



# New York Life

## Advanced Markets Network

### Retail Life, Third Party Distribution (TPD)

To: Financial Professionals  
From: Scott Long, CLU, ChFC, CVP, Head of Retail Life, TPD  
Date: April 1, 2020

#### Life and Long-Term Care Product Change in Response to COVID-19

#### Summary:

In addition to its impact on people's lives, COVID-19 has also had a major impact on the financial markets, driving interest rates to all-time lows. After careful consideration, we have decided to implement certain changes to our life and long-term care insurance products in light of this environment. These changes apply to any application with a Part 1 date on or after the dates provided below.

#### Option to Purchase Paid-Up Additions (OPP) Rider

To help better address the interest rate risk in the current environment, we are introducing AD120 OPP. For all Whole Life (WL), Custom Whole Life (CWL), Value WL, and Custom Survivorship WL (CSWL) applications with an application Part 1 date of May 1, 2020, or later, the following changes will be made in all jurisdictions:

- **Adjusting the OPP loads:**
  - The initial up-front expense charge for the Standard or better risk classes will be increased from 8% to 12%.
  - Substandard risk classes will have an initial up-front expense charge ranging from 19% to 45%, depending on the substandard rating.
  
- **Reducing maximum annual standard base premium (ASBP) limits for CWL and CSWL policies**
  - CWL policies with a pay period of 19 years or less and CSWL policies with a 10-year pay period will have the following ASBP limits:
    - For new business, the maximum ASBP will be 2x ASBP in all years.
    - For Term conversions, the maximum ASBP without underwriting will be 2x in years 1 & 2 from the term policy issue date and 1x in year 3 from the term policy issue date
    - For 1035 exchanges, the maximum ASBP will be 10x in year 1, but will be limited to 2x thereafter
    - The maximum billable OPP ASBP limit will remain at 2x.

- CWL policies with a pay period of 20 years or more, all WL policies, all Value WL policies, and CSWL policies with pay periods of 20 years, 30 years or pay to age 100 will all continue to maintain the following limits:
  - For new business and 1035 exchanges, the maximum ASBP without underwriting will remain at 10x in year 1, 8x in year 2, 6x in year 3, 4x in year 4 and 2x in year 5.
  - For term conversions, the maximum ASBP limits without underwriting will also remain at 10x in year 1 from the term policy issue date, 8x in year 2 from the term policy issue date and 1x in year 3 from the term policy issue date.
  - The maximum billable OPP ASBP limit will remain at 2x ASBP for these policies
- **Underwriting may be required for OPP payments, but the OPP payment may not exceed 2x ASBP for CWL 5-19 pays and CSWL 10-pay. OPP payments may not exceed 10x ASBP for CWL 20-pays or longer, WL policies, all Value WL policies, and CSWL 20-pays or longer.**
- **These updates will be available in NYLIS for new business illustrations, effective May 1, 2020.**

### Changes to AD 118 Custom Universal Life Guarantee (CULG)

We are also making changes to our AD 118 CULG product to help ensure we continue to offer a product that provides value, while remaining consistent with our focus on long-term financial strength. For all AD 118 CULG applications with an application Part 1 date of **May 1, 2020**, or later, the following changes will be made in all jurisdictions:

- **Maximum Face Amount of \$2.5M for all new business (including term conversions)**
  - We will no longer accept applications for policies that have a face amount above \$2.5M, and we will also block illustrations of policies with face amounts above \$2.5M in NYLIS
- **Rate increases for all policies with \$1M+ face amounts and all policies with Select Preferred and Preferred risk classes**
  - The approximate premium increases for most cases will be as follows:
    - <\$1M face amount Select Preferred and Preferred: 10%-15%
    - \$1M+ face amount Select Preferred and Preferred: 10%-20%
    - \$1M+ face amount Preferred II and lower risk classes: <5%
  - Select Preferred and Preferred rates will now equal the Preferred II rates at all face amounts and issue ages.
    - Although the rates will be equivalent, clients will still be issued policies with Select Preferred or Preferred ratings based on underwriting.
    - Setting the Select Preferred and Preferred rates equal to the Preferred II rates ensures that if a client does a term conversion to CULG or applies for multiple products, they will see the same risk class on all products.
- **These updates will be available in NYLIS for new business illustrations, effective May 1, 2020.**

## LTC Solutions: Asset Preserver and Asset Flex

Because the pricing of our current Asset Preserver and Asset Flex products are very sensitive to low interest rates, we will be taking the following actions:

- Effective **April 13, 2020**, we will **stop sales of Asset Preserver** (applies in California and New York only); we plan to work with the regulators in these states to replace Asset Preserver with a new product as soon as possible.
- While we will continue to offer Asset Flex in all states other than California and New York, we are making the following changes, for applications with an application Part 1 date of **May 1, 2020**:
  - Capping the issue age at 69 for single premium sales (not applicable to 5-pay and 10-pay recurring premium sales where max issue ages are 65 and 60, respectively)
  - Limiting single premium sales to \$150K or less
  - Offering Preferred Non-Tobacco as the best risk class

### For more information

We continue to work to find ways to help you and your clients while protecting the long-term financial strength of the company. **For additional information please contact your Field Director or Sales Support by phone at 1-888-695-4748, Option 4 or by email at [AMN\\_Sales\\_Support@newyorklife.com](mailto:AMN_Sales_Support@newyorklife.com).**