

# North American Product Changes

## Frequently Asked Questions



As part of our ongoing commitment to provide you and your clients with highly competitive products, North American has recently released a series of new, 2017 CSO mortality compliant products. In order to ensure 2017 CSO compliance with all of our products, we will also be discontinuing sales of some of our existing products at the end of 2019. Please refer to the bulletin 251NB for further transition details as well as key dates.

**We recognize you may have some other questions related to these product changes. Here are some answers to common questions around North American's transition to the 2017 CSO Mortality Tables.**

### **Q: Why are North American products changing to the 2017 CSO Mortality Tables?**

**A:** Mortality rates are dynamic by nature but have been more so in recent years in response to medical advancements, technology, improving lifestyle trends, and more. Therefore, periodically updating the CSO Table has become essential. The 2017 Commissioners' Standard Ordinary mortality and morbidity tables (2017 CSO Tables) are prescribed by the National Association of Insurance Commissioners (NAIC) and became the prevailing commissioners' standard tables during calendar year 2015. All states have adopted the 2017 CSO Tables. As a result, the predecessor tables, the 2001 CSO Tables, may continue to be used for insurance contracts issued in 2019, but use of the 2017 CSO Tables is mandatory under both state law and federal tax law for contracts issued in 2020 and later.

### **Q: How is the 2017 CSO Table different from the 2001 CSO Table?**

**A:** The structure of the new 2017 CSO Table is very similar to the 2001 CSO Table, in terms of base tables. However, generally speaking, mortality rates under the 2017 CSO Table are lower. This reflects a continuation of general population and insured lives historical mortality improvement. The 2017 CSO is a significant improvement over the 2001 CSO when it comes to the amount of underlying data available and the segmentation of tables. More data is available on smoker/non-smoker basis, as well as on business issued at older ages, substandard business, and business issued using a preferred underwriting basis. Also, more than double the number of insurance companies provided experience data for the 2017 CSO Table than for the 2001 CSO Table.

### **Q: What affect do the 2017 CSO tables have on policies?**

**A:** All products must be refiled with implementation of the 2017 CSO Tables. The change affects the guaranteed mortality rates, surrender charges, reserves, and current COIs in the products. In most products and case designs, this has little impact. On a product like the Builder Plus IUL 2, which typically involves a maximum premium/minimum face amount design, the implementation of 2017 CSO Table may require more death benefit and, in the absence of other pricing/design changes, could produce lower cash values. In products/case designs aimed at low cost death benefits, 2017 CSO Table is virtually transparent.

### **Q: After January 24, 2020, how do we run revised illustrations on products no longer available on web software?**

**A:** Contact sales support at 800-800-3656, ext. 10411 for these illustration requests.

**Q: Why did North American choose a December 20, 2019 signed cutoff date instead of December 30, 2019?**

**A:** This date was chosen to provide extra time to submit a paper application in consideration of the time it takes to mail/fax/upload the paper application to us. For electronic applications, the products will no longer be available in SimpleSubmit® e-app software after this date.

**Q: How long can I sell the old products?**

**A:** Applications need to be signed by December 20, 2019, and received in our administrative office by December 30, 2019.

**Q: Do the old products have to be issued and funded by December 30, 2019 or just in house as an application? When do they need to be placed in force?**

**A:** Applications do not need to be issued and funded by December 30, 2019; they only have to be received by that date. There is no cut-off date that an old product must be issued or placed in force by, but the policy date on the old products must be December 28, 2019, or prior. Therefore, placing cases in force later in 2020 will result in back premiums being due. Also, we will adhere to our normal guidelines with regard to how long we allow an application to be approved, issued, and placed in force. In general, an application is good for six months. Once an application is six months old a new application may be required, which would mean the old product would no longer be an option.

**Q: Will a 1035 Exchange impact the ability to get an old policy issued before the cutoff date?**

**A:** As long as the application is signed by December 20, 2019 and received in our administrative office by December 30, 2019, and the policy is dated December 28, 2019 or prior, the 1035 Exchange money could come in later without impacting the ability to get an old policy issued. Please note, that applications are generally good for a period of six months.

**Q: Will I be able to make changes or face increases on older products after January 1, 2020?**

**A:** We will allow face increases on the older products after January 1, 2020. Other changes can be made as long as the change is provided for in the contract. Examples include: increases in face amount or changes in the death benefit option. Items not included in the contract, such as addition of riders after issue or changes in substandard ratings will not be allowed. Pre-2001 CSO products did not address underwriting class changes, so those would also not be allowed.

**Still have questions about these changes?**  
Please contact your Managing General Agency (MGA) upline.

Indexed Universal Life Insurance products are not an investment in the “market” or in the applicable index and are subject to all policy fees and charges normally associated with most universal life insurance.

Builder Plus IUL 2 is issued on policy form series LS183 by North American Company for Life and Health Insurance, Administrative Office, One Sammons Plaza, Sioux Falls, SD 57193. Products, features, riders, endorsements, or issue ages may not be available in all jurisdictions. Limitations or restrictions may apply.

*We're Here For Life*®

northamericancompany.com