



July 3, 2024

Submitted electronically to regs@doi.nv.gov

Commissioner Scott Kipper
Nevada Division of Insurance
1818 East College Pkwy., Suite 103
Carson City, NV 89706

Re: LCB File No. R109-23 - Support

Dear Commissioner Kipper:

On behalf of our members, the Insured Retirement Institute (IRI)¹ writes in **support of** the proposed adoption of regulations pertaining to chapter(s) 686A and 688A of the Nevada Administrative Code. These rules establish the standards that must be followed by an insurance agent or insurer when recommending or selling an annuity, and the proposed amendments are well-aligned with the enhanced Suitability in Annuity Transactions Model Regulation approved by the National Association of Insurance Commissioners (“NAIC”) in early 2020. We are pleased to support the proposed amendments, and we appreciate all the Division’s hard work on this proposal.

As you know, the revised NAIC model is consistent with the heightened standards of conduct imposed by the U.S. Securities and Exchange Commission’s Regulation Best Interest (Reg BI), which went into effect as of June 30, 2020. Similar to Reg BI, the revised model requires insurance producers to act in the best interest of the consumer under the circumstances known at the time a recommendation is made, without placing the producer’s or the insurer’s financial interest ahead of the consumer’s interest. In addition to the enhancements to the applicable standard of

¹ The Insured Retirement Institute (IRI) is the leading association for the entire supply chain of insured retirement strategies, including life insurers, asset managers, broker-dealers, banks, marketing organizations, law firms, and solution providers. IRI members account for 90 percent of annuity assets in the U.S., include the foremost distributors of protected lifetime income solutions, 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. Learn more at www.irionline.org.

conduct and supervisory requirements, the revised model also reflects important adjustments to the training provisions and the FINRA safe harbor included in the prior version of the model.

Strong, consistent regulation is important to protect consumers and to preserve consumers' choice of financial advice and products that meet their financial and retirement planning needs.

This regulation is an important enhancement to the standard that applies when producers recommend annuities to their clients. We commend Nevada for undertaking to adopt the latest version of the NAIC model.

With all this in mind, we respectfully offer the following comments on the proposed amendments:

- 1) In **Section 1(6)**, to avoid confusion about the definition of replacement and to align with the NAIC Model, the word "financial" should be changed to "financed." It appears that this may be simply a typo, but we wanted to note this for the Division's review.
- 2) In **Section 19(2)**, in order to align with the NAIC Model, the reference to "suitability information" should be updated to "consumer profile information."
- 3) **Section 17(1), 19(2), and 19(3)** all make reference to "a form prescribed by the Commissioner." We understand that the Commissioner plans to publish and make clear that the NAIC model appendices may be used to satisfy these requirements. While we prefer the following language that is uniform with the NAIC Model, which avoids any ambiguity about what forms should be used: *"on a form substantially similar to Appendix [A, B or C] of the National Association of Insurance Commissioners Annuity Suitability Model Regulation"* as long as the Commissioner timely adopts the NAIC model appendices for use under these amendments, then we do not have concerns about moving forward with the proposal.
- 4) Effective implementation of the significant enhancements embodied in the proposal will require effort and time by our member companies operating in Nevada to come into compliance. Past amendments to the NAIC model have provided six months for implementation, and we believe the same time period would be appropriate here. We respectfully request that the effective date of the regulation be at least six months after its final adoption.

In conclusion, we are pleased to support the draft proposed amendments, and we appreciate your consideration of our recommendations as described above. Please don't hesitate to reach out with any questions or concerns.

Sincerely,

Sincerely,

Sarah E. Wood

Sarah Wood

Director, State Policy & Regulatory Affairs, Insured Retirement Institute

swood@irionline.org