

AG 49-B: Changes to IUL illustrations

432NB

Date: March 23, 2023

Effective: May 1, 2023

The National Association of Insurance Commissioners (NAIC) has recently revisited Actuarial Guideline 49-A (AG 49-A). The Life Actuarial Task Force approved a revised version of AG 49-A called “AG 49-B” which dictates how you may illustrate an indexed universal life (IUL) insurance policy. The result of these changes will impact the maximum illustrated rates allowed for North American’s IUL product line. Caps, spreads, and participation rates are not changing at this time.

What products are impacted?

All currently marketed indexed universal life (IUL) insurance products available for sale as of May 1, 2023, will be impacted by this change.

What business is impacted by the new AG 49-B guidelines?

- Business that is solicited with an application signed date of May 1, 2023, and after will be impacted by AG 49-B guidelines.
- Business that is solicited with an application signed date of April 30, 2023, and prior will not be impacted by AG 49-B guidelines, but will continue to be required to adhere to restrictions set forth by the AG 49-A guidelines.

Does this update impact policy performance?

No. This update only impacts illustrations, not how the life insurance product operates or performs.

Will this impact the default index for new business illustrations?

Yes. Due to the added emphasis the regulation adds around the S&P 500[®] index, effective on May 1, 2023, our default index will change to the S&P 500 Capped Annual Point to Point index.

How will AG 49-B impact the maximum illustrated rates allowable?

As mentioned above, business solicited with an application signed date of April 30, 2023, and prior will not be impacted by AG 49-B guidelines and will continue to use the rates effective beginning March 31, 2023, as part of the illustration rate update as described in the previous bulletin “AG49-A: Changes for Indexed Universal Life Illustrations” (316NB).

The tables below summarize the movement of maximum illustrated rates allowable over the next several months, including the illustration rate updates, as well as the impacts of AG 49-B. For the below charts, PtP = Annual Point to Point, Mthly PtP = Monthly Point to Point.

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Builder Plus IUL® 3				
Maximum Illustrated Rates				
Index	Crediting Method	Until March 30, 2023	Effective March 31, 2023	AG 49-B: Effective May 1, 2023
S&P 500®	PtP	5.89%	5.92%	5.91%
High Par S&P 500®	PtP	5.35%	5.38%	5.38%
S&P 500®	PtP w/Spread	6.02%	6.32%	6.32%
S&P 500®	Mthly PtP	5.75%	5.79%	5.42%
S&P MidCap 400®	PtP	5.80%	5.74%	5.32%
Russell 2000®	PtP	5.27%	5.24%	5.24%
Uncapped S&P 500®	PtP	5.97%	6.00%	5.67%
Fidelity Multifactor Yield Index SM 5% ER	PtP	5.97%	5.71%	3.58%

Note: Allocations to the Fidelity index may still illustrate any index-specific bonuses in addition to the rates shown above.

Protection Builder IUL®				
Maximum Illustrated Rates				
Index	Crediting Method	Until March 30, 2023	Effective March 31, 2023	AG 49-B: Effective May 1, 2023
S&P 500®	PtP	4.62%	4.64%	4.63%
High Par S&P 500®	PtP	4.22%	4.24%	4.24%
S&P 500®	PtP w/Spread	6.16%	6.00%	5.81%
S&P 500®	Mthly PtP	3.89%	3.92%	3.92%
NASDAQ 100®	PtP	4.74%	4.72%	4.34%
S&P MidCap 400®	PtP	4.78%	4.73%	4.47%
Russell 2000®	PtP	4.26%	4.24%	4.24%
EURO STOXX 50®	PtP	4.49%	4.45%	4.45%
Multi Index	PtP	4.24%	4.21%	4.21%
Uncapped S&P 500®	PtP	4.44%	4.46%	4.11%
Fidelity Multifactor Yield Index SM 5% ER	PtP	6.16%	5.94%	3.74%

Note: Allocations to the Fidelity index will still illustrate the waiver of percent of account value charges.

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Smart Builder® IUL 2				
Maximum Illustrated Rates				
Index	Crediting Method	Until March 30, 2023	Effective March 31, 2023	AG 49-B: Effective May 1, 2023
S&P 500®	PtP	4.35%	4.37%	4.36%
High Par S&P 500®	PtP	4.02%	4.04%	4.04%
S&P 500®	PtP w/Spread	5.93%	5.96%	5.54%
S&P 500®	Mthly PtP	3.42%	3.44%	3.44%
NASDAQ 100®	PtP	4.36%	4.35%	4.02%
S&P MidCap 400®	PtP	4.21%	4.17%	3.99%
Russell 2000®	PtP	3.84%	3.82%	3.82%
EURO STOXX 50®	PtP	4.25%	4.21%	4.21%
Multi Index	PtP	4.00%	3.98%	3.98%
Uncapped S&P 500®	PtP	4.03%	4.05%	3.71%
Fidelity Multifactor Yield Index SM 5% ER	PtP	6.16%	5.94%	3.73%

Note: Allocations to the Fidelity index will still illustrate the waiver of percent of account value charges

Updates in Web Illustrations

On April 29, 2023, Web Illustrations will be updated with the AG 49-B compliant rates. At the same time, a “Prior to 5-1-23” version for each IUL product will become available. This version will not include updates for AG 49-B and should only be used for business with an application signed date of April 30, 2023, and prior. The “Prior to 5-1-23” version will be available for 60 days and for revised illustrations only. Business with an application signed date of May 1, 2023, and after must utilize the version of the IUL product that does not contain “Prior to 5-1-23” in the product title.

Note the following hypothetical illustration examples:

Date illustration ran	Application Signed Date	Will a new illustration be required?
April 20, 2023	May 1, 2023, or after	Yes, a new illustration is required under new AG 49-B rules.
April 20, 2023	April 30, 2023, and prior	No, unless changes are needed to what was illustrated. If a new illustration is needed, run it using the “Prior to 5-1-23” version that will only be available as a revised illustration.

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For more information on these changes, please contact your Managing General Agency (MGA).

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