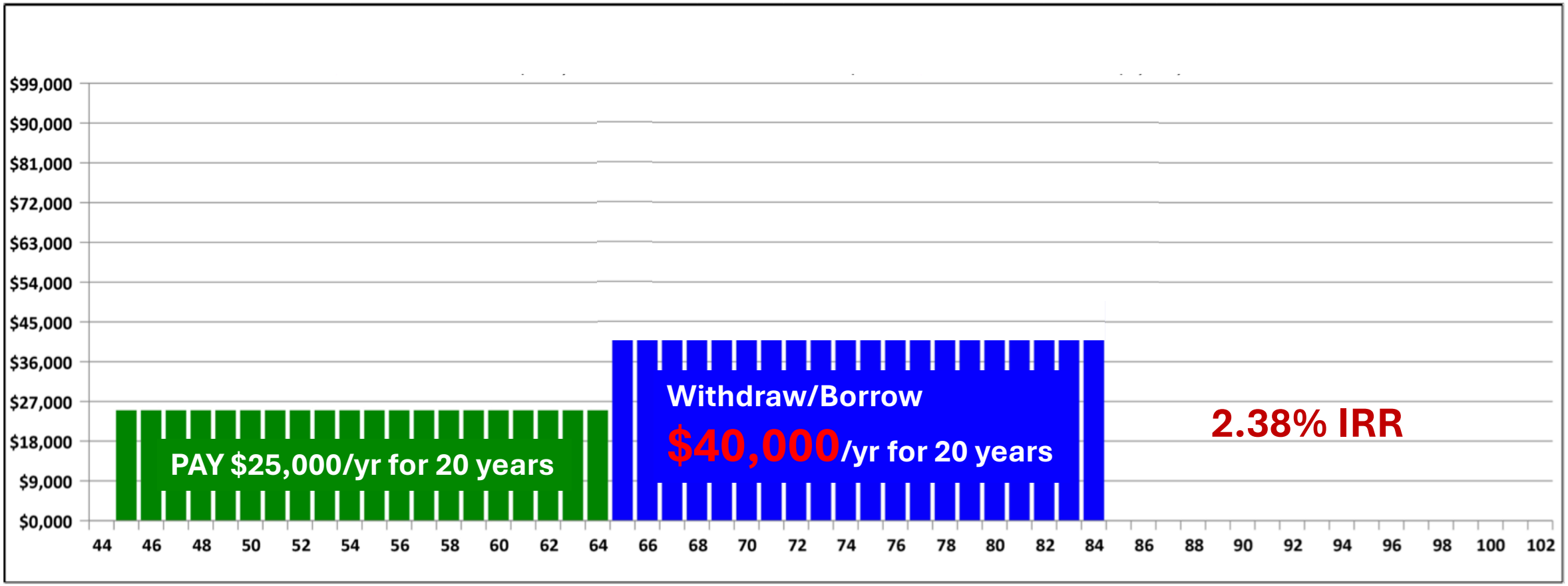
Probability of Success
94%

Expected future annual premium(s) and income (loan / basis draws) with a 9.5% CAP

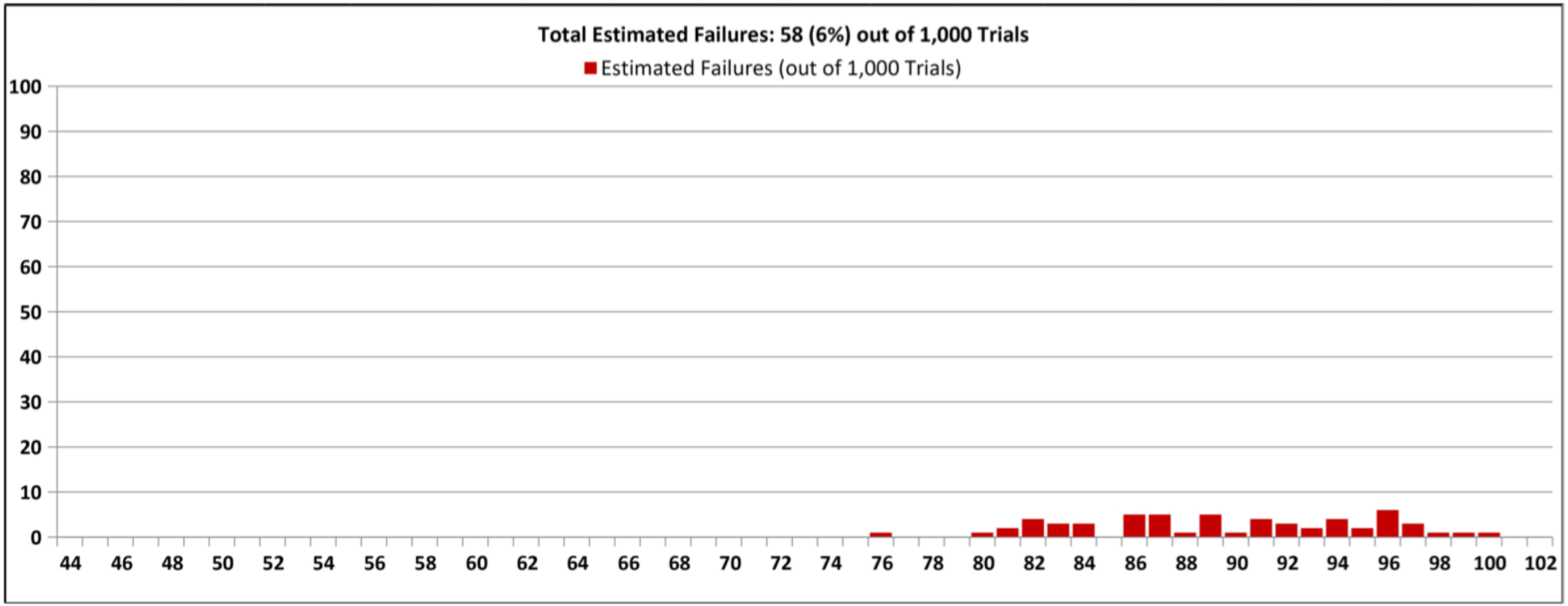


Probability of Success
94%

Expected future annual premium(s) and income (loan / basis draws) – 9.5% CAP



Probability of Success
94%



An insurance license is not enough!



Registered Investment Advisor with an insurance license

Website: “There's a Power in Planning With Us. For over 20 years, we have addressed the financial needs of clients and their families. Our leadership team has over 60 years of combined experience and not only has exceptional skills for managing all aspects of our business, but the right attitude to do so. Utilizing a client service approach and a commitment to lifelong learning, we always put the needs of our clients first, encouraging them to ask questions as we address their needs, together.”

Illustration #1

- $320,000 Exchange
- $300,000 x 7 years
- Premium Financing
- Pay off financing Year 12 using policy cash values
- Offered Tax-Free Income for up to 50 years

$160,000/year

Ages 70 → 120

Illustration #2

- $320,000 Exchange
- $300,000 x **10** years
- Premium Financing
- Pay off financing Year **11** using policy cash values
- Offered Tax-Free Income for up to 50 years

$200,000/year

Ages 70 → 120

What went wrong?



- Premium financing is premised on the notion of perpetual arbitrage.

What went wrong?



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- Values are always growing – the customer never sees the impact of the DEBIT side of “Zero is the Hero”
- A constant illustrated CREDITING scenario is *deceptive*
- An underlying constant CAP or PARTICIPATION RATE is *deceptive*

Will it “work?”

S&P500 | Cap: 10.50% | Floor: 0.00% | Participation: 100%

Monte Carlo Analysis



1000 Trials with Random Crediting Rates

Applying random rates of return within the guarantee and current cap from the customer’s chosen asset class

S&P500 | Cap: 10.50% | Floor: 0.00% | Participation: 100%

Monte Carlo Analysis

TEST the PROBABILITY $200,000 a year of withdrawals & loans will sustain the policy to at least age 100 *and* "pay off" the external premium loan.



