
AXA Equitable VUL Offers Downside Risk Buffer

By Editor Test *Tue, Apr 27, 2010*

The Market Stabilizer Option offers a rate of return tied to the S&P 500 Price Return index, up to a growth cap. It also provides a downside buffer of up to 25% if the index underperforms.

AXA Equitable Life has introduced a Market Stabilizer Option on its variable universal life insurance product. Using upside caps and a downside buffer, the Market Stabilizer Option “can help smooth the impact of equity volatility on a policy,” the company said.

The MSO offers a rate of return tied to the S&P 500 Price Return index*, up to a growth cap. It also provides a downside buffer of up to 25% if the index underperforms.

“The last two years have been among the most turbulent periods ever for equity investors. The related economic insecurity has actually increased consumer awareness of the need for life insurance,” said Christopher M. “Kip” Condron, chairman and chief executive officer of AXA Equitable.

The following hypothetical example, using a 15% growth cap rate, illustrates the MSO:

If the S&P 500 rate of return (excluding dividends):

- Increases 15% or more, the linked rate of return on The Market Stabilizer Option indexed-linked rate of return on the Segment Mature Date will equal 15%.
- Increases less than 15%, the linked rate of return on The Market Stabilizer Option indexed-linked rate of return on the Segment Mature Date will equal the index performance, excluding dividends.
- Stays flat or declines 25% or less, the linked rate of return on The Market Stabilizer Option indexed-linked rate of return on the Segment Mature Date will equal zero.
- Declines 30%, the linked rate of return on The Market Stabilizer Option indexed-linked rate of return on the Segment Mature Date will decline by 5% (or the excess beyond the first 25% decline).

AXA Equitable’s MSO, option available for an additional fee, is offered along with more than 50 other investment options to purchases of IL Optimizer. Gains from other policy investment portfolios can be swept into a new MSO segment, without triggering a taxable event.

© 2010 RIJ Publishing. All rights reserved.