



June 30, 2025

Rachel Hemphill,
Chair, NAIC Life Actuarial (A) Task Force

Ben Slutsker
Chair, NAIC Life and Annuity Illustration (A) Subgroup

Fred Andersen,
Chair, NAIC Life and Annuity Illustration (A) Subgroup

Re: APF AG 49-A Section 7 exposed 04.02.25

Dear Chairs Hemphill, Slutsker and Andersen,

On behalf of the Life Illustration Subcommittee (the Subcommittee) of the American Academy of Actuaries,¹ I appreciate the opportunity to provide comments to the Life Actuarial Task Force (LATF) regarding APF AG 49-A Section 7 exposed for comment until June 30, 2025.² The Subcommittee reviewed the proposed amendment and its expressed purpose, and offers the following comments as well as the enclosed suggested edits to AG 49-A:

1. **Amendment Scope:** The Subcommittee had previously commented that the original draft of the proposed amendment would benefit from greater clarity as to its applicability to policies (1) under AG 49 and/or AG 49-A, and (2) in force and/or new business, as well as its implementation timeline (i.e., how long insurers would have to implement the new requirements). Please note in connection with this that although the file name of the exposed document is “APF AG 49-A Section 7 exposed 04.02.25” and it only mentions “Index Credits” which is a term specific to AG 49-A, the exposed document contains references to “AG49” and “Actuarial Guideline 49” and not to “AG 49-A” or “Actuarial Guideline 49-A.” Notwithstanding this apparent ambiguity, the Subcommittee believes that regulators may intend to amend (only) AG 49-A for policies sold on or after some (yet to be determined) future effective date. On this assumption, in its enclosed suggested edits to AG 49-A, the

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.

² [APF AG49-A Section 7: NAIC; June 2025.](#)

Subcommittee has substituted a “Month Day Year” placeholder in place of AG 49-A’s original “December 14th, 2020” effective date.

2. **Definition of “index or indices existing”:** The Subcommittee had previously commented that in the original draft of the amendment, the concept of an index or indices being in existence did not seem well defined and asked if the inception date of the index or indices should be used to determine whether the index or indices existed. The Subcommittee had also pointed out that some crediting strategies are based on multiple component indices (either as a static or dynamic blend or on some kind of conditional crediting basis), and asked if the draft APF language was intended to mean that the most recent inception date for an index account’s component indices should be used.

The Subcommittee notes that the language in Section 7.A.iii of the exposed draft of the amendment has been expanded to clarify the concept of an index or indices being in existence and now incorporates the concepts of index inception date and component indices. While the Subcommittee believes the expanded language is an improvement over the originally proposed language that did not reference these concepts, the Subcommittee believes that its enclosed suggested edits to AG 49-A add further clarity to the concept of an index or indices being in existence.

In its enclosed suggested edits, the Subcommittee proposes (1) adding formal definitions of “Historical Period,” “Inception Date,” and “Index” to Section 3 of AG 49-A; (2) reorganizing the remainder of Section 7.A.iii accordingly; and (3) adding a five-year minimum for the number of years of historical index changes and corresponding hypothetical annual rates of indexed credits that can be shown (this last item is discussed further below). The Subcommittee believes that the inclusion of more formal and complete definitions of these three central concepts in Section 3 makes possible a more streamlined and clearer version of Section 7.A.iii.

3. **Minimum number of years that can be shown:** The Subcommittee wondered whether showing historical index changes and corresponding hypothetical annual rates of indexed credits for very few years (e.g., less than length of an average business cycle) might increase the possibility of confusion for consumers in cases where index performance may have been either unusually favorable or unfavorable. In the attached draft of 7.A.iii, the Subcommittee has included language that would establish a minimum number of five years.

However, if having a minimum number of years requirement is not a point of concern for regulators, or if there are other reasons that regulators feel that it would not be desirable to impose such a requirement, the Subcommittee’s enclosed suggested language for Section 7.A.iii could be revised to eliminate it as follows:

For each Index Account illustrated, a table showing actual historical Index changes and corresponding hypothetical annual rates of Indexed Credits using current Index Account parameters for only the most recent 25-year period. However, for each Index Account illustrated, if the Historical Period is less than 25 years then its table shall be limited to its Historical Period. The table shall include the historical geometric average return for the period shown, both for the actual historical Index changes and the corresponding hypothetical annual rates of Indexed Credits using the current Index Account parameters.

We hope that the Subcommittee's above comments will prove helpful to LATF. If there are any questions or if LATF would like to discuss these comments further, please contact [Amanda Barry-Moilanen](#), the Academy's life policy project manager.

Sincerely,

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