1000 Trials with Random Crediting Rates

Applying random rates of return within the guarantee and current cap from the customer's chosen asset class

Will it “work?” As sold with “retirement income”

Average LE
86

Will it “work?” As sold with “retirement income”

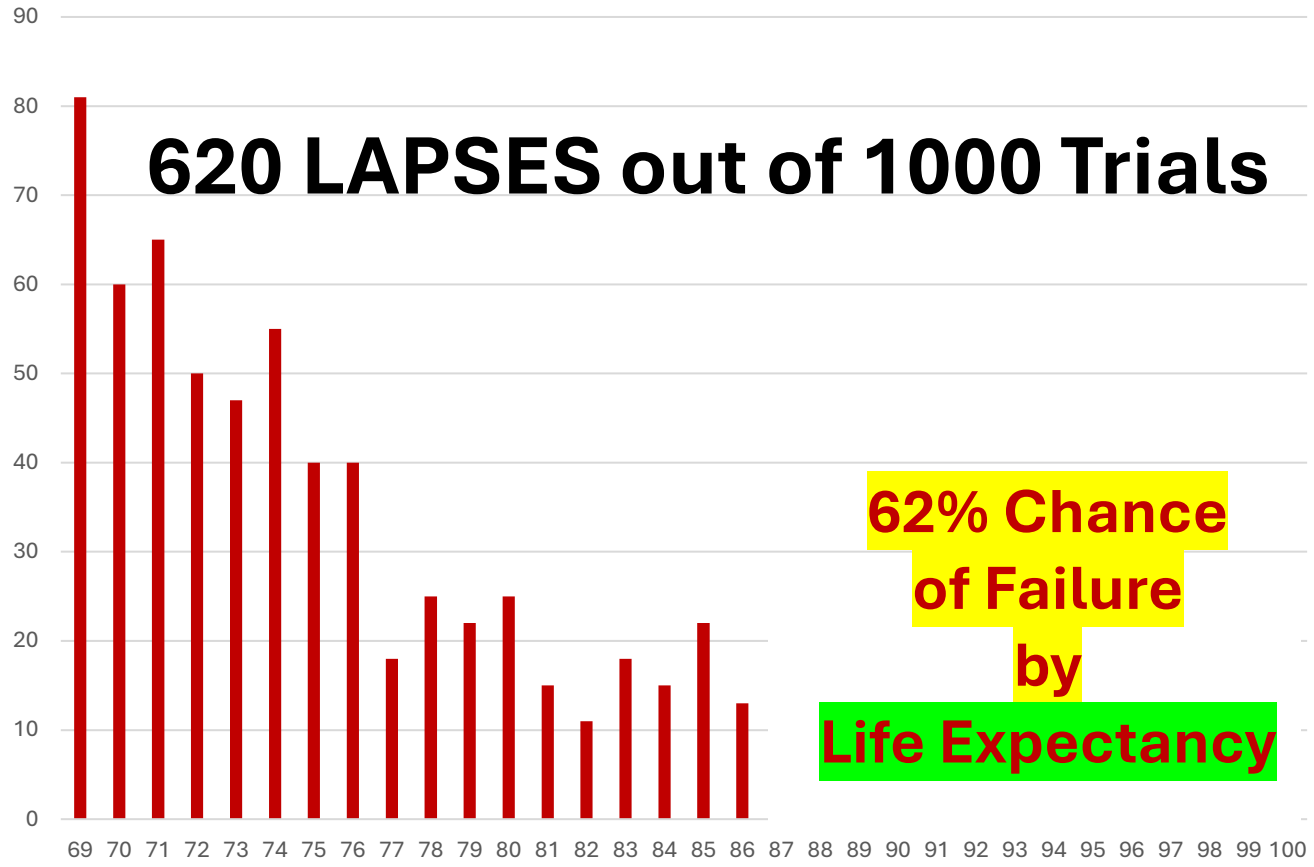
Average LE	1st Fail
86	69

Will it “work?” As sold with “retirement income”

Average LE	1st Fail	50% Fail
86	69	86

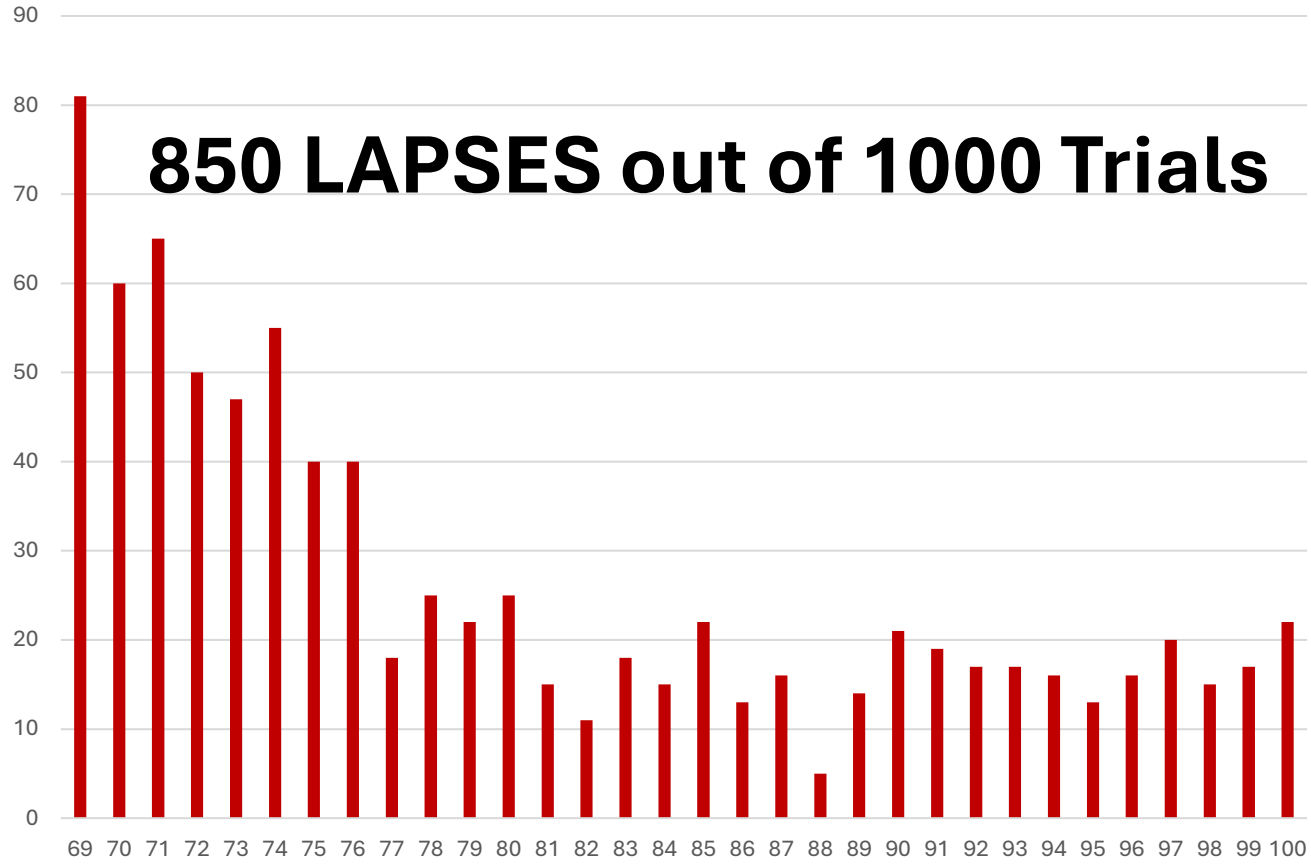
Will it “work?” As sold with “retirement income”

