11/6/2026

Attached for the PSC's consideration is ACLI's proposed redline to the revised draft Additional Standards for Guaranteed Bonus Benefits. Please let me know if you have any questions.

Wayne Mehlman
Senior Counsel, Insurance Regulation
ACLI

ACLI Proposed Redline 11/6/26

ADDITIONAL STANDARDS FOR GUARANTEED BONUS BENEFITS (for Individual Adjustable Life Insurance Policies)

Scope: These standards apply to Guaranteed Bonus Benefits that are built into non-variable individual adjustable life insurance policies or individual variable adjustable life insurance policies or added to such policies by rider, endorsement or amendment. If a Bonus Benefit includes both guaranteed and nonguaranteed elements, these standards apply only to the guaranteed elements. The Bonus Benefit can be an interest bonus, a premium bonus, a persistency bonus or any additional amounts/percentages credited to premiums paid, account values, cash values, or cash surrender values under a specified condition, other than benefits of the type described above that are provided through any pattern of non-level interest rate guarantees that may be similar to but are not specifically referred to as bonuses, additional credits, or enhancements.

Mix and Match: These standards are available to be used in combination with State Product Components as described in Section 111(b) of the Operating Procedure for the Filing and Approval of Product Filings.

Self-Certification: These standards are not available to be filed on a self-certification basis in accordance with the Rule for the Self-Certification of Products Filed with the Interstate Insurance Product Regulation Commission.

As used in these standards, the following definitions apply:

The term "Bonus Benefit" means an additional amount, credit, value, or other enhancement to policy values. A Bonus Benefit may be guaranteed, nonguaranteed, or consist of both guaranteed and nonguaranteed elements.

"Bonus Benefit Form" means the policy, rider, endorsement, or amendment that provides for a Guaranteed Bonus Benefit. A Bonus Benefit can be included in the policy at issue or added after the date of issue.

"Unconditionally Guaranteed Bonus Benefit" means a Bonus Benefit, or portion thereof, that the company is contractually obligated to provide if the policy is still in force. In other words, the company does not retain discretion as to whether the Bonus Benefit, or portion thereof, will be provided or to change the amount, rate, or formula applicable to the Bonus Benefit, or portion thereof, if the policy is still in force. The portion of a Bonus Benefit that satisfies this definition may also be referred to as the "unconditionally guaranteed elements" of a Bonus Benefit.

"Conditionally Guaranteed Bonus Benefit" means a Bonus Benefit, or portion thereof, that is contingent upon the occurrence of a specified event or satisfaction of specified conditions, provided that the company does not retain discretion as to whether the Bonus Benefit, or portion thereof, will be provided or to change the amount, rate, or formula applicable to the Bonus Benefit, or portion thereof, once those conditions are satisfied. The portion of a Bonus Benefit that satisfies this definition may also be referred to as the "conditionally guaranteed elements" of a Bonus Benefit.

"Nonguaranteed Bonus Benefit" means a Bonus Benefit, or portion thereof, for which the company retains discretion to determine or change whether the Bonus Benefit, or portion thereof, will be provided or to change the amount, rate, or formula applicable to the Bonus Benefit, or portion thereof, subject to any guarantees specified in the Bonus Benefit Form. The portion of a Bonus Benefit that satisfies this definition may also be referred to as the "nonguaranteed elements" of a Bonus benefit.

§1. ADDITIONAL SUBMISSION REQUIREMENTS

A. GENERAL

The following additional filing submission requirements apply:

(1) If a Conditionally Guaranteed Bonus Benefit or an Unconditionally Guaranteed Bonus Benefit is provided for by attachment to the policy of a rider, endorsement or amendment, the following shall be included:

(a) A listing by filing jurisdiction of the types of policies with which the Bonus Benefit Form will be used, including the policy form numbers, the corresponding approval date for these policies and any filing identification number.

(b) A statement as to whether the Bonus Benefit Form will be made part of the policy at issue or is intended for use after the date of issue of a policy, or both.

(c) A statement as to whether the Bonus Benefit Form is intended for use with new issues and/or in force business.

(d) A description of the Bonus Benefit for all types of policy forms with which the benefit will be used.

e) Any policy pages or provisions referenced in the Bonus Benefit Form.

