

## NAIC Adopts New Indexed Universal Life Guidelines



# PRODUCT NEWS

### Implementing New Illustration Guidelines

The NAIC recently approved New Illustration Actuary Certifications under The Application of the Life Illustrations Model Regulation to Policies with Index-Based Interest (AG49). Because of the implementation of AG49, FGL is required to make changes to our FIUL products. We will implement these required changes in two separate phases.

### What Are the Phases?

In Phase One, we will change the maximum illustrated rates on **September 1, 2015**. In Phase Two, we will review policy loan calculations and relationships to illustrated rates. In addition, we will add new consumer disclosures. Look for more information on these changes as we approach the actual implementation dates. This change will be implemented on **March 1, 2016**.

### What Is Actuarial Guideline 49?

Actuarial Guideline 49 creates consistency for consumers and continues to show the flexibility and the value of fixed indexed universal life products.

- It intends to place all company's illustrations on a more level playing field by mandating a methodology for calculating a historical performance
- We remain comfortable with our approach for setting illustrated rates, but support efforts to make illustrations more transparent and consistent.
- Note that the maximum illustrated rate for any strategy or index in a product cannot exceed a rate calculated based on the S&P 500® with an industry standard annual point-to-point methodology. This tends to have a larger impact on strategies involving another index.

- The methodology will require a look back for a very long period. This will impact illustration of many indices to which we link interest crediting.

The above changes do not change the performance of any strategy or the gain potential for consumers. They limit how much of the performance we can illustrate. Life insurance illustrations show performance over a very long period and represent a variety of economic conditions. These new methods help ensure that consumer expectations are not too ambitious over a long period.

## What are the New Illustrated Rates?

We will implement the following maximum illustrated rates for new business on **September 1, 2015**:

PRODUCT	STRATEGY	NEW MAXIMUM ILLUSTRATED RATE
FG LIFE-CHOICE®	APTP 100% Participation	5.60%
	APTP 140% Participation	4.39%
	APTP 100% Participation w/3% guarantee	4.87%
	MPTP 100% Participation	4.49%
	Fixed	4.00%
FG LIFE-ELITE	APTP 100% Participation	7.68%
	APTP 140% Participation	5.58%
	MPTP 100% Participation	6.42%
	Fixed	4.50%

## Will Illustration Software Be Updated?

We will update illustration content required to support the change in the maximum illustrated rate calculation methodology. You may download modified software on **August 29, 2015**.

## New Business Transition Rules

- We will only accept illustrations run above the new maximum illustrated rate before **September 1, 2015**. If it was signed prior to **September 1, 2015** with no changes after underwriting.
- If changes are required after **September 1, 2015** and a new illustration is needed, the rate for the new illustration may not exceed the new maximum illustrated rate.
- Policies issued **September 1, 2015** and later will reflect the new maximum illustrated rate on the delivered illustration.

- Delivering an illustration at a different rate than the initial illustration may cause confusion. We encourage you to use the new maximum illustrated rates prior to the **September 1, 2015** cut-off.

## More Information

If you have any questions or need more information, please feel free to contact us directly at [salesdesk@fglife.com](mailto:salesdesk@fglife.com)

Form Numbers: ICC12-LPI1060(07-12), LPI-1036(07-12), LPI-1037(07-12), et. al.

APTP = Annual Point-to-Point

MPTP = Monthly Point-to-Point

Fidelity & Guaranty Life is the marketing name for Fidelity & Guaranty Life Insurance Company issuing insurance in the United States outside of New York. Annuities issued by Fidelity & Guaranty Life Insurance Company, Des Moines, IA