Average LE	1st Fail	50% Fail
86	69	86

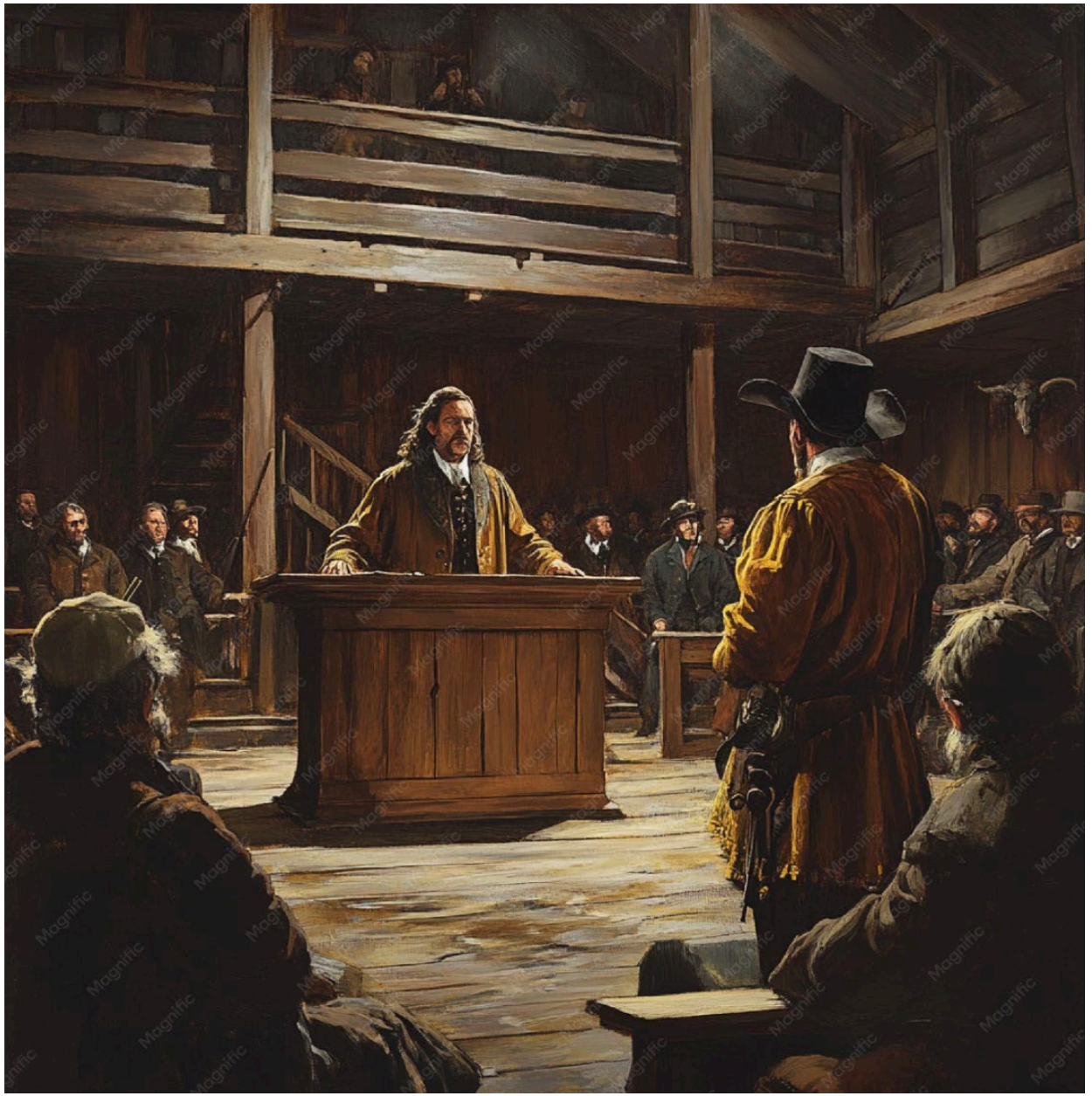


Will it “work?” As sold with “retirement income”

Average LE	1st Fail	50% Fail
86	69	86



85% Chance of Failure by Age 100



This case has been in litigation since 2023

OBSERVATIONS

1. It’s not the product …
it’s the ILLUSTRATION

OBSERVATIONS

2. Agents subject to a fiduciary duty cannot use a “Model 582” Policy Illustration for IUL (or VUL) products!

OBSERVATIONS

3. The IUL product will fluctuate more widely from its illustration than other cash value policies. There needs to be a way to convey that in a manner the purchaser can understand and make a buying decision that’s in their best interest

OBSERVATIONS

4. With ALL illustrations - no matter the warning - customers will focus on the most favorable illustrated ("current") outcome as a ***projection*** of future values

OBSERVATIONS

5. The future of policy illustrations:



We need to get back to the intention for policy illustrations – “how does the policy WORK?”



August 6, 2026

Commissioner Doug Ommen
Chair, Life Insurance and Annuities (A) Committee
National Association of Insurance Commissioners

Re: June 15 Indexed Universal Life (IUL) and Premium Financing Presentation

Dear Commissioner Ommen:

On behalf of the Life Insurance Illustration Subcommittee (Subcommittee) of the American Academy of Actuaries[1], we appreciate the opportunity to offer the following comments in response to the June 15, 2026, presentation made by NAIC Consumer Representative Dick Weber regarding IUL and premium financing. Due to time constraints of the meeting and the length of the presentation, there was no opportunity to provide comments or ask questions during the call.

We believe there were several items that warrant clarification, specifically:

1. Both Model 582 for Life Insurance Illustrations and Model 245 for Annuity Illustrations state that the purpose of an illustration is to show how a product works. Neither allows use of the words "projection" or "prediction" to be associated with an illustration. The presentation appeared to incorrectly portray illustrations as projections. It is our very strong opinion that using an illustration as a projection of expected outcomes should be avoided in any form and that this clarification should be made clear to all.

2. Slide 3 stated that there is no Disciplined Current Scale (DCS) in IUL, which is not accurate. IUL is a fixed product and must adhere to Model 582, which requires a DCS as well as testing. AG 49 and AG 49-A enhance Model 582's requirements for testing of the DCS by the illustration actuary. It is accurate to state that variable universal life insurance (VUL) does not require a DCS due to the fact it is a variable product, and variable life illustrations are not governed by Model 582.

3. Related to slide 7, there is an implication that once a policy is no longer considered "new," there is a tendency to decrease cap rates. The Subcommittee believes that is not entirely accurate, as there are aspects of illustration testing meant to protect the consumer both at the time of the initial sale and while the product is in force.

4. Slide 8 could be read to imply that nonguaranteed element changes are unrestricted. Companies have nonguaranteed element frameworks with accompanying actuarial standards of practice (ASOPs) and they must disclose if nonguaranteed elements have changed for reasons other than experience factor changes.

[1]The American Academy of Actuaries is a 20,000-member professional association whose mission is to serve the public and the U.S. actuarial profession. For 60 years, the Academy has assisted public policymakers on all levels by providing leadership, objective expertise, and actuarial advice on risk and financial security issues. The Academy also sets qualification, practice, and professionalism standards for actuaries in the United States.

5. We would remind the Commissioners that misusing illustrations and incorrectly applying them as a method of assigning probabilities and likelihoods to outcomes is inappropriate. There are too many variables to account for when calculating a projection, and the current methodology and accepted practice does not support the use of an illustration to develop such a demonstration. We would also be concerned if there is a generally accepted assumption that the average consumer will understand stochastic variables and output. We also are concerned about the professional implications for illustration actuaries, should illustrations be incorrectly used in the manner described.

6. It is important to point out that premium financing is primarily a sales process issue or a best interest issue; it is not an illustration issue. If the consumer does not understand the difference between those issues, or understand how changes in market rates, loan rates, credited rates, or the many other factors could impact the policy, the issue to address is additional education at the time of sale. If there is a desire to use illustrations to support the education of consumers, we would recommend the use of in-force illustrations, which are a valuable tool and are often underutilized.

7. The Subcommittee disagrees with the premise that illustrations should have different requirements based on the existence of a fiduciary responsibility.

