



March 24, 2026

Ben Slutsker
Chair, Life Insurance and Annuity Illustrations (A) Working Group
National Association of Insurance Commissioners

Re: Request for Comments from Feb. 24, 2026, meeting

Dear Chair Slutsker:

On behalf of the Life Products Committee (LPrC) of the American Academy of Actuaries,¹ I appreciate the opportunity to provide comments to Life Insurance and Annuity Illustrations (A) Working Group (Working Group) regarding the following exposed observations and questions:

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

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

We fully support exploring alternatives that help consumers make more informed decisions related to their insurance needs. The LPrC looks forward to providing support and feedback to the Working Group and welcomes any requests for collaboration on this topic.

The LPrC observed the lack of adoption of the amended Model 245 and would benefit from understanding why it has not been adopted by a majority of the states. We were also curious whether the variations in disclosures and illustrations gathered by the Working Group were observed within states that had adopted the amended Model 245 versus those that had not

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.

adopted the amended Model 245. If the adoption of the amended Model 245 mitigates the concerns raised regarding the amount and the range of annual returns disclosed or illustrated, we would suggest that the Working Group focus on education by encouraging nationwide adoption. We also seek clarification of whether the 10%-25% return ranges were observed under Section 5 (disclosure) or Section 6 (illustration), or both?

In relation to the question exposed, “*What are both short-term and long-term approaches to ensure consumers receive reasonable expectations for index annuity returns at the point-of-sale?*”, we would discourage illustrations being utilized as performance indicators or trying to modify illustrations to set expectations for consumers. Taking note of how life insurance illustrations were designed, and were meant to demonstrate how the product works, so too were annuity illustrations designed under the amended Model 245. Illustrations are not predictions of performance and, based on our understanding, were never intended to be. We suggest leveraging different means, such as the Annuity Buyer’s Guide or other supplemental sales tools to assist with demonstrating returns from indexed annuities.

Recognizing that consumers learn in various ways, we encourage collaboration with consumer groups to explore how visuals and other media might be leveraged to understand the volatile and variable nature of returns from product features. For example, the inclusion of graphs that show the returns of the index over a period of time may help consumers quickly identify volatility versus reading charts of numbers or disclosures.

We caution that providing consumers with any level of confidence in future returns for products in general, especially indexed and variable products, misrepresents the predictability and variability of the returns. We encourage focusing on the variability of past returns to highlight the nature of how the feature works. We also encourage diligent management and review of a policy by the policy holder to assess how actual returns have impacted the policy, and if adjustments are needed for the policy to continue meeting the needs of the policy holder.

If you have any questions or would like to discuss these comments further, please contact [Amanda Barry-Moilanen](#), the Academy’s life policy project manager.

Sincerely,

Donna Megregian, MAAA, FSA
Chairperson, Life Products Committee
American Academy of Actuaries