



Electronically Submitted to doi.rules@wyo.gov

November 23, 2022

Commissioner Jeffrey P. Rude
Wyoming Department of Insurance
106 E. 6th Avenue
Cheyenne, WY 82002-0440

Re: Proposed Amendments – Suitability in Annuity Transactions

Dear Commissioner Rude:

On behalf of our members, the Insured Retirement Institute (IRI)¹ writes in support of the proposed amendments to Chapter 64, Regulation Governing 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, and we respectfully request that the Department consider certain changes to the proposed amendments, as outlined below.

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.

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.

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.

This regulation is an important enhancement to the standard that applies when producers recommend annuities to their clients. We commend Wyoming for undertaking to adopt the latest version of the NAIC model, and we hope to see other states follow your lead.

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

1. Effective implementation of the significant enhancements embodied in the proposal will require substantial efforts by our member companies operating in Wyoming. Past amendments to the NAIC model have provided six months for implementation, and we believe the same time period would be appropriate here. As such, we respectfully request that the effective date be at least six months into the future after the regulation is adopted, and that the proposal be modified to indicate that the amendments shall take effect six months after the date the regulation is adopted.
2. In order to provide producers with an appropriate amount of time to complete any new training requirements, and to align any training dates with the effective dates for ease of compliance, we recommend that **Section 6(b)(vi) Producer Training** be amended as follows:

(vi) A producer who has completed an annuity training course approved by the department of insurance prior to ~~January 1, 2023~~the effective date of the amended regulation shall, within six (6) months after the effective date of the amended regulation~~January 1, 2023~~, completed either:

(A) A new four (4) credit training course approved by the department of insurance after ~~January 1, 2023~~the effective date of the amended 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 provide on appropriate sales practices, replacement and disclosure requirements under this amended regulation.

We'd also note that this January 1, 2023, date was referenced in Regulatory Activity Memorandum 11-2022, New Annuity Training Requirements. As that January 1 date is quickly approaching, we urge the Department to make the changes to the regulation suggested above and revise the Memorandum, so that the Department has sufficient time to review and approve the updated courses, and insurers and producers have time to implement and comply with the new requirements.

3. 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 Wyoming 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 Chapter 64, Regulation Governing Suitability in Annuity Transactions, and we appreciate your consideration of our recommended changes as described above. We look forward to working with the Department on implementation of these important revisions.

Sincerely,

Sarah E. Wood

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