While this is not an exhaustive list, we wanted to provide feedback on the presentation and encourage further discussion on this topic. Discussion about the need for appropriate financial literacy and ongoing educational support for consumers purchasing a variety of insurance products is a priority for the regulatory community, consumer advocates, and actuaries. However, the underlying premise and misinterpretation of how illustrations should and can be used need to be addressed.

We are happy to provide an actuarial perspective in this arena. As you continue to move forward with these discussions, we would be happy to present and answer any questions attendees may have. The Subcommittee appreciates the interest in the illustrations and is prepared to assist with education efforts from the actuarial perspective to help stakeholders understand why the illustration is structured the way it is and why we believe that treating illustrations as projections or trying to them better projections (whether of expected outcomes or probabilities of outcomes) will continue to frustrate consumers.

If you have any questions or would like to discuss these comments further, please contact Marie Fabienne Amisial (Amisial@actuary.org), the Academy's policy project manager, life.

Sincerely,

Brian Lessing, MAAA, FSA
Chairperson, Life Illustrations Subcommittee
American Academy of Actuaries

September 21, 2026

Vanessa A. Countryman
Secretary
U.S. Securities and Exchange Commission
100 F Street NE
Washington, DC 20549-1090

Re: Electronic Delivery of Information Under the Federal Securities Laws, File No. S7-2026-25

Dear Ms. Countryman:

I. Introduction

The Insured Retirement Institute ("IRI")[1] appreciates the opportunity to comment on the Commission's proposed Regulation E-Delivery ("Reg E-Delivery," the "Proposed Rule," or the "Proposal"),[2] which would permit covered entities to deliver covered information to covered recipients electronically as the default method, subject to conditions, and would rescind Rule 30e-3[3] and amend the proxy and tender offer rules. IRI is the leading trade association for the insured retirement industry. Its members include the insurers, asset managers, broker-dealers, and distributors that develop, issue, and distribute annuities and other insured retirement solutions that provide protected lifetime income to millions of American workers and retirees.

IRI strongly supports the Proposal. Making e-delivery the default is a modernization that IRI has long sought, and it aligns with the goals of IRI's Digital First for Annuities initiative and IRI's Federal Retirement Security Blueprint. IRI commends the Commission for independently advancing this reform through rulemaking and for grounding the Proposal in documented investor preferences. The Proposal also aligns with the electronic-delivery framework the Department of Labor has successfully implemented.[4] The Proposal aligns default delivery with the way most investors now prefer to receive information, while preserving the consumer choice that IRI has consistently advocated, in particular the durable right to request paper at any time.

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[1] The Insured Retirement Institute (IRI) is the leading association for the entire supply chain of insured retirement strategies, including life insurers, asset managers, broker dealers, banks, marketing organizations, law firms, and solution providers. IRI members account for 90 percent of annuity assets in the U.S., include the foremost distributors of protected lifetime income solutions, and are represented by financial professionals serving millions of Americans. IRI champions retirement security for all through leadership in advocacy, awareness, research, diversity, equity, and inclusion, and the advancement of digital solutions within a collaborative industry community.

[2] 17 CFR Parts 240, 270, and 303; [Release No. 33-11430; 34-105921; 39-2564; IA-6980; IC-36252; File No. S7-2026-25] RIN 3235-AN57 (July 2026).

[3] 17 CFR § 270.30e-3, Investment Company Act of 1940 (15 U.S.C. 80a-1 et seq.).

[4] 85 FR 31834 (May 27, 2020); codified at 29 CFR § 2520.104b-31, *see also* 67 FR 17266 (Apr. 9, 2002); codified at 29 CFR § 2520.104b-1(c); Treas. Reg. § 31.6051-1(j), Treas. Reg. § 1.6045-4(e)(6), and TD 9114 (69 FR 7577); *see also* T.D. 9282 (71 FR 51727).

Consistent with that support, IRI's comments focus on refining the conditions of the Proposed Rule so that a single compliant workflow is operationally feasible across the insurer, asset manager, broker-dealer, distributor, and vendor relationships that characterize the insured retirement industry. IRI supports the Proposal's objective and offers the recommendations below to make implementation workable. The comments are organized in the order of IRI members' priorities.

II. Summary of Key Recommendations

IRI's principal recommendations, in order of member priority, are as follows.

1. IRI strongly supports making e-delivery the default and commends the Commission for advancing this modernization through rulemaking, while preserving the durable right to request paper.
2. The transition provisions should incorporate a workable framework for bringing legacy and in-force contracts that have no electronic address on file into e-delivery, with adequate transition time, rather than defaulting those contracts to paper indefinitely. Additionally, shortening the 180-day transition timeline after the initial paper notice would better reflect how investors receive and respond to digital communications today, while continuing to preserve investor choice and maintaining strong investor protections.
3. The adopting release should confirm that the Proposal's exclusion of recipients already receiving e-delivery for all covered information from the transition process extends to existing valid electronic-delivery elections, including those whose scope does not precisely match the definition of covered information, so that covered entities and their distribution partners need not re-collect consents that recipients have already given, and should adopt outcome-based conditions and realistic timelines for reconciling existing opt-in records with the new opt-out default across the insurer, distributor, broker-dealer, transfer agent, and vendor chain, including a reasonable-reliance safe harbor for a covered entity that acts in good faith on the most recent delivery preference available to it through an established distribution or servicing data process while a more recent change propagates.
4. In response to Request for Comment 36, the final rule should permit a covered entity to use, and to share, an electronic address, together with the recipient's provision or acceptance and delivery preferences, obtained from an affiliate, another covered entity, or a reliable third party such as a plan sponsor or recordkeeper, in defined circumstances, subject to reasonable evidence standards and appropriate safeguards for the protection of the recipient's information, with responsibility for the delivery obligation remaining with the obligated covered entity. In particular, a covered entity should be able to rely on a plan-sponsor-provided address to send the transition initial notice, unless the recipient has changed or removed that address, and a successor covered entity should be able to rely on a predecessor's e-delivery records when servicing transfers between providers.

5. Because Rule 30e-3 already operates on an opt-out-to-paper basis, the Commission should align the rescission of Rule 30e-3 with the compliance period and, in response to Request for Comment 6, permit a notice-and-access option or comparable outreach for recipients without an electronic address, so that those recipients can move to e-delivery rather than reverting to paper.
6. The Commission should confirm that a covered entity may phase implementation product by product and in-force block by block within the two-year interim period, according to realistic product-level build and vendor timelines, and should align the endpoint for the rescission of Rule 30e-3 with that period.
7. In connection with the rescission of Rule 30e-3, the Commission should adopt any conforming amendments needed so that Rule 498A summary prospectuses and related disclosures for variable annuities, variable life insurance, and registered non-variable annuities reflect Reg E-Delivery rather than the rescinded rule, and should apply those changes consistently across these products.
8. The Commission should adopt a workable definition of personal financial information and confirm that reasonable existing safeguarding methods, including password, multifactor, and biometric authentication, satisfy the requirement for delivering covered information that includes personal financial information.
9. The Commission should take an outcome-based rather than prescriptive approach and refine the conditions that are more prescriptive than necessary to achieve the Commission's objectives, including notice content and prominence, the paper-fulfillment timing and retention lookback, and website availability periods, so that a single compliant workflow is operationally feasible.
10. The Commission should harmonize Reg E-Delivery with the Department of Labor and ERISA safe harbor, FINRA rules, and state insurance requirements, so that one compliant workflow can serve overlapping obligations in the same customer relationship. With respect to State insurance requirements in particular, the Commission should confirm that a covered entity may rely on Reg E-Delivery for its Federal securities law obligations regardless of the applicable State consent standard. It should coordinate with State insurance regulators and the National Association of Insurance Commissioners, without preempting State insurance law.