B. ACTUARIAL MEMORANDUM

(1) The actuarial memorandum required by the Individual Flexible Premium Adjustable Life Policy Standards, Individual Modified Single Premium Adjustable Life Insurance Policy Standards, Individual Flexible Premium Adjustable Life Insurance Policy Joint First To Die Standards, Individual Joint Last to Die Survivorship Flexible Premium Adjustable Life Insurance Policy Standards, Individual Flexible Premium Variable Adjustable Life Insurance Policy Standards, Individual Modified Single Premium Variable Life Insurance Policy Standards, Individual Modified Single Premium Joint First to Die Variable Life Insurance Policy Standards, or Individual Joint Last to Die Survivorship Flexible Premium Variable Adjustable Life Insurance Policy Standards for a policy with a Conditionally Guaranteed Bonus Benefit or an Unconditionally Guaranteed Bonus Benefit to which these Guaranteed Bonus Benefit Standards apply, and which is prepared, dated and signed by the member of the American Academy of Actuaries, shall include the following information concerning the calculation of the nonforfeiture values (including both cash surrender values and nonforfeiture values):

(a) A description of the Conditionally Guaranteed Bonus Benefit or the Unconditionally Guaranteed Bonus Benefit, including any formulae or methodology used to determine the Conditionally Guaranteed Bonus Benefit or the Unconditionally Guaranteed Bonus Benefit and any requirements for the amount of premiums received or the level of account value attained, or any other conditions that must be met to receive the Conditionally Guaranteed Bonus Benefit;

(b) A description of any guaranteed elements used in determining the Conditionally Guaranteed Bonus Benefit or Unconditionally Guaranteed Bonus Benefit and any ranges associated with these guaranteed elements;

(c) An example showing the derivation of the Conditionally Guaranteed Bonus Benefit or Unconditionally Guaranteed Bonus Benefit; and

(d) A demonstration that the values of the policy, including any Unconditionally Guaranteed Bonus Benefit, comply with the minimums required by this standard and, as applicable, by Section 6A or Section 6B of the NAIC Universal Life Insurance Regulation, model #585 or by the NAIC Variable Life Insurance Regulation, model #270 using Actuarial Guideline XXIV.

C. VARIABILITY OF INFORMATION

(1) Conditionally Guaranteed Bonus Benefits and Unconditionally Guaranteed Bonus Benefits may be changed for new issues without prior notice or approval, as long as the Statement of Variability presents reasonable and realistic ranges for each guaranteed element. While such guaranteed elements may vary in amount or applicability by duration, attained age, or other policy or insured characteristics, they must be within the ranges filed and cannot be changed after issue without prior notice or approval. Any change to the range filed for a guaranteed element requires a refiling for prior approval and shall be accompanied by a demonstration, if applicable, signed by a member of the American Academy of Actuaries, that the policies issued within the new range comply with nonforfeiture minimums in, as applicable, Section 6A or Section 6B of the NAIC Universal Life Insurance Regulation, Model #585 or the NAIC Variable Life Insurance Regulation, Model #270 using Actuarial Guideline XXIV.

(2) Any identifiable charge for the Conditionally Guaranteed Bonus Benefit or Unconditionally Guaranteed Bonus Benefit may be considered a variable item and marked to denote variability.

(3) A zero entry in a range for any Conditionally Guaranteed Bonus Benefit or Unconditionally Guaranteed Bonus Benefit is unacceptable, and any change to a range requires a refiling for prior approval.

§2. GENERAL FORM REQUIREMENTS

A. COVER PAGE

(1) If a Conditionally Guaranteed Bonus Benefit or an Unconditionally Guaranteed Bonus Benefit is provided for by attachment to the policy of a rider, endorsement or amendment, the following shall be included on the cover page:

(a) At least one signature of a company officer if the Bonus Benefit Form is added after the date of issue of a policy.

(b) A statement to the effect that the Bonus Benefit Form is made a part of the policy and that its provisions apply in lieu of any policy provisions to the contrary.

(2) The Bonus Benefit Form shall contain a brief description that shall appear in prominent print on the cover page of the Bonus Benefit Form or is visible without opening the Bonus Benefit Form. The brief description shall contain at least the following information:

(a) A caption stating that a Conditionally Guaranteed Bonus Benefit or an Unconditionally Guaranteed Bonus Benefit is provided; for example, Individual

Flexible Premium Adjustable Life Insurance Policy Standards policy with Conditionally Guaranteed Bonus Benefit.

