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The Honorable Maggie Carlton
Member, Nevada State Assembly
Chair, NCOIL Life Insurance & Financial Planning
Committee
Via email to wmelofchik@ncoil.org

Re: Proposed Resolution Identifying Certain Enhanced Cash Surrender Value (ECSV) Endorsements as Violating the Standard Nonforfeiture Law

Dear Assemblywoman Carlton:

On behalf of the American Council of Life Insurers, I am writing to express our opposition to the proposed resolution related to Enhanced Cash Surrender Value (ECSV) endorsements.

The proposed resolution asserts, among other things, that recent ECSV endorsements do not comply with The Standard Non-Forfeiture Law (SNFL) and would call upon state regulators to withhold approval of, and rescind any previous approval of, these policy endorsements.

We strongly disagree with the resolution.

The SNFL has its origination in 1942 with the current version adopted over 40 years ago, before the development of universal life. When universal life came about, there was a considerable question in the actuarial and insurance regulatory community as to how nonforfeiture should be applied to these flexible premium products. Ultimately, the NAIC settled on the UL Model Regulation, which provided tests for cash values to meet minimum nonforfeiture requirements. The UL Model Regulation did not interpret all aspects of the Standard Nonforfeiture Law, however, and in fact, the law is silent on the issue of smoothness testing. Today it is fair to say that there is not a uniformity of views as to how or whether smoothness may apply to these flexible premium policy designs.

During the March 2022 NCOIL meeting Oklahoma Insurance Commissioner Glen Mulready indicated that he had suggested to Ohio Insurance Director Judi French, current Chairwoman of the Life and Annuities (A) Committee overseeing life insurance regulation at the NAIC, to request the Life Actuarial Task Force (LATF) revisit this issue and determine if clarifications are

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The American Council of Life Insurers (ACLI) is the leading trade association driving public policy and advocacy on behalf of the life insurance industry. 90 million American families rely on the life insurance industry for financial protection and retirement security. ACLI's member companies are dedicated to protecting consumers' financial wellbeing through life insurance, annuities, retirement plans, long-term care insurance, disability income insurance, reinsurance, and dental, vision and other supplemental benefits. ACLI's 280 member companies represent 94 percent of industry assets in the United States.

necessary. As this is a regulatory actuarial issue, we believe that is the appropriate place to continue discussion of this issue.

As such, and for the reasons listed above, we urge the Committee to reject the resolution.

Sincerely,

A handwritten signature in black ink, appearing to read "Kaun Mulekus", with a long horizontal flourish extending to the right.