



July 6, 2023

Submitted electronically to pwallace@naic.org

Re: Chapter 23- June 6, 2023 Draft (Revisions related to the February 2020 adopted revisions to the Suitability in Annuity Transactions Model Regulation #275)

To: The NAIC Market Conduct Examination Guidelines (D) Working Group (“Working Group”)

On behalf of our members, the Insured Retirement Institute, Inc. (“IRI”)¹ appreciates the opportunity to provide additional comments on the Chapter 23 – June 6, 2023 Draft (“Draft Guidelines”).

We have no objection to the added language acknowledging the ongoing discussions of the Annuity Suitability Working Group about the Safe Harbor provisions.

We would also like to reiterate our recommendations from our September 16, 2022, letter, and we encourage the Working Group to make these updates. These additional edits are important in order to ensure consistency with all the updates to Model #275 and to avoid any potential confusion.

- 1) On page 46 of the Draft Guidelines, within L. Supplemental Checklist for Marketing and Sales Standard #12, we propose the following additional checklist item so that examiners can ensure that producer training complies with the Model #275 updates:

“A producer who has completed an annuity training course approved by the department of insurance prior to the effective date of the regulation shall, within six (6) months after the effective date of the regulation, complete either:

- (a) A new four (4) credit training course approved by the department of insurance after the effective date of the regulation; or
- (b) An additional one-time one (1) credit training course approved by the department of insurance and provided by the department of insurance-approved education provider on appropriate sales practices, replacement and disclosure requirements under the amended regulation.”

- 2) On pages 15, 18, and 32 of the Draft Guidelines, we recommend the following change in order to ensure consistency with the Model #275 Updates:

¹ IRI is the leading association for the entire supply chain of insured retirement strategies, including life insurers, asset managers, and distributors such as broker-dealers, banks, and marketing organizations. IRI members account for more than 95 percent of annuity assets in the U.S., the top 10 distributors of annuities ranked by assets under management and are represented by financial professionals serving millions of Americans. IRI champions retirement security for all through leadership in advocacy, awareness, research, and the advancement of digital solutions within a collaborative industry community.

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“The consumer has had another annuity exchange or replacement and, in particular, an exchange or replacement within the preceding ~~36~~ 60 months.”

- 3) On page 40 of the Draft Guidelines, within K. Supplemental Checklist for Marketing and Sales Standard #10, we recommend that the checklist item stating, “Nothing in this subsection restricts an insurer from ~~contracting for delegating~~ performance of a function (including maintenance of procedures) required under this subsection” be changed back to the language from the April 19, 2022, draft. The “contracting for” language is consistent with Model #275 and using a different term here could cause confusion about the insurer’s responsibilities, and as such, we recommend leaving “contracting for” and removing “delegating”.

On behalf of IRI and our members, thank you again for the opportunity to provide these comments and for all of the work done to update these Guidelines. We would be happy to discuss further with you and look forward to collaboration and partnership with the Working Group.

Sincerely,

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