



AMERICAN ACADEMY *of* ACTUARIES

James Mumford, Chairperson
Annuity Disclosure (A) Working Group
National Association of Insurance Commissioners

November 6, 2009

Dear Mr. Mumford:

The Annuity Illustration Work Group of the American Academy of Actuaries¹ (“Academy”) Life Practice Council recommends two additional edits of our proposed revisions to the ACLI’s proposed Annuities Illustration Guidelines.

Your Working Group raised a concern about future illustrated crediting rates. To that end, a working group member asserted the current crediting rate could be illustrated in all years even if the product was designed to reduce this rate in the future. In order to address this concern, we edited the third bullet in the General Rules section of the draft we submitted for the September NAIC Meeting. This bullet now states (phrases in italics added):

- The crediting interest rate illustrated at any future duration *shall reflect any expected reductions in the crediting interest rate and* shall not be greater than the current crediting interest rate *unless the contract guarantees such greater rate at that duration.*

The first bullet of the “Illustrations Shall Contain the Following Information” section of the guidelines currently requires disclosure of the name of the company issuing the annuity. Based upon the current model disclosure requirements, an illustration could be shown prior to the required disclosure materials. As such we felt that illustration guideline should include a requirement to state not only the issuer of the annuity, but also the company contact information.

- The full corporate name of the issuer of the annuity *and company contact information.*

Sincerely,

Linda Rodway, FSA, MAAA, Chair
Annuity Illustration Work Group

¹ The American Academy of Actuaries is a 16,000-member professional association whose mission is to serve the public on behalf of the U.S. actuarial profession. The Academy assists 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.