

**Andrew J. Bowden**  
Senior Vice President  
General Counsel

November 26, 2019

The Honorable Doug Ommen  
Commissioner  
Iowa Insurance Division  
601 Locust Street, Fourth Floor  
Des Moines, Iowa 50309  
*Via e-mail to Ms. Jolie Matthews (jmatthews@naic.org)*

**Re: Comments on the November 5, 2019, Draft Revisions to the Suitability in Annuity Transactions Model Regulation ("Model Regulation")**

Dear Commissioner Ommen:

Thanks to you and the other members of the Annuity Suitability (A) Working Group for your careful consideration of suggested revisions to the Model Regulation and for the opportunity to comment prior to consideration of the exposed draft by the Life Insurance and Annuities (A) Committee. We are grateful for the time and effort expended, and courtesies extended, inside and outside of Working Group meetings in an attempt to get it right. We would especially like to thank Director Froment for her capable, even-handed, and often humorous leadership of the Working Group throughout the drafting process.

Jackson National Life Insurance Company<sup>1</sup> supports efforts to enhance the standards that apply to recommendations of annuities by insurance producers. We are therefore supportive of the extension of the existing FINRA safe harbor to additionally include recommendations subject to specified and recognized fiduciary regulatory regimes.

Although Jackson National previously proposed an amendment to the safe harbor that is different than the one presently under consideration, we support and recommend the language in the exposed draft. It is consistent with the logic of the existing FINRA safe harbor and will not adversely affect consumer protection standards. In drafting the existing safe harbor, regulators recognized that individuals subject to separate, but equivalent, standards of care and conduct should not have to comply with both standards.

---

<sup>1</sup> Jackson National Life Insurance Company (Jackson) is the largest provider of individual annuities in the United States since 2012.<sup>1</sup> Jackson and its U.S. affiliates manage more than \$200 billion in fixed and variable annuities for over 1.5 million investors. Jackson's insurance products are offered by more than 150,000 financial advisers affiliated with more than 600 independent broker-dealers, wirehouses, financial institutions and independent insurance agents. Thus, Jackson has a unique perspective as a leading manufacturer of annuity products.



Commissioner Doug Ommen  
November 26, 2019  
Page 2

Certainly, sales made in compliance with specified and recognized fiduciary regulatory regimes should be deemed to satisfy the requirements of the Model Regulation. Investment advisers registered under federal securities laws (or equivalent state securities laws) are subject not only to the highest standards of care and conduct but also to extensive disclosure, conflict mitigation, and supervisory requirements.

Requiring redundant application of fiduciary regulations and the Model Regulation will only serve to deter fiduciaries from offering annuities and defeat the objective of increasing consumer protection standards.

### **There is No Foreseeable Risk to Expanding the Safe Harbor**

By its terms, the safe harbor would not be available if a recommendation is not subject to, or fails to comply with, a specified and recognized fiduciary regime, such as the Investment Advisers Act of 1940. In such instance, all the requirements of the Model Regulation must be satisfied. Thus, in no instance will a recommendation of an annuity be subject to a standard lesser than that contained in the Model Regulation.

Finally, the proposed amendment of the safe harbor does not affect state insurance departments' investigative or enforcement powers. State insurance regulators expressly retain their ability to investigate and enforce the Model Regulation. They will also retain their power to investigate and enforce the consumer protection provisions within their insurance codes, as well as the securities anti-fraud statutes that govern the sale of variable annuities insofar as they regulate variable annuities as securities, as most states do.

### **Conclusion**

Thank you for the opportunity to share our views and for your consideration of them. We hope this letter is helpful and are happy to answer any questions or to provide additional information.

Very truly yours,

A handwritten signature in blue ink, appearing to read "A. Bowden", located below the "Very truly yours," text.

Andrew J. Bowden  
Senior Vice President and General Counsel