III. Legacy and In-Force Contracts, No-Address Recipients, and Rule 30e-3

IRI supports a clear transition process. The Proposal would require a paper initial notice at least 180 days before conversion to default e-delivery, followed by a paper follow-up notice 30 days before conversion. It would also permit an earlier switch once the recipient confirms or updates an electronic address, and it would not permit overwriting an opt-out. IRI supports these safeguards

generally and offers several recommendations for the Commission's consideration that would enhance investor communications while reducing operational burdens and accelerating the benefits of the Proposal.[5]

The earlier-switch mechanism presupposes that the covered entity already has an electronic address for the recipient to confirm or update. That premise does not hold for certain legacy, in-force contracts issued before electronic delivery was common, for which no electronic address is on file. IRI's priority in the transition is to ensure that the process incorporates a workable framework for bringing these in-force contracts into e-delivery, with adequate transition time for long-standing in-force blocks. Because these contracts reflect the absence of an electronic address rather than a choice to receive paper, they should not be defaulted to paper indefinitely, and IRI continues to support honoring every affirmative paper election.

IRI also recommends that the transition framework accommodate the operational realities of long-standing in-force blocks, including householding, returned mail, deceased owners, inactive accounts, and mixed document preferences, and that the Commission confirm that a covered entity may elect when to begin the transition for a given block rather than being required to convert all populations on a single fixed schedule.

The rescission of Rule 30e-3 sharpens this concern. Rule 30e-3 has functioned as a notice-and-access framework under which the shareholder report is made available online, the recipient is sent a paper notice of its availability, and the recipient receives the full report on paper only by electing it. Because that notice is itself delivered by mail, Rule 30e-3 has never required the recipient to have an electronic address on file. Recipients served by Rule 30e-3, including certain insurance company separate accounts registered on Form N-3 for their shareholder report obligations, have therefore already moved off full-paper-report delivery, and many did so without ever providing an electronic address.[6] Rescinding Rule 30e-3 without a workable bridge would return the recipients in that population who have no electronic address on file to full paper delivery, because they cannot be defaulted into Reg E-Delivery without an electronic address. That outcome would increase paper, and it would be inconsistent with the modernization the Proposal is designed to achieve.

The rescission also affects products differently across the insured retirement industry. Rule 30e-3 has supported notice-and-access delivery of shareholder reports for closed-end funds and for certain insurance company separate accounts registered on Form N-3, and many members have invested

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[5] *See* Electronic Delivery of Information Under the Federal Securities Laws, 91 Fed. Reg. 45884 (July 21, 2026) (File No. S7-2026-25); proposed Rule 303.104, 17 CFR 303.104 (transition process for covered recipients receiving paper).

[6] *See* Rule 30e-3, 17 CFR 270.30e-3; Optional Internet Availability of Investment Company Shareholder Reports, Investment Company Act Release No. 33115 (June 5, 2018) [83 FR 29158 (June 22, 2018)] (permitting a fund to satisfy shareholder-report transmission obligations by posting the report online and sending a notice, with paper provided only to investors who elect it). Rule 30e-3 reaches certain registered investment companies, including insurance company separate accounts registered as management investment companies on Form N-3. *See also* Tailored Shareholder Reports for Mutual Funds and Exchange-Traded Funds, Investment Company Act Release No. 34731 (Oct. 26, 2022) (open-end funds no longer able to rely on Rule 30e-3).

significant time and expense building notice-and-access infrastructure, including website hosting, mailing workflows, and vendor arrangements, into their regular operations. Variable annuity and variable life separate accounts organized as unit investment trusts (Forms N-4 and N-6) already lost access to Rule 30e-3 under the 2022 tailored shareholder report amendments, and registered index-linked and registered market value adjustment annuity contracts (together, "registered non-variable annuities") were never within Rule 30e-3's scope.[7] IRI asks the Commission to confirm that Reg E-Delivery, rather than Rule 30e-3, is the applicable delivery framework for these products, to resolve the internal timing ambiguity in the release regarding the rescission date, and to weigh the practical, cost, and operational burden of retiring working Rule 30e-3 infrastructure so that members are not required to unwind existing systems while simultaneously building new Reg E-Delivery capabilities.

The rescission of Rule 30e-3 also reaches the variable contract summary prospectus framework under Rule 498A, which is central to how IRI's members deliver disclosures for variable annuities and registered non-variable annuity contracts. Rule 498A and the related variable contract registration forms currently direct investors to shareholder reports made available under Rule 30e-3, including the initial summary prospectus legend that alerts investors to the online availability of Form N-3 shareholder reports transmitted under that rule.[8] If Rule 30e-3 is rescinded without corresponding updates, these summary prospectus legends and cross-references would point investors to a rule that no longer exists. IRI therefore asks the Commission to adopt any conforming amendments to Rule 498A and the variable contract registration forms needed so that variable contract summary prospectuses and related disclosures reflect the Reg E-Delivery framework rather than the rescinded Rule 30e-3, and so that investors in these products continue to receive accurate information about how and where their shareholder reports and other required documents are made available. Because registered non-variable annuities are offered through the same Rule 498A summary prospectus framework, even though they were never within Rule 30e-3's scope, IRI encourages the Commission to ensure that any such conforming changes apply consistently across variable and registered non-variable annuity disclosures alike, so that members can maintain a single, coherent summary prospectus framework across their registered product lines.

To address this, and in response to Request for Comment 6, IRI recommends that the final rule permit a notice-and-access option, or comparable reasonable outreach, for recipients who do not have an

[7] *See* Rule 30e-3, 17 CFR 270.30e-3; id. § 270.30e-3(a) (defining "Fund" as a management company registered on Form N-2 or Form N-3). The 2022 tailored shareholder report amendments left Rule 30e-3 available to closed-end funds (Form N-2) and management-company separate accounts (Form N-3) but made it unavailable to variable insurance contract separate accounts organized as unit investment trusts (Forms N-4 and N-6). *See* Tailored Shareholder Reports for Mutual Funds and Exchange-Traded Funds; Fee Information in Investment Company Advertisements, Release Nos. 33-11125; IC-34731 (Oct. 26, 2022) [87 FR 72758 (Nov. 25, 2022)]. Registered index-linked and registered market value adjustment annuity contracts are registered under the Securities Act of 1933 and are not registered investment companies under the Investment Company Act of 1940, so Rule 30e-3 does not apply to them.

[8] See Rule 498A, 17 CFR 230.498A; Updated Disclosure Requirements and Summary Prospectus for Variable Annuity and Variable Life Insurance Contracts, Release Nos. 33-10765; 34-88358; IC-33814 (Mar. 11, 2020) [85 FR 25964 (May 1, 2020)]; 17 CFR 230.498A(b)(2)(v)(B) (requiring, where a Form N-3 Registered Separate Account relies on Rule 30e-3 to transmit a report, that the summary prospectus legend include the Rule 30e-3 website address).

electronic address on file. Under such an option, a covered entity could provide a paper notice directing the recipient to the website where covered information is available, or undertake reasonable outreach, alternative verification, or a phased collection process so these recipients can be moved to e-delivery over time rather than defaulted to paper. IRI recognizes that the Proposal currently declines to permit a paper-notice approach for recipients without an electronic address. IRI encourages the Commission to reconsider that choice for this population, at least as a transitional bridge tied to the rescission of Rule 30e-3, so that the recipients of Rule 30e-3 who have already moved off default paper are not returned to it.

Additionally, IRI recommends the option for shortening the 180-day period between the initial paper notice and conversion to electronic delivery under the SEC's proposed Reg E-Delivery framework. Adjusting the 180-day transition period after the initial paper notice to options such as 60 to 90 days would better reflect how investors communicate and access information today. On one hand, firms generally provide advance notice to clients, often ranging from 30 to 90 days, especially if the change affects account access, statements, fees, or service features. Investors routinely receive and respond to digital communications within significantly shorter timeframes, and a 60- to 90-day transition period would still provide ample opportunity for individuals to opt out or update their delivery preferences. Yet, on the other hand, certain firms may prefer the longer timeframe to help provide them with ample time to operationalize any necessary changes to their processes and systems. By adopting optionality to the transition window, the SEC can modernize investor communications more efficiently while preserving investor choice and maintaining strong investor protections.

