

NAIC Illustration Work Stagnates in the Dog Days of Summer

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The NAIC groups working on illustration issues reported little activity at the 2021 NAIC Summer National Meeting.

The Life Insurance Illustration Issues (A) Working Group's (Life Illustration WG) charge has been to promote consumer readability and understandability of the life insurance disclosures made to consumers. For the past five years, the Life Illustration WG has been working on creating a new term policy overview document and debating whether to change the delivery timing of the disclosures required by the Life Insurance Disclosure Model Regulation. The Life Illustration WG paused over the summer to seek guidance on whether it should move forward with its work, as the group has not been able to reach a consensus.

At the National Meeting, the A Committee assigned the Life Illustration WG to draft a summary of the group's work completed thus far. This report would be reviewed at the 2021 NAIC Fall National Meeting to be used in deciding whether the Life Illustration WG should carry on or scrap its work entirely.

After the adoption of revisions to Actuarial Guideline 49-A (AG 49-A), the IUL Illustration (A) Subgroup (IUL Subgroup) was charged to (i) monitor the results and practices of IUL illustrations following the implementation of AG 49-A and (ii) review the current regulatory framework and provide recommendations for any necessary changes to the Life Insurance Illustrations Model Regulation (#582).

The IUL Subgroup is researching market developments following the adoption of AG 49-A. However, the work appears to be moving in fits and starts as the IUL Subgroup has not met since the Spring National Meeting, and while it is expected to meet before the Fall National Meeting to review the research, no date has been set.

Authored By



Ann Young Black

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