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July 31, 2016

Fred Andersen, Chair
LATF IUL Illustration (A) Subgroup
National Association of Insurance Commissioners

Dear Fred,

AXA Equitable extends its sincere appreciation to LATF for its continued good work on AG 49.

Although AXA Equitable does not generally support application of new regulatory requirements to previously issued business, within the specific context of AG 49 we continue to support more uniform treatment of IUL illustrations regardless of when the policies were sold, as already stated in our letters to LATF in May and June of last year. Otherwise, identical policies sold before September 1st, 2015 will be illustrated for a policyholder's lifetime in a different manner than policies sold on or after that date.

We appreciate that modifying legacy computer systems to apply Sections 6 and 7 of AG 49 to in force illustrations may be burdensome to many insurers because of the need to provide alternate calculations, ledgers and tables required by those sections. In addition, Sections 6 and 7 of AG 49 may be of more value to policyholders in the context of new business illustrations rather than in force illustrations of policies they have already purchased.

On the other hand, we believe that the guidance provided by Sections 4 and 5 of AG 49 should logically be applied to all policies, whether new business or in force, regardless of when sold. Since companies already need to update their maximum illustrated crediting rates (also known as "look back rates") periodically to reflect cap and participation rate changes as well as the mere passage of each calendar year, application of Sections 4 and 5 to in force illustrations for older policies is less likely to entail significant computer system modifications.

The more disciplined illustrated crediting rates mandated under AG 49 were the result of careful consideration and extensive and thoughtful discussions between interested parties. AXA Equitable therefore supports the application of AG 49's discipline to in force illustrations, regardless of when the policies were sold.

Moreover, we believe that uniform treatment in terms of maximum illustrated crediting rates is important to establish sooner rather than later. Any impact of lower maximum illustrated crediting rates on previously illustrated premium funding levels or retirement income goals will thus be spread over the maximum possible future time period, allowing policyholders to make smaller and more gradual adjustments if necessary.

In conclusion, AXA Equitable supports the application of Sections 4 and 5 of AG 49 to illustrations of all in force life insurance policies, regardless of when they were sold, after some reasonable effective date.

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