

Changes to ADBE interest rate, Variable Interest Rate Policy Loan and Fixed Interest Participating Policy Loan rates

Date: January 25, 2024
Effective: April 1, 2024

North American continues to make decisions for the long-term to help ensure we remain strong and stable and well-positioned to keep the commitments we've made to both our policyholders and distribution partners. To keep in line with this future focus, it was determined on December 31, 2023, that we will be making the following rate changes:

New ADBE interest rate, effective April 1, 2024

For new Accelerated Death Benefit Endorsement¹ (ADBE) accelerations beginning April 1, 2024, the ADBE interest rate will change to 5.50%.

New rate changes, effective April 1, 2024

- The Variable Interest Rate Policy Loan (VRL)² interest rate will change to 5.50%.
- The Fixed Interest Participating Policy Loan (FPL)³ interest rate for Builder Plus IUL[®] 3 (indexed universal life) will change to 5.70%. The Interest Bonus on the Fixed Interest Participating Policy Loan will remain at 2%.
- Sales illustrations and inforce illustrations will be limited to a minimum Variable Interest Policy Loan interest rate of 5.50% used in the Non-Guaranteed Assumptions.

New loans taken on or after April 1, 2024, on policies that do not have existing debt will use the new rates immediately. North American will notify impacted policyholders by mail 60 days prior to their rate change date with specific timing and information about which rate change is applicable to their policy. Please refer to the policy for specifics on when these changes will become effective.

Illustration platform

Our web illustrations platform will reflect the new ADBE and loan interest rates on **March 23, 2024**.

For more information on these changes, please contact your Managing General Agency (MGA).

Field Bulletin

1. Accelerated Death Benefits are subject to eligibility requirements. The death benefit will be reduced by the amount of the death benefit accelerated. Since benefits are paid prior to death, a discount will be applied to the death benefit accelerated. As a result, the actual amount received will be less than the amount of the death benefit accelerated. An administrative fee is required at time of election of an Accelerated Death Benefit Endorsement.
2. The net cost of a variable interest participating policy loan could be negative if the credits earned are less than the interest charged. The net cost of the loan could also be larger than under standard policy loans if the amount credited is less than the interest charged. In the extreme example, the amount credited could be zero and the net cost of the loan would equal the maximum interest rate charged on variable interest participating policy loans. In brief, Variable Interest Participating Policy Loans have more uncertainty than Standard Policy Loans in both the interest rate charged and the interest rate credited.
3. The net cost of a Fixed Interest Participating Policy Loan could be negative if the credits earned are less than the interest charged. The net cost of the loan could also be larger than under standard policy loans if the amount credited is less than the interest charged. In the extreme example, the amount credited could be zero and the net cost of the loan would equal the maximum interest rate charged less any guaranteed bonus. In brief, fixed interest rate participating loans have more uncertainty than standard policy loans in the interest rate credited.

Agents offering, marketing, or selling accelerated death benefits for chronic illness in California must be able to describe the differences between benefits provided under an accelerated death benefit for chronic illness and benefits provided under long-term care insurance to clients. You must provide clients with the ADBE Consumer Brochure for California that includes this comparison. Comparison is for solicitation purpose only, not for conversions.

Indexed Universal Life 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.

In some situations loans and withdrawals may be subject to federal taxes. North American does not give tax or legal advice. Clients should be instructed to consult with and rely on their own tax advisor or attorney for advice on their specific situation.

ACCELERATED DEATH BENEFIT – CHRONIC ILLNESS IS NOT LONG TERM CARE INSURANCE NOR IS IT INTENDED TO REPLACE LONG TERM CARE INSURANCE. ACCELERATED DEATH BENEFIT FOR CRITICAL ILLNESS IS NOT HEALTH INSURANCE NOR IS IT INTENDED TO REPLACE HEALTH INSURANCE.

Builder Plus IUL[®] 3 (policy form series LS191), or state variation including all applicable endorsements and riders, are issued by North American Company for Life and Health Insurance, West Des Moines, IA. Products, features, endorsements, riders or issue ages may not be available in all jurisdictions. Limitations or restrictions may apply.

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