



A new regulation affecting IUL illustrations: AG 49A

To further protect your Indexed Universal Life (IUL) clients, the National Association of Insurance Commissioners (NAIC) recently enacted revisions to the AG 49 regulation that governs IUL products. The new version of the regulation, called AG 49A, will further limit how carriers illustrate their IUL products. Nationwide fully supports the new regulation that goes into effect on **November 25, 2020** and its goal of providing increased transparency to consumers. Here are some key points to help you prepare for the changes.



Purpose

To limit a carrier's ability to illustrate product features used to enhance interest crediting rates, such as indexed multipliers, cap buy-up accounts and any other type of indexed-linked bonus structures that are funded through policy charges.

The AG 49A regulation applies to illustration only. It does not impact the policy's actual performance or features.



The changes

- When using the maximum illustrated rate, all index strategies within an IUL product are expected to illustrate at the same net effective rate regardless of strategy type or associated charges used to buy up indexed-linked bonus structures (such as multipliers or higher cap rates).
- Illustrations of participating loans cannot exceed a 0.50% maximum difference between the loan interest charged rate and the loan interest credited rate (including indexed-linked performance bonuses).
- The changes only apply to new business.



The implications

- It's likely that illustrated performance will decrease compared to illustrations run today with multiplier features or high-cap indexed strategies.
- Participating loan solves will also be lower than they are today.

Aligning with our goal of transparency, Nationwide will soon announce a product update in response to AG 49A to let you know exactly what's changing.

Why Nationwide IUL

Transparency and consistency to protect the policyholder



Our illustration with the Range of Possible Outcomes report goes above and beyond industry regulations to help inform the customer about what they are buying, the potential risks and how to manage those risks.

Nationwide has never allowed index-linked bonuses to go over the participating loan crediting limit — protecting our clients' interest from the start.



Nationwide has never increased cost of insurance rates to existing policyholders; in fact, we've decreased them on many products.¹



While some companies have lowered the persistency bonus they pay to existing policyholders, we've always paid our persistency bonus — even when it wasn't guaranteed.



Our Nationwide IUL Rewards Program[®] is guaranteed, so you don't have to wonder whether your clients will receive the benefits once they've met the eligibility requirements.

¹ Nationwide fixed and variable universal life products as of September 2020. Nationwide COI rate decreases include 1989, 1990, 1992 and 1993 for in-force Flexible Premium Adjustable Life policies; 1999, 2000 and 2001 for in-force Next Generation VUL policies; and 2014 for Additional Term Rider on in-force IUL policies.



Contact your wholesaler to learn how our commitment to transparency supports the new regulation.



Nationwide[®]
is on your side

• Not a deposit • Not FDIC or NCUSIF insured • Not guaranteed by the institution
• Not insured by any federal government agency • May lose value

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Indexed universal life insurance policies are not stock market investments, do not directly participate in any stock or equity investments and do not receive dividends or capital gains participation. Past performance of an index is not an indicator of future crediting rates.

Products are issued by Nationwide Life Insurance Company or Nationwide Life and Annuity Insurance Company, Columbus, Ohio.

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