

Product Announcement

AG 49-A Indexed UL Illustration Update

Background

The National Association of Insurance Commissioners (NAIC) adopted Actuarial Guideline 49-A (AG 49-A) to provide guidance for how policies with index-based interest features that are subject to the Life Insurance Illustrations Model Regulation #582 should be illustrated. It sets standards on the maximum crediting rate for illustrations and limits on policy loan leverage shown in illustrations.

Currently, there is a draft of an update to AG 49-A that further refines illustration rules for index accounts that do not meet the definition of a Benchmark Index Account. An example would be index accounts that are not linked to the S&P 500® Index to credit index interest.

When does the updated AG 49-A go into effect?

It is expected that AG 49-A will go into effect on May 1, 2023. Once in effect, it will set a new industry standard for how proprietary indices can be illustrated to help consumers better compare with illustrations using the S&P 500 Index. Impacted indices outside of the S&P 500 will use a new calculation that will likely lower the maximum illustrated rates.

The updated AG 49-A regulation impacts all IUL carriers and products that offer non-S&P 500-based index accounts. Some of these index accounts' illustrated assumptions will be impacted more than others. It is important to note that these changes impact illustrated assumptions only, not policy potential or performance.

Which Prudential policy illustrations are impacted?

Illustrations using the Goldman Sachs Voyager (GSV) Index Account on versions of Founders Plus using Issue Basis Code 308 or higher will be impacted. This is the only product that has a proprietary index available in our IUL portfolio.

Does the regulation impact the actual index interest crediting of the GSV Index Account?

No, the upside potential for actual index interest credits has not changed. Additionally, there will still be daily interest advantage credits that are provided to policy values allocated to the GSV Index Account. The combination of interest credits can be valuable despite having to be illustrated less favorably.

The GSV Index aims to:

- Provide diversified exposure to global assets including equity, fixed income, emerging markets, commodities, and alternative assets.
- Capitalize on price trends by rebalancing allocations daily.
- Maintain a stable level of risk over time, which may result in more consistent Index gains even during periods of market volatility.

Are my Founders Plus cases in the works impacted?

Yes, if a Founders Plus case was illustrated using the Goldman Sachs Voyager Index Account option and is not placed by May 1, 2023, you will need to submit an updated signed illustration using the new illustrated values.

If you illustrated using the S&P 500 before May 1, you do not need to submit an updated illustration. However, the GSV Index Account maximum illustrated rate on inforce illustrations will show the lower rate for policies using Issue Basis Code 308 or higher.

The maximum index interest rate for the GSV Index Account will automatically be set at 2.95% starting on 04/24/2023. However, illustrations can be run by changing the assumed illustrated index rate prior to 04/24/2023. This may be a good option for cases that are not expected to be placed before 05/01/2023.

Are inforce illustrations also affected?

Inforce illustrations for Issue Basis Code 308 and higher will use the lower Goldman Sachs Voyager Index Account maximum rate.

Who can I contact with any questions?

Contact your Prudential wholesaler or call the Sales Desk at 800-800-2738 option 1.

PruLife Founders Plus UL[®] is issued by Pruco Life Insurance Company, located at 213 Washington Street, Newark, NJ 07102-2992.

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