

WHAT YOU NEED TO KNOW

Actuarial Guideline 49-A FAQ

The National Association of Insurance Commissioners (NAIC) has made enhancements to Actuarial Guideline 49 (now referred to as AG 49-A). All carriers are required to comply with these new IUL illustration regulations by December 14, 2020.

What is AG 49-A

AG 49-A is a revision to the original AG 49 regulation developed in 2015, which sought to bring uniformity to illustrations of policies tied to an external index or indices by providing a reasonable cap on the illustrated credited rate. The thought was that uniformity across illustrations could help clients more easily compare the policies of different companies.

Since 2015, however, product development sparked the need to revisit the AG 49. Carriers created new features such as high-fee/large-multiplier indexed accounts or had cap buy-up accounts that weren't accounted for in the original guidelines. These new features made it difficult to differentiate traditional indexed universal life (IUL) product designs from these leveraged IULs that came with a different level of risk to the client.

What's changing?

- IUL products with multipliers, cap buy-ups and other enhancements cannot illustrate significantly better than products without those features.
- For participating loans (i.e. indexed and variable interest rate), the maximum difference between the interest rate charged and the interest rate credited will decrease from 100 bps to 50 bps (including all multipliers, bonuses, cap buy-ups)

Does AG49-A affect product features?

To comply with the new regulations, Securian Financial will make an update to our indexed universal life contracts that contain the bonus interest credit feature (Eclipse Accumulator, Eclipse Survivor II IUL). Effective November 21st, 2020 the bonus interest credit will be calculated as a percentage of the policy's total accumulation value. See *the impact to enforce policies below*.

Who do I contact for support?

For additional information please contact your Life Sales Support Team at:

1-877-696-6654

(Securian Financial and Broker Dealer)

1-888-413-7860, Option 1

(Independent Brokerage)

Which products are impacted?

This affects all of our currently sold IUL products (listed below).

Eclipse Accumulator IUL
Eclipse Protector II IUL
Eclipse Survivor II IUL
Eclipse IUL – NY

Note: Effective November 25, 2020 Value Protection IUL will no longer be available for sale, so will not be impacted by these illustration changes.

How does this regulation apply to inforce policies?

Although AG 49-A does not require inforce policies to follow the updated guidelines, Securian Financial has decided to apply the new rules to both new and inforce contracts for all currently sold IUL products.

Securian Financial will not apply the new AG 49-A guidelines to inforce contracts for products no longer available for sale.

What are the key dates to keep in mind?

- **November 20th, 2020**- Illustrations based on the old AG 49 guidelines will no longer be available after this date.
- **Saturday, November 21st, 2020 noon-Central Time** - Updated, AG 49-A compliant illustrations available.
- **December 11th, 2020, 3:00 p.m. Central Time** - to place a case under the old AG 49 guidelines, cases need to be **UNDERWRITTEN, APPROVED, PAID and DELIVERED** (delivery receipt signed) with a **signed illustration run no later than November 20th**.
 - **Cases that have not completed the above requirements by this time will require a new, signed AG 49-A compliant illustration.**
- This is a regulatory requirement and **NO EXCEPTIONS** will be made.

Note: There may be situations in which you receive an illustration upon policy delivery containing old AG 49 guidelines. If this occurs, you will be asked to supply a new, signed AG 49-A compliant illustration.

What can I do now to prepare for the new regulation?

When running illustrations, change the loan spread to 50 bps to minimize the effect on values should a revised illustration be required. Informatory messages will be added to the illustration system to suggest this.

Note: Running an illustration with a 50 basis point spread will be helpful in minimizing the before and after changes to values but it will not prevent having to get a new AG 49-A compliant illustration signed if all requirements have not been sent in by 3:00 pm Central Time, December 11th, 2020 due to the bonus interest credit changes.

Please keep in mind that the primary reason to purchase a life insurance product is the death benefit.

Life insurance products contain fees, such as mortality and expense charges (which may increase over time), and may contain restrictions, such as surrender periods. Policyholders could lose money in these products.

Policy loans and withdrawals may create an adverse tax result in the event of lapse or policy surrender, and will reduce both the surrender value and death benefit. Withdrawals may be subject to taxation within the first fifteen years of the contract. Clients should consult their tax advisor when considering taking a policy loan or withdrawal.

The index multiplier provides additional crediting when the indexed account has a positive index credit on the segment date. The impact of the multiplier may be reduced because of withdrawals and charges taken from the segment during the segment term.

The indexed account with a cap buy-up employs an index segment charge, which is assessed against the value in each indexed account segment as of its segment date. We assess this charge to cover administrative costs and expenses associated with establishing the indexed account.

These materials are for informational and educational purposes only and are not designed, or intended, to be applicable to any person's individual circumstances. It should not be considered investment advice, nor does it constitute a recommendation that anyone engage in (or refrain from) a particular course of action. Securian Financial Group, and its affiliates, have a financial interest in the sale of their products.

Insurance products are issued by Minnesota Life Insurance Company in all states except New York. In New York, products are issued by Securian Life Insurance Company, a New York authorized insurer. Minnesota Life is not an authorized New York insurer and does not do insurance business in New York. Both companies are headquartered in St. Paul, MN. Product availability and features may vary by state. Each insurer is solely responsible for the financial obligations under the policies or contracts it issues.

Securian Financial is the marketing name for Securian Financial Group, Inc., and its affiliates. Minnesota Life Insurance Company and Securian Life Insurance Company are affiliates of Securian Financial Group, Inc.

This is for financial professional use only. Not for use with the general public. This material may not be reproduced in any form where it is accessible to the general public.