

# ALIA

Affordable Life Insurance Alliance

July 29, 2016

Mr. Fred Anderson  
Chair, IUL Illustration (A) Subgroup

Re: Actuarial Guideline 49

Fred:


This letter responds to your request for comments on the proposal to apply AG 49 to all inforce life insurance illustrations - regardless of when the policies were sold. We appreciate the chance to comment, and respectfully request that no changes be made to the effective dates.

We are very concerned about the negative impact on existing policyholders. Policyholders with in-force policies that were previously illustrated at a higher rate than the AG 49 maximum would be required to be informed that a reduced rate for their in-force projections must now be used. For example, a policyholder that had received an illustration using a rate of 7% would be told that the premium to achieve their objective must be increased because the carrier is now required to impose a maximum illustration rate of 6%. That policyholder would also be told that a premium increase will be necessary to meet their goals - even if the actual experienced performance to date was better than the originally illustrated 7%.

To the best of our recollection this action would be unprecedented. We are unaware of any other instance where changes to illustrations were applied to in-force policies. Nor are we aware of any demonstration that this change is warranted. The recent changes to AG 49 were discussed at the Task Force over a period of many months. Those discussions included the applicable effective dates of those changes. Companies have already incurred significant implementation costs to comply with the changes to AG 49. Changing the effective dates now would involve a significant and needless waste of resources.

Thank you for the opportunity to share these comments.

Respectfully Submitted,



Scott R. Harrison  
Executive Director

