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To: Nevada Division of Insurance via email: regs@doi.nv.gov
Subject: LCB File No. R109-23: ANNUITY SUITABILITY AND BEST INTEREST

Thank you for the opportunity to comment on and voice support for your proposed rule, LCB File No. R109-23 dated May 13, 2024, which creates a new elevated best interest standard for insurance producers and insurers with respect to the recommendation and sale of annuities. Forty-five states have now approved the NAIC model regulation with no significant variations, making it a national standard for more than 90% of the nation's annuity consumers. The NAIC model rule is also poised for adoption soon by three additional state insurance departments, while the remaining two have announced plans to adopt the rule.

Comments on LCB File No. R109-23, May 13, 2024 Revision

We have reviewed the LCB draft proposal dated May 13, 2024, and are pleased to conclude that it is largely consistent with the revised NAIC model regulation. We are grateful for the significant revisions proposed by the Division and accurately captured by the LCB and strongly support the final adoption of the rule.

We have noted just two minor variations from the model language that appear to be unintentional errors. We hope these can be corrected in the final proposed rule or as soon after adoption as possible.

In the definition of Replacement on Page 7, Section 13, the phrase "use in a financial purchase" should be changed to "use in a financed purchase", consistent with the NAIC model language.

We believe the use of the term "suitability information" on Page 13, Section 18, is inadvertent and the term should be changed to "consumer profile information" to match the remainder of the proposed rule and the NAIC model language.

In addition, we would like to confirm that the Division intends to adopt for use and post to its website the disclosure forms contained in the NAIC model rule as Appendices A, B and C. These forms are intended to provide appropriate disclosure to the consumer and are integral to the proposed rule's robust, heightened standard of conduct that requires all sales and recommendations of annuities to be in the best interest of a consumer. The NAIC Model Appendices are now used in a uniform manner across the nation.

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Enacted laws and adopted best interest rules in other states have included copies of these forms or specifically incorporated them by reference. If it is possible to do so in Nevada's proposed rule, without delaying adoption of the rule, that would be an ideal outcome. Otherwise, we encourage the Division to post the forms and provide clear guidance that the model forms or their equivalent should be used.

We greatly appreciate the Division's commitment to conforming Nevada's annuity best interest rule to the national standard now in place for insurers, producers and consumers. Please let us know if we can be of assistance as the rule moves forward to adoption.
your request.

Sincerely,

John W. Mangan

John Mangan

cc: Mike Hillerby, Kaempfer Crowell