



NEW RULES AND PRACTICES FOR UNIVERSAL LIFE ILLUSTRATIONS.

TO: ALL LEGAL & GENERAL AMERICA GENERAL AGENTS
FROM: FRANK GENCARELLI, SVP SALES AND MARKETING
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Prior to January 1, 2013, universal life plans from Legal & General America have been *illustrated plans*. Accordingly, illustrations and quotes for these plans have abided by rules laid out in the **NAIC Life Insurance Illustrations Model Regulation** (The Regulation). This regulation was enacted to ensure proper disclosure to consumers of projected non-guaranteed values, and to ensure that these values are supportable given the current practice and reasonably current experience of the company.

The regulation stipulates that illustrated projected values can be no greater than the **lower** of:

- Those produced under the current interest rates and charges for the policy declared by the company
- Those produced under rates and charges implied by the *Disciplined Current Scale (DCS)*. The DCS, defined by the regulation, incorporates rates and charges that track with recent company experience.

We are experiencing an investment environment where even the guaranteed minimum interest rate on some in-force policies cannot be achieved with new investments. In testing of our various products, we found that our current rates and charges produce projected values in excess of the maximum, as outlined above, for some plans listed on the following page.

Beginning January 2, 2013, all in-force and new business illustrations for these plans will display guaranteed values under those labeled “Non-Guaranteed”, “Current” or “Mid-point”. Since the premise of the sale for virtually all of these plans was focused on guarantees, consumers can take comfort in the fact that none of these effects guaranteed values or guaranteed premiums that have been “solved-for”.

Nevertheless, these are still illustrated plans as defined by the regulation, and the rules around signed illustrations still apply.

Our new Life Choice and Life Step plans, available in most jurisdictions on January 2, 2013, are **non-illustrated plans**, as defined by the regulation. This means that only guaranteed values and premiums will be projected and quoted. As a matter of practice, we will still require signed quotes produced by Illustration Manager or equivalent vendor quoting systems to clarify the intent of the applicant.

Banner UL Policies	William Penn UL Policies
20 year Term Advantra – 20 YR Guarantee	Advantra – 20 YR Guarantee
Advantra 2002 – 20 YR Guarantee	Penn UL 1998, 1999 – 5 YR Guarantee
Advantra 2005 – 20 YR Guarantee	Penn UL 2001 – 5 YR Guarantee
Capitol UL Increasing – 10 YR Guarantee	Penn UL Increasing 2002 – 10 YR Guarantee
Capitol UL Level – 10 YR Guarantee	Penn UL Level 2002 – 10 YR Guarantee
Classic UL Standard Plus – 10 YR Guarantee	Penn UL Increasing 2005 – 10 YR Guarantee
Classic UL – 10 YR Guarantee	Penn UL Level 2005 – 10 YR Guarantee
Continuity – 15 YR Lifetime Guarantee	Longevity 100 – 10 YR Lifetime Guarantee
Continuity Preferred/Standard Increasing – 15 YR Lifetime Guarantee	Longevity 115 – 10 YR Lifetime Guarantee
Continuity Preferred/Standard Level – 15 YR Lifetime Guarantee	Life Umbrella 120 – 10 YR Lifetime Guarantee
UL Continuity XXX Lifetime Increasing – 15 YR Lifetime Guarantee	Life Change - Lifetime Guarantee
UL Continuity XXX Lifetime Level – 15 YR Lifetime Guarantee	Life Choice - Lifetime Guarantee
Continuity 100 Lifetime No Lapse – 10 YR Lifetime Guarantee	Life Step – Lifetime Guarantee
Life Umbrella UL 120 – 10 YR Lifetime Guarantee	
Life Change – Lifetime Guarantee	
Life Choice – Lifetime Guarantee	
Life Step – Lifetime Guarantee	

As always, we thank you for your continued support.

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