



Electronically Submitted to gconley@oci.ga.gov

November 28, 2022

Mr. Gregg Conley
Administrative Procedure Division
708 West Tower, Floyd Building
Two Martin Luther King, Jr. Drive
Atlanta, GA 30334

Re: Proposed Amendments to Chapter 120-2-94 entitled “Suitability in Annuity Transactions”

Dear Mr. Conley:

On behalf of our members, the Insured Retirement Institute (IRI)¹ writes in support of the proposed amendments to Chapter 120-2-94: “Suitability in Annuity Transactions.” 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.

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 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.

¹ The Insured Retirement Institute (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., include 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.

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 Georgia for undertaking to adopt the latest version of the NAIC model, and we hope to see other states follow your lead.

On a related note, we have encountered significant confusion in other states that have adopted the latest version of the NAIC model with respect to the timeline for completion of the training required thereunder. As a result, the NAIC issued a set of [frequently asked questions \(FAQs\)](#) in July 2021 that, among other things, addressed a number of questions related to the producer training requirement. As a supplement to those FAQs and to further assist the industry and the regulators in navigating this complex situation, we have developed the chart attached as [Appendix A](#) to outline precisely what training would be required and when, under a number of different scenarios. Note that this chart does not include every conceivable scenario, but we believe it covers the most common scenarios. We respectfully request and strongly encourage you to use this chart to guide the implementation of the training requirement in Georgia in order to avoid the confusion that has been encountered by regulators and industry in other states.

In conclusion, we are pleased to support the draft proposed amendments to the Suitability in Annuity Transactions rule, and please don't hesitate to reach out if there's anything with which we can assist.

Sincerely,

Sarah E. Wood

Sarah Wood
Director, State Policy & Regulatory Affairs
Insured Retirement Institute
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