IV. Transition of Existing Delivery Elections and Connectivity of Delivery Records

IRI's members and their distribution partners already maintain substantial, established volumes of electronic-delivery elections under the current guidance, in which recipients opt in to e-delivery. The Proposal replaces that opt-in model with a default e-delivery model that recipients may opt out of. Reconciling the existing opt-in elections with the new opt-out default across insurer, distributor, broker-dealer, transfer agent, and vendor systems is among the most significant implementation questions the Proposal presents for the insured retirement industry, and it is the area where members report the most uncertainty about how existing elections will operate once the final rule takes effect.

To resolve that uncertainty in a workable way, IRI recommends that the adopting release confirm that the Proposal's exclusion of recipients already receiving e-delivery for all covered information from the transition process extends to existing valid electronic-delivery elections under Reg E-Delivery, including elections whose scope does not precisely match the definition of covered information.[9] For example, a recipient may already have elected electronic delivery for

[9] *See proposed Rule 303.104*; Electronic Delivery of Information Under the Federal Securities Laws, Release Nos. 33-11430; 34-105921; 39-2564; IA-6980; IC-36252 (July 16, 2026) [91 FR 45884 (July 21, 2026)] (transition process does not apply to covered recipients who already receive e-delivery for all covered information, and covered entities that have

communications such as periodic account statements or privacy notices that are not themselves covered information, reflecting a clear and continuing preference for electronic delivery. Covered entities and their distribution partners should be able to treat an existing, validly obtained e-delivery consent as a continuing election, without re-collecting consents that recipients have already given. If existing elections were not recognized as carrying over, the resulting need to re-collect them would impose substantial cost and operational burden on carriers, distributors, and their vendors, would create recipient confusion, and would risk moving recipients who have already chosen e-delivery back to paper, contrary to the purpose of the Proposal.

The reconciliation of elections across the distribution chain also raises data-connectivity questions. These include which system is the source of record for an electronic address and a delivery preference, how elections are kept current across parties, how conflicting or stale elections are resolved, and how an opt-out is propagated so it is honored everywhere and not overwritten. IRI recommends that any conditions the Commission adopts in this area be outcome-based rather than prescriptive as to specific technology or system architecture, and that the Commission recognize realistic build and vendor timelines for the record-connectivity work that reconciliation requires. An outcome-based approach will allow carriers, distributors, and vendors to satisfy the rule's objectives using the systems and interfaces that already connect them, and to sequence the necessary work in a way that protects recipients and preserves data integrity. Consistent with that outcome-based approach, IRI further recommends that the final rule include a reasonable-reliance safe harbor under which a covered entity that relies in good faith on the most recent electronic address and delivery preference available to it through an established distribution or servicing data process is treated as satisfying the rule, even where another party has received a more recent change but has not yet propagated through normal batch or interface processing. Recognizing reasonable processing latency in this way would prevent a covered entity from being treated as in violation solely because of the ordinary timing of data exchanged across the distribution chain, while preserving the obligation to honor an updated election once it propagates.

V. Sourcing and Sharing of Electronic Addresses Across the Distribution Chain

The Proposal generally requires that an electronic address be provided by, or accepted for use by, the covered recipient. It provides that a covered entity that lacks such an address cannot rely on the rule for that recipient. The Proposal also invites comment, in Request for Comment 36, on whether and in what circumstances a covered entity should be permitted to use an electronic address that the recipient provided to an affiliate or to another party, including another covered entity.[10] This question is of central importance to IRI's members. Delivery in this industry ordinarily depends on

already obtained affirmative consent to deliver all covered information electronically generally need not provide the transition disclosure).

[10] *See* Electronic Delivery of Information Under the Federal Securities Laws, Release Nos. 33-11430; 34-105921; 39-2564; IA-6980; IC-36252 (July 16, 2026) [91 FR 45884 (July 21, 2026)], Request for Comment No. 36 (asking whether, and in what circumstances, a covered entity should be permitted to use an electronic address that a covered recipient provided to an affiliate or another party, including another covered entity).

addresses and preferences captured and maintained across more than one entity, and reliance on a third-party-sourced address can be the practical means of satisfying the initial-notice requirement under the transition rule for a recipient the covered entity would otherwise have to reach by paper.

The following fact patterns illustrate the point. An insurer may rely on the selling broker-dealer or firm of record that opened the contract and captured the customer's email address, mobile number, and delivery election. Insurers, distributors, and advisers within a single enterprise may share a common address and preference record. Carriers and distributors may also rely on transfer agents and on shared books of record or omnibus platforms that maintain address and preference data for the recipients they serve. In the employer-sponsored retirement plan context, a plan sponsor or recordkeeper may furnish participant contact information, including a work or personal email address, to the covered entity that services the annuity or guaranteed lifetime income options offered under the plan. These dependencies also recur throughout the life of a contract. When a customer updates an email address or delivery preference through the selling firm or distributor rather than directly with the insurer, the current information resides first with the distributor, and the insurer must be able to rely on it to reach the customer. Servicing relationships likewise change over time. For example, when a servicing agent or recordkeeper changes, when an in-force block is acquired or transferred, or when a broker-dealer converts clearing firms or platforms. In each case, the electronic address and delivery preference already collected travel with the servicing relationship rather than being re-gathered from the recipient. In each of these patterns, the recipient has provided an electronic address and a delivery preference, and requiring the obligated entity to re-collect the same information directly would be duplicative and would delay the move to e-delivery that the recipient has already chosen.

IRI therefore recommends, in response to Request for Comment 36, that the final rule permit a covered entity to use, and to share, an electronic address, together with the recipient's provision or acceptance and the recipient's delivery preferences, obtained from an affiliate, from another covered entity, or from a reliable third party such as a plan sponsor or recordkeeper, in defined circumstances. That permission should be subject to reasonable evidence standards and appropriate safeguards for the protection of the recipient's information. The obligated covered entity would remain responsible for satisfying the delivery obligation. IRI identifies three illustrative circumstances in which this reliance should be permitted. These examples are not intended to be exclusive, and similar reliance should be permitted in other situations where electronic address or delivery preference information is obtained from a reliable third party as part of an established customer, distribution, servicing, or recordkeeping relationship.

First, in employer-sponsored retirement plans that offer annuity or guaranteed lifetime income options, the final rule should permit a covered entity to rely on an electronic address that a plan sponsor, recordkeeper, or other plan service provider furnishes for a participant, to satisfy the initial-notice requirement under Rule 303.104, unless the participant has changed or removed that address. Several considerations support this result. The participant ordinarily uses the work or personal email

address on an ongoing basis and is familiar with reviewing and responding to messages sent to it, so the participant is likely to see and act on the initial notice. The plan sponsor or recordkeeper is a reliable source of the address because it maintains the participant relationship and the plan records. The covered entity would remain obligated to allow the participant to opt out of e-delivery in response to the initial notice, preserving the participant's choice. Permitting this reliance would also reduce physical delivery volume, which can lower plan costs and produce savings for participants across the many employer-sponsored plans that offer these options.

Second, servicing of contracts or accounts frequently moves from one covered entity to a successor covered entity, for example, when a plan sponsor changes recordkeepers or administrators, when in-force blocks are transferred, or when servicing platforms are consolidated. In these transfers, the successor covered entity typically receives from the predecessor covered entity a file identifying the recipients who receive their communications by e-delivery. The final rule should permit the successor covered entity to rely on the predecessor covered entity's e-delivery records and prior compliance, so that the successor need not restart the process for recipients already receiving e-delivery, including by re-sending an initial notice under Rule 303.104. The successor should instead be able to provide a single notice of the transfer stating that e-delivery will remain the default method, together with the right to opt out. This approach is consistent with the negative-consent bulk-transfer mechanisms that FINRA has recognized for directed transfers of plan accounts.[11], and it would avoid duplicative electronic or paper notices and the associated cost to the plan and its participants. If the final rule does not permit a successor covered entity to rely on a predecessor covered entity's e-delivery compliance, IRI recommends that the successor at least be permitted to use the electronic addresses in the predecessor's file to send the initial notice under Rule 303.104.

