



September 16, 2022

**Submitted electronically to [pwallace@naic.org](mailto:pwallace@naic.org)**

**Re: Chapter 23-Annuity Suitability August 22, 2022 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”)<sup>1</sup> appreciates the opportunity to provide additional comments on the Chapter 23 – Annuity Suitability, August 22, 2022 Draft (“Draft Guidelines”).

We also appreciate the Working Group’s efforts to incorporate IRI’s recommendations from our May 27, 2022, comment letter, and we support the changes made on pages 30-31 and 36-37. Additionally, while we support the inclusion of the language on these pages that reads *“For instance, a broker dealer could approve a fixed or fixed indexed annuity transaction if it had adopted business rules addressing fixed annuities and applied the same level of scrutiny that the broker dealer would apply to a variable annuity”*, we understand that this Working Group is considering waiting until the NAIC Annuity Suitability Working Group has developed FAQs on this topic, and we have no objection to the approach of adapting this language as appropriate to match any new FAQs.

We would also like to respectfully offer some final comments on the Draft Guidelines in order to ensure consistency with all the updates to Model #275:

- 1) On page 45 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**

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<sup>1</sup> 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.

on appropriate sales practices, replacement and disclosure requirements under the amended regulation.”

- 2) On pages 15, 17, and 31 of the Draft Guidelines, we recommend the following change in order to ensure consistency with the Model #275 Updates:

“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”.

Finally, we noted some instances in the Supplemental Checklists where the phrase “the insurer’s and applicable producer’s system of annuity suitability supervision” was used. Since the Supervision System provisions of Model #275 only pertains insurers, we’d suggest this phrase be adjusted accordingly to ensure consistency and avoid confusion.

On behalf of IRI and our members, thank you again for the opportunity to provide these comments, and we appreciate your consideration of our recommended changes. 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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