
Transamerica (Again) Restricting Inforce Illustrations On Certain Universal Life Policies

March 13, 2017

In November of 2015 we published an article noting that Transamerica was no longer providing inforce illustrations with “current assumptions” on a number of universal life policies. We pointed out the challenges that raised in managing policies without an understanding of “what Transamerica is actually charging and crediting” in the policies.

This week, Transamerica announced that beginning March 15th they would “only run illustrations based on the guaranteed maximum charges and the guaranteed minimum interest rate” on another block of inforce policies.

Per the carrier, the “decision was made following significant review of NAIC regulations” relating to current assumption inforce illustrations and their “interpretation of those NAIC regulations.”

For the affected policies, Transamerica will provide only the current accumulation value of the policy and the current monthly deduction amount. The policy owner (or servicer) will then have to compute whether the current policy premium will be sufficient to “sustain the policy until the next anniversary.”

This announcement follows a similar announcement by John Hancock that we noted just last month. In that article, we mentioned that we did not “wish to speculate on the future actions” of the carrier as to future COI increases and we will not here. But we would be remiss if we did not point out that the notice from Transamerica in November of 2015 was a precursor to COI increases we uncovered in February of 2016 on the very same policies.

As always we will provide updates as warranted.