Third, many IRI members operate within a single holding company or financial institution in which the covered entity and one or more affiliates, such as an affiliated broker-dealer, bank, or other financial institution, maintain the recipient's electronic address and delivery preferences as part of a common customer relationship. Where those records are current and verifiable, the final rule should permit the covered entity to rely on the electronic address and delivery preferences maintained by an affiliate under common control, and to carry over the recipient's existing electronic-delivery preference, to satisfy the initial-notice requirement under Rule 303.104, unless the recipient has changed or removed that address or preference. Reliance within an affiliated group is consistent with established privacy frameworks, including the Gramm-Leach-Bliley Act and Regulation S-P, under which affiliates may share a consumer's nonpublic personal information. It presents a lower risk of stale or erroneous data than reliance on an unaffiliated third party because the information is

[11] See FINRA Regulatory Notice 26-03 (Feb. 6, 2026) (consolidating and modernizing guidance on the use of negative consent for the bulk transfer or assignment of customers' accounts, effective Apr. 1, 2026); NASD Notice to Members 02-57 (Sept. 2002) (identifying circumstances in which negative response letters may be used to effect the bulk transfer of customer accounts); see also FINRA Rule 11870 (Customer Account Transfer Contracts).

maintained within a single corporate family subject to common controls.[12] As with the other circumstances described above, the obligated covered entity would remain responsible for satisfying the delivery obligation, would apply reasonable evidence standards and appropriate safeguards for the protection of the recipient's information, and would preserve the recipient's right to opt out of e-delivery in response to the initial notice.

VI. Compliance Period

Implementation of default e-delivery in the insured retirement industry requires system changes at both the product level and across the carrier, distributor, transfer agent, and vendor relationships that characterize the industry, and those changes must be sequenced with the record-connectivity and address-sourcing work described above. IRI recommends that the Commission confirm that a covered entity may phase its implementation within the two-year interim period during which firms may continue relying on existing guidance, sequencing the transition product by product and in-force block by block according to realistic product-level build and vendor timelines rather than converting all products and populations on a single fixed date, and align the endpoint for the rescission of Rule 30e-3 with that period. IRI does not suggest that the two-year interim period is insufficient; rather, IRI asks the Commission to confirm that staggered implementation within that period is permitted. A compliance period set to realistic build and vendor timelines will allow members to implement the rule in a way that protects recipients and preserves data integrity, and will avoid a rushed transition that increases the risk of delivery errors.

VII. Personal Financial Information and Secure Delivery

The Proposal would require that covered information containing personal financial information be delivered through a statement of availability that leads to a website using a process reasonably designed to safeguard the information, rather than by direct delivery. IRI supports protecting personal financial information in e-delivery. To make the requirement workable, IRI recommends that the Commission adopt a workable definition of personal financial information, one that is clear, administrable, and bounded enough that covered entities can determine in advance which information falls within its scope, and that the Commission confirm in the adopting release that reasonable, widely used safeguarding methods, including password authentication, multifactor authentication, and biometric authentication, satisfy the requirement. IRI also recommends that the Commission identify categories of covered information that should be treated as not containing personal financial information. IRI further recommends that the Commission confirm that covered information does not become personal financial information merely because it includes a customer's name, masked contract number, product name, or similar limited identifying information, and thus, any such information is therefore eligible for direct delivery. Any such categorization should,

[12] See Gramm-Leach-Bliley Act, Pub. L. No. 106-102, 113 Stat. 1338 (1999) (codified at 15 U.S.C. §§ 6801–6809); Regulation S-P, 17 CFR Part 248 (imposing notice-and-opt-out requirements on disclosures of nonpublic personal information to nonaffiliated third parties, and thus permitting information sharing among affiliates).

however, take the form of a non-exhaustive, illustrative safe list coupled with a reasonableness standard rather than an exhaustive or prescriptive taxonomy, consistent with the outcome-based approach IRI recommends elsewhere in this letter. Finally, IRI recommends that the Commission address authentication friction so that recipients can reach covered information efficiently, including by recognizing alternatives such as one-time authentication rather than implicitly requiring the creation of a permanent online account. A prescriptive secure-delivery requirement could otherwise generate substantial increases in password resets, call-center volume, failed authentications, and paper requests.

VIII. Notice Content, Prominence, and the Two Delivery Methods

IRI supports the two permitted delivery methods under the Proposal, namely direct delivery for covered information that does not contain personal financial information, and a statement of availability that leads to a secure website for covered information that does. IRI also supports the continued availability of an opt-in alternative. To ensure that a single compliant workflow is operationally feasible, IRI recommends that the Commission assess whether the required content and prominence of the initial e-delivery disclosure and of the statement of availability are more prescriptive than necessary. If so, the Commission should afford covered entities flexibility in the format and content of these notices, consistent with clear and non-misleading communication.

IX. Website Availability and Reasonable Access

IRI supports the reasonable-access principles in the Proposal, including free printing and retention, access that does not require excessive steps, fees, surveys, or app-download-only access, and excluding EDGAR as a delivery website. IRI also recommends that the Commission establish a reasonable timeframe for covered entities to transition to and implement compliance with applicable accessibility standards, including the Americans with Disabilities Act (ADA)[13], for the websites used to make covered information available.

IRI recommends that the Commission adopt outcome-based access standards and align default availability periods with the retention rules that already govern the underlying documents, rather than set fixed periods that may diverge from those rules. While most in-house and third-party hosting solutions can support multi-year presentation of documents as a technical matter, extending the web-availability period beyond what those retention rules require is not necessary for how these documents are reviewed and used. Supplementing documents throughout the document's lifecycle and fully replacing them at the annual renewal event is a recognized workflow used by mutual funds and variable product issuers alike, and one with which investors are already familiar. Accordingly, IRI recommends that the Commission not require a web-availability period longer than the applicable

[13] See Americans with Disabilities Act of 1990, Pub. L. No. 101-336, 104 Stat. 327 (codified as amended at 42 U.S.C. § 12101 et seq.).

retention rules required for the underlying documents, and that it assess the proposed default availability periods against member systems so that the standard is workable.

IRI further recommends that, in adopting these access standards, the Commission preserve the established webhosting and layered-disclosure conventions that already govern document posting under Rule 498, Rule 498A, and the tailored shareholder report framework[14], including the required documents to be posted, document-navigation "click-through" conventions, layered disclosure, and internal and external document-linking guidelines, so that covered entities may continue to rely on these familiar, working frameworks rather than build to new and divergent standards. IRI also notes that variable product issuers that do not currently rely on Rule 498A but elect to use e-delivery as their default delivery model may implement webhosting in support of the regulation, so that recipients experience consistent document availability and access across product lines.

X. Cross-Regime Harmonization

Delivery obligations in the insured retirement industry frequently arise under more than one regime in the same customer relationship. IRI recommends that the Commission align Reg E-Delivery with the Department of Labor and ERISA electronic-delivery safe harbor, Internal Revenue Service practices, FINRA rules, and state insurance requirements, so one compliant workflow can serve overlapping obligations for the same recipient. Harmonization is particularly important given the SECURE 2.0 paper-statement provisions and the range of documents that travel together in a single customer relationship.[15] IRI members read the Proposal to reach only the portion of a communication required under the Federal securities laws. IRI asks that the Commission preserve that reading, so that relying on Reg E-Delivery for the covered portion of a combined communication does not disturb the treatment of content required under FINRA rules, the Internal Revenue Code, ERISA, or state insurance law. Specifically, compliance with Reg E-Delivery for the federally required covered information should not cause an otherwise combined communication to become subject to Reg E-Delivery in its entirety, nor should the inclusion of state-law-required insurance content in the same communication prevent reliance on Reg E-Delivery for that federally required covered information.