B. SPECIFICATIONS PAGE

(1) The specifications page of the Bonus Benefit Form shall include any guaranteed elements used in determining the Conditionally Guaranteed Bonus Benefit or Unconditionally Guaranteed Bonus Benefit and a statement, if any Nonguaranteed Bonus Benefit is applicable, that:

(a) The elements used in determining the Nonguaranteed Bonus Benefit are not guaranteed and can be changed by the company, subject to the guarantees in the Bonus Benefit Form, and that any such changes can affect the account value.

(2) The specifications page of the Bonus Benefit Form shall include any identifiable charge for the Conditionally Guaranteed Bonus Benefit or Unconditionally Guaranteed Bonus Benefit.

(3) For variations in types of bonuses or guaranteed elements for bonus features, these benefits can be shown through different specifications pages, with a generic cover page indicating a bonus is present. Alternatively, separate policy forms may be submitted to reflect the variations.

§3. POLICY PROVISIONS

A. BONUS BENEFIT

(1) The Bonus Benefit Form shall describe any formulae or methodology used to determine the Conditionally Guaranteed Bonus Benefit or Unconditionally Guaranteed Bonus Benefit, including any requirements applicable to the amount of premiums received or the level of account value attained, or any other conditions that must be met to receive the Conditionally Guaranteed Bonus Benefit.

(2) The Bonus Benefit Form shall describe any elements used in determining the Conditionally Guaranteed Bonus Benefit or Unconditionally Guaranteed Bonus Benefit.

(3) The Bonus Benefit Form shall describe the effect of any Conditionally Guaranteed Bonus Benefit or Unconditionally Guaranteed Bonus Benefit credited to the policy on all policy values. The Bonus Benefit Form shall describe the date the Conditionally Guaranteed Bonus Benefit or Unconditionally Guaranteed Bonus Benefit is to be credited and the order in which the Conditionally Guaranteed Bonus Benefit or Unconditionally Guaranteed Bonus Benefit will be credited to the policy values, relative to other policy charges and credits that could be applied on the same date.

(4) If the Conditionally Guaranteed Bonus Benefit or Unconditionally Guaranteed Bonus Benefit is related to the premiums paid, the Bonus Benefit Form shall disclose that the amount of the Conditionally Guaranteed Bonus Benefit or Unconditionally Guaranteed Bonus Benefit is not considered a premium payment.

B. BONUS BENEFIT GUARANTEES

(1) The values of any guaranteed elements used in determining the Conditionally Guaranteed Bonus Benefit or Unconditionally Guaranteed Bonus Benefit and stated in the Bonus Benefit Form shall be guaranteed~~. Values of nonguaranteed elements shall not be included in the policy.~~

(2) The Bonus Benefit Form shall indicate which elements are guaranteed.

C. NONFORFEITURE VALUES

For purposes of compliance with the nonforfeiture minimums in, as applicable, Section 6A or Section 6B of the NAIC Universal Life Insurance Regulation, Model #585 or NAIC Variable Life Insurance Regulation, Model #270 using Actuarial Guideline XXIV for any policy which includes an Unconditionally Guaranteed Bonus Benefit :

(1) The Unconditionally Guaranteed Bonus Benefit shall be considered an element of the base policy;

(2) Any charge for the Unconditionally Guaranteed Bonus Benefit is an administrative charge;

(3) The Unconditionally Guaranteed Bonus Benefit must be included in determining the minimum cash surrender values;

(4) Any Unconditionally Guaranteed Bonus Benefit that may be converted to an interest bonus must be included in determining the unamortized unused initial expense allowances;

Drafting Note: For an interest bonus or other bonus that may be converted to an interest bonus, the guaranteed interest rate used in determining the unamortized unused initial expense allowances must include the guaranteed minimum interest bonus. The actual Unconditionally Guaranteed Bonus Benefit must be credited to the account value or cash value.

D. RIGHT TO EXAMINE POLICY

(1) The policy shall disclose that if the policy is returned under the right to examine provision, any Conditionally Guaranteed Bonus Benefit or Unconditionally Guaranteed Bonus Benefit credited will not be returned.

E. TERMINATION

(1) A Bonus Benefit Form that is attached to the policy by rider, endorsement or amendment shall include the following termination conditions:

(a) Upon written request from the owner;

(b) Upon termination of the policy; or

(c) Upon nonpayment of any identifiable charge.