



July 3, 2024

The Honorable Scott J. Kipper
Insurance Commissioner
Nevada Division of Insurance
Department of Business and Industry
1818 East College Pkwy., Suite 103
Carson City, Nevada 89706

RE: LCB File No. R109-23
Annuity Suitability and Best Interest

Via email to: regs@doi.nv.gov

Dear Commissioner Kipper:

The Federation of Americans for Consumer Choice (FACC) appreciates the opportunity to submit comments relating to proposed LCB File No. R109-23 entitled Annuity Suitability and Best Interest. FACC also plans to attend virtually the public hearing on this proposal being held on July 11, 2024.

FACC is a trade organization representing independent agents and agencies selling fixed annuities, life insurance, and long-term care insurance. Our primary mission is to preserve freedom of choice for consumers to purchase guaranteed products through independent agents.

FACC overall is pleased with and supports the proposal published on the Department website as Revised Proposed Regulation R109-23. FACC commends the Division for its continuing efforts and general adherence to the updated 2020 NAIC Suitability in Annuity Transactions Model #275. FACC believes adoption of the updated NAIC model regulation enhances consumer protection while preserving consumer choice in the marketplace.

However, there remain three items that FACC believes warrant attention. It is possible these items were oversights in the drafting process but FACC believes they should be addressed to avoid any ambiguity and ensure smooth industry implementation and department oversight.

1. Disclosure Forms – currently the proposal says “on a form approved by the Commissioner” in Section 17 (page 11) and “prescribed by the Commissioner” in Section 19 (twice on pages 13 and 14). FACC believes it would be strongly preferable to include the disclosure forms in the regulation as done in the NAIC model regulation. Or the forms could be simply incorporated by reference into the proposal as done by many other states. FACC believes it is important to adopt the forms formally within the regulation – rather than leaving them to

The Federation of Americans for Consumer Choice, Inc. (FACC) is a 501(c)6 non-profit organization incorporated in the state of Texas whose members are independent marketing organizations, agencies, and agents engaged in the distribution of fixed insurance and annuity products. FACC promotes public policy recognizing the value of guaranteed insurance solutions and preserving freedom of choice for consumers who seek products and services from independent agents representing multiple carriers and product options.



the discretion of the Division – because doing so provides for certainty for implementation purposes and ensures also consistency and coordination with other states.

FACC believes incorporating the forms into the proposal is much preferred if it can be done without causing delay or otherwise upsetting the adoption process. If it is not feasible to revise the proposal to include the forms, then FACC would still support the proposal only if it is the intent of the Division to adopt the NAIC forms in full without deviation by posting them on the Division website or otherwise authorizing usage without individual form filings. FACC understands that may be the intent of the Division which would be acceptable even though FACC believes the interests of the industry and Division are far better served by including forms formally in the proposal itself as done by virtually every other state.

2. Replacement definition – the reference to “financial purchase” in Section 13 on page 7 should be “financed purchase” to be consistent with NAIC Model Regulation and avoid a misstatement or misunderstanding around the definition of replacement.
3. Consumer profile information – the use of the term “suitability” in Section 18 on page 13 appears to be an inadvertent holdover from the existing regulation and should be updated to say instead “consumer profile information.”

We wish to express our gratitude to Division staff for their ongoing cooperation with FACC and industry in addressing questions and moving this regulation forward to conform to the NAIC Model Regulation. The NAIC efforts underlying this proposal involved many states and drew on input from industry and consumer groups resulting in a model regulation that is now adopted in 45 states and already fulfilling its promise to provide enhanced consumer protection while preserving a vibrant and competitive annuity marketplace.

Thank you for your attention to our written comments and we look forward to the upcoming hearing.

Sincerely,

Kim O'Brien, CEO