[14] See Rule 498, 17 CFR 230.498; Enhanced Disclosure and New Prospectus Delivery Option for Registered Open-End Management Investment Companies, Release Nos. 33-8998; IC-28584 (Jan. 13, 2009) [74 FR 4546 (Jan. 26, 2009)]; Rule 498A, 17 CFR 230.498A; Updated Disclosure Requirements and Summary Prospectus for Variable Annuity and Variable Life Insurance Contracts, Release Nos. 33-10765; 34-88358; IC-33814 (Mar. 11, 2020) [85 FR 25964 (May 1, 2020)]; Tailored Shareholder Reports for Mutual Funds and Exchange-Traded Funds; Fee Information in Investment Company Advertisements, Release Nos. 33-11125; IC-34731 (Oct. 26, 2022) [87 FR 72758 (Nov. 25, 2022)].

[15] See SECURE 2.0 Act of 2022, § 338, Pub. L. No. 117-328, div. T, 136 Stat. 4459 (Dec. 29, 2022) (amending section 105(a)(2) of ERISA, 29 U.S.C. § 1025(a)(2), to require that defined contribution plans furnish at least one pension benefit statement per year, and defined benefit plans at least one every three years, in paper form, effective for plan years beginning after December 31, 2025, unless the participant or beneficiary elects electronic delivery); Requirement to Provide Paper Statements in Certain Cases—Amendments to Electronic Disclosure Safe Harbors, 91 Fed. Reg. 9218 (proposed Feb. 25, 2026) (to be codified at 29 CFR pt. 2520) (RIN 1210-AC27).

IRI also asks the Commission to address how Reg E-Delivery interacts with State insurance electronic-delivery laws. States regulate the electronic delivery of insurance documents under a patchwork of statutes and consent standards that vary from State to State: some condition electronic delivery on the recipient's affirmative, opt-in consent, while others permit an opt-out approach, with differing pre-delivery disclosures and withdrawal rights.[16] Because IRI's members deliver federally required covered information and state-law-required insurance content to the same contract owners, often in a single customer relationship, Reg E-Delivery's opt-out default may diverge from the consent standard that governs the state-law content in a given State. IRI does not ask the Commission to preempt State insurance law. IRI instead asks the Commission to confirm in the adopting release that a covered entity may rely on Reg E-Delivery to satisfy its Federal securities law delivery obligations regardless of how any separate, state-law-required insurance content is delivered under the applicable State consent standard, and to coordinate with State insurance regulators and the National Association of Insurance Commissioners so that the Federal and State frameworks operate together without subjecting insurers or their customers to conflicting consent requirements for the same communication.

XI. Paper Copies and Opting Out

Because a recipient may opt out for all or only a subset of covered information, honoring that election, and ensuring that an opt-out is recognized wherever the recipient is served and is not overwritten, depends on the same source-of-record and record-connectivity framework described in Section IV; IRI accordingly recommends that any conditions governing how opt-out and paper-delivery elections are captured, propagated, and honored across the insurer, distributor, broker-dealer, transfer agent, and vendor chain be outcome-based rather than prescriptive. IRI recommends that the fulfillment standard and the retention scope be operationally feasible.

In particular, IRI recommends that the Commission reconsider the proposed three-business-day fulfillment standard and evaluate whether it reflects current operational realities for the retrieval, processing, and delivery of paper materials. The Commission should assess both the proposed fulfillment requirement and the retention lookback against existing industry practices, confirm that the Proposal preserves delivery by first-class mail or another reasonably prompt means, and establish a reasonable timeframe that accommodates both expedited requests and requests for archived or superseded documents. A uniform three-business-day standard may be workable for certain readily available materials. Still, it may not be feasible in all circumstances, particularly where documents must be retrieved from legacy systems or archives. A fulfillment and retrieval standard aligned with

[16] Compare Ariz. Rev. Stat. § 20-239 (conditioning electronic delivery of insurance documents on the recipient's affirmative consent), with Tex. Ins. Code § 35.004, as amended by H.B. 4210, 87th Leg., R.S. (2021) (permitting electronic delivery on an opt-out basis where the recipient is notified of the default to electronic delivery and given an opportunity to request nonelectronic delivery). State electronic-delivery requirements for insurance documents vary in their consent standards, disclosures, and withdrawal rights.

operational capabilities will allow members to honor paper requests promptly while avoiding retrieval obligations that current systems cannot consistently meet.

XII. Identifying and Remediating E-Delivery Failures

The Proposal would require covered entities to adopt and implement written policies and procedures reasonably designed to identify and remediate failed e-delivery, including through detection of bounce-backs and other indications of an invalid or inoperable electronic address. IRI supports the goal of identifying and remediating failed e-delivery, but does not believe covered entities should be required to adopt a separate set of written policies and procedures dedicated to this narrow topic. Covered entities already maintain written policies and procedures under the federal securities laws that can be used to address failed e-delivery, and IRI recommends that the Commission permit them to do so rather than mandate a standalone framework. IRI recommends that the standard be workable and risk-based, and that the adopting release provide practical parameters for how many delivery failures should trigger reverting a recipient to paper and how alternative electronic addresses should be handled, so that covered entities can implement consistent, auditable procedures. IRI also asks that the adopting release confirm that a failed e-delivery is a failure of electronic deliverability, such as a bounce-back or another indication of an invalid or inoperable electronic address. The release should likewise confirm that a recipient's failure to open, click, or read a delivered communication does not itself constitute a delivery failure, so that covered entities are not required to monitor recipient engagement rather than electronic deliverability.

XIII. Scope, Flexibility, and Industry Data Standards

IRI welcomes that the definition of covered entity expressly includes insurance company separate accounts offering variable annuity and variable life insurance contracts, and registered non-variable annuities that offer securities under the Securities Act. IRI supports the evergreen, technology-neutral scope of the Proposed Rule, which will accommodate current and future forms of electronic communication.

IRI also welcomes that Reg E-Delivery would be a permitted, non-exclusive method, and that a covered entity may use another method that provides assurance comparable to paper delivery. IRI recommends that the Commission preserve this flexibility, including for existing compliant digital practices, and limit any exclusivity, such as the exclusivity proposed for proxy delivery, to the narrowest scope necessary.

The Proposal introduces operational data elements, including electronic addresses, delivery preferences, opt-out elections, and delivery status, that will need to be exchanged consistently across carriers, distributors, and service providers. IRI encourages the Commission to recognize the value of common industry data standards in this area, which can reduce implementation complexity for covered entities and support a more consistent recipient experience, complementing the record-connectivity and address-sourcing recommendations above.

Finally, in Requests for Comment 4 and 5, the Commission asks whether an access-equals-delivery approach should be available for institutional investors or for certain document types. IRI supports making an access-equals-delivery option available where it would reduce duplicative deliveries for members with large or omnibus account structures, provided that the option preserves the consumer-choice protections in the Proposal for other recipients.

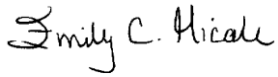
XIV. E-SIGN Act exemption

IRI supports the Proposal's exemption of covered information from the consumer-consent requirements of the Electronic Signatures in Global and National Commerce Act (the "E-SIGN Act").[17] Aligning covered information under a single Commission framework removes a source of friction and duplication that the E-SIGN consent process would otherwise impose, and it advances the Proposal's modernization and consumer-choice objectives without diminishing the recipient's right to request paper at any time.

XV. Conclusion

IRI strongly supports the Commission's Proposal to make e-delivery the default and appreciates the Commission's leadership in advancing this modernization. The recommendations above are offered to make the rule workable across the insurer, asset manager, broker-dealer, distributor, and vendor relationships of the insured retirement industry, while preserving the consumer choice that IRI has consistently advocated. This effort is consistent with IRI's Digital First for Annuities initiative and IRI's Federal Retirement Security Blueprint. IRI appreciates the Commission's consideration of these comments and offers itself as a resource to the Commission and its staff as the Commission develops a final rule.

Respectfully submitted,



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[17] Electronic Signatures in Global and National Commerce Act, Pub. L. No. 106-229, 114 Stat. 464 (2000) (codified at 15 U.S.C. § 7001 et seq.). The consumer-consent requirements appear at 15 U.S.C. § 7001(c).