

Coming Out of Winter Hibernation

May 11, 2022

The Life Insurance and Annuities (A) Committee sprang into action during the NAIC Spring 2022 National Meeting in April. The A Committee discussed recent activities and 2022 plans for its Life Actuarial Task Force (LATF), its Annuity Suitability Working Group, and its Life Insurance Online Guide Working Group.

LATF

LATF's report included a discussion on the Index-Linked Variable Annuity (ILVA) Subgroup's cultivation of its proposed actuarial guideline to address interim values for ILVAs. If an ILVA is going to be exempt from state standard nonforfeiture law, then the ILVA subgroup is seeking to ensure that the interim values operate similarly to variable annuities — movement in the interim value corresponds to the increases and decreases of the associated index. Comments on the ILVA subgroup's second version of its proposed actuarial guideline are due by May 2, 2022.

While the LATF report did not specifically address its review of Actuarial Guideline 49-A, consumer representative Birny Birnbaum asked the A Committee to consider re-tilling the ground on life insurance illustration requirements. Birnbaum explained that the use of a single interest rate during the 30 or more year time period for an indexed universal life policy fails to explain to consumers how the values of an indexed universal life policy vary with changes in index values and fails to show the risk of the sequence of returns. Birnbaum also raised issue with the use of the sprouting variety of new indexes.

Annuity Suitability WG

This working group noted that while many states have adopted the most recent changes to the Suitability in Annuity Transactions Model 275 (2020), other states have not done their spring-cleaning to start the adoption process. To lay the landscape for more states to adopt, A Committee Chair Judith French intends to contact A Committee member states. The working group plans to

meet to determine what further frequently asked questions would be helpful. Working Group Chair Doug Ommen noted that the working group would be working with the Market Regulation and Consumer Affairs (D) Committee to ensure that regulatory review and enforcement of compliance with Model 275 is uniform.

Life Insurance Online WG

The Life Insurance Online WG is exploring ways that the NAIC can be a hotbed for consumers seeking information on life insurance. It has started taking stock of what information is already available and accessible to consumers. French noted that additional meetings will be held before the NAIC Summer 2022 National Meeting.

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