November 26, 2019

Submitted Electronically to jmatthews@naic.org

The Honorable Doug Ommen
Commissioner, Iowa Insurance Division
Chair, NAIC Life Insurance and Annuities (A) Committee
Two Ruan Center
601 Locust, 4th Floor
Des Moines, IA 50309-3738

Subject: Request for Comments on the 11-5-19 Draft of Proposed Revisions to the Suitability in Annuity Transactions Model Regulation

Dear Commissioner Ommen:

These comments are submitted to the National Association of Insurance Commissioners (NAIC) Life Insurance and Annuities (A) Committee ((A) Committee) on behalf of the undersigned trade groups in response to the request for comments on the 11-5-19 draft of proposed revisions to the Suitability in Annuity Transactions Model Regulation (Model Regulation).

The undersigned and our members believe the Model Regulation, as proposed to be revised in the 11-5-19 draft, will make it possible for consumers – regardless of where they live – to be confident that insurance companies and producers with whom they are entrusting their retirement savings are acting in their best interest, and not putting their own financial interests ahead of consumers' interests.

Accordingly, the undersigned support the Model Regulation, as proposed to be revised in the 11- 5-19 draft, including: (i) the new drafting note at the end of Section 1, that underscores the revised Model Regulation's status as a successor regulation that exceeds the requirements of the 2010 Model Regulation for purposes of the Dodd-Frank Act; and (ii) the new safe harbor language in Section 6.E., that extends the current safe harbor to registered investment advisors, in alignment with the SEC's Regulation Best Interest initiatives.

The undersigned remain committed to achieving a harmonized, national best interest standard of care for annuities and securities across all regulatory platforms. We appreciate the NAIC's ongoing efforts to achieve such harmonization as reflected in the 11-5-19 draft. We commend the Annuity Suitability Working Group for drafting enhancements to the Model Regulation that provide clear, objective best interest standards for recommendations of annuities that align well with the SEC's Regulation Best Interest. Together, these two

initiatives will significantly enhance protections for consumers across the country who seek guaranteed lifetime income in retirement through annuities and securities.

The undersigned suggest two important technical clarifications to 11-5-19 draft:

(i) Section 6.C.(2)(e)

To clarify and provide further guidance to insurers as to their obligations under Section 6.C.(2)(e), we suggest modification to this provision to read as follows (NAIC's proposed revisions are in red; the undersigned's proposed revisions are in blue):

> *The insurer shall establish and maintain reasonable procedures to detect recommendations that are not ~~suitable~~ in compliance with subsections A, B, D and E. This may include, but is not limited to, confirmation of the consumer's ~~suitability~~ consumer profile information, systematic customer surveys, producer and consumer interviews, confirmation letters, producer statements or attestations, and programs of internal monitoring. Nothing in this subparagraph prevents an insurer from complying with this subparagraph by applying sampling procedures, or by confirming the ~~suitability~~ consumer profile information or other required information under this section after issuance or delivery of the annuity; ~~and~~*

(ii) Appendix A – Producer Relationship Disclosure Form – Insurance Authorization

To avoid unnecessary confusion as to producers' obligations under the Model Regulation, we suggest addition of the following sentence at the end of the section titled "Insurance Authorization":

> *When I sell products other than insurance products, I am not engaging in my capacity as an insurance producer.*

The undersigned trade groups urge the (A) Committee to vote to approve the 11-5-19 draft and to recommend its adoption by the full NAIC as expeditiously as possible. Final approval by the full NAIC as soon as possible will position us to work with the NAIC toward implementation of the enhanced revised Model Regulation in the states beginning in 2020.

We thank the (A) Committee for its continued consideration of our views and the NAIC for its continued efforts in connection with the proposed enhancements to the Model Regulation, which we believe constitute one of the NAIC's most important consumer protection initiatives.

Sincerely,

AMERICAN COUNCIL OF LIFE INSURERS (ACLI)



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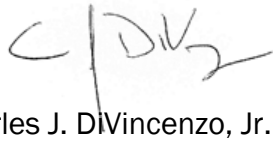
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