

*Camille Simpson
Regional Vice President
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October 7, 2020

*To: Superintendent Elizabeth Dwyer
State of Rhode Island
Department of Business Regulation
Insurance Regulation Division
1511 Pontiac Ave
Cranston, RI 02920*

Dear Superintendent Dwyer:

On behalf of the American Council of Life Insurers (ACLI), we appreciate the opportunity to comment on the proposed revisions to Rhode Island 230-RICR-20-25-1 to incorporate the best interest revisions to the NAIC Suitability in Annuity Transactions Model Regulation (Model Regulation) adopted by the NAIC earlier this year.¹ We commend you and your staff for your leadership role in connection with the NAIC's adoption of these important revisions to the Model Regulation and for your expeditious proposal to incorporate them into the Rhode Island "Suitability in Annuity Transactions" Regulation.

ACLI strongly supports the proposed revisions to 230-RICR -20-25-1 which will significantly enhance protections for Rhode Island citizens contemplating the purchase of an annuity to save for their retirement future. We do, however, have a few comments and suggestions with respect to the proposal that are described below.

Most importantly, the revised regulation will require financial professionals to act in the best interest of annuity purchasers and not to put their own financial interests ahead of the consumer's interest. It also will require financial professionals to provide consumers with user-friendly disclosure materials to help them make informed decisions, all while preserving access to valuable financial advice and products. The proposed revisions to 230-RICR-20-25-1, to incorporate the recent revisions to the NAIC Model, will further the ACLI's and regulators' common goal of uniform adoption of the revised Model Regulation as expeditiously as possible across all the states.

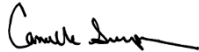
¹ ACLI is the leading trade association driving public policy and advocacy on behalf of the life insurance industry. 90 million American families rely on the life insurance industry for financial protection and retirement security. ACLI's member companies are dedicated to protecting consumers' financial wellbeing through life insurance, annuities, retirement plans, long-term care insurance, disability income insurance, reinsurance, and dental, vision and other supplemental benefits. ACLI's 280 member companies represent 98 percent of annuity industry assets in Rhode Island. Each day, life insurers pay out \$6.3 million in life insurance and annuities to Rhode Island families and businesses, helping Rhode Island families secure the things that matter most through all stages in life. Our mission is to financially protect families by embracing opportunities to issue coverage to as many consumers as possible.

As noted above, we have a few comments or suggestions with respect to the proposal which are as follows:

- (I) Section 1.6.E.3.b. appears to inadvertently include the phrase “relevant conduct of the financial professional” in the first sentence.
- (II) The proposal appears to inadvertently omit Model Section 7.B.(10). This section was added to the Model Regulation by the recent revisions and provides helpful clarification of the training requirements. ACLI urges modification to the revised regulation to add the language of this provision of the Model Regulation to provide this clarification and in furtherance of uniformity.
- (III) Finally, we request that the proposal be modified so that the date for compliance with the new requirements under the revised regulation is six months after the effective date of the revised regulation to allow insurance companies and producers adequate time to update their systems and to otherwise come into compliance with the revised regulation. We also ask that corresponding changes be made to Sections 1.7.B.6. and 1.7.B.6.a.

Again, we thank you for your leadership on this issue and the opportunity to provide comments on the proposal. We appreciate that individual states have unique issues but we strive for uniformity to the greatest extent possible across all states as they seek to adopt the updated Model Regulation which we believe will benefit consumers. Should you have questions or concerns or wish to discuss any of the points raised above please let me know. Thank you for your consideration.

Sincerely,



Camille Simpson



Jennifer A. Morrison
Vice President and General Counsel
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September 14, 2020

Elizabeth Kelleher Dwyer
Deputy Director & Superintendent of Financial Services
Department of Business Regulation
1511 Pontiac Avenue
Cranston, RI 02920

Re: 230-RICR-20-25-1
Suitability in Annuity Transactions

Dear Deputy Director Dwyer:

This letter is submitted to the Rhode Island Division of Insurance (Division) on behalf of Amica Life Insurance Company regarding the recent proposed amendments to 230-RICR-20-25-1 (Regulation). We appreciate the opportunity to submit these comments.

Amica commends the Division for being at the forefront in expeditiously proposing amendments to the Regulation to incorporate the revisions to the NAIC Model and appreciate that these amendments closely track these revisions. Above all else, consumers must be confident that insurance companies and insurance professionals with whom they are entrusting their retirement savings are acting in their best interest. The proposed amendments will enhance protections for Rhode Islanders contemplating the purchase of an annuity and further the uniform adoption of the revised NAIC Best Interest Model across the country.

The uniform adoption of the current NAIC Model across the country will provide annuity purchasers with harmonized and level protections no matter their state of residence.

For the reasons stated above, Amica strongly supports the adoption of the proposed amendments to the Regulation to impose a best interest standard of care for insurance companies and professionals making a recommendation of an annuity.

Very truly yours,

V.P. & General Counsel



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October 9, 2020

Elizabeth Kelleher Dwyer, Esq.
Superintendent
State of Rhode Island
Department of Business Regulation
Division of Insurance
1511 Pontiac Avenue, Bldg. #69-2
Cranston, Rhode Island 02920

VIA Email: elizabeth.dwyer@dbr.ri.gov

Re: Rule Identifier: 230RICR20251 Suitability in Annuity Transactions

Dear Superintendent Dwyer,

On behalf of our members, the Insured Retirement Institute (IRI)¹ writes in support of proposed rule 230-RICR-20-25-1, Suitability in Annuity Transactions. The regulation provides the standards which must be followed by an insurance producer or insurer to act in the best interest of the consumer when recommending or selling an annuity.

IRI supports the proposed regulation as it aligns with the enhanced Suitability in Annuity Transactions Model Regulation approved by the National Association of Insurance Commissioners (NAIC) earlier this year. As you know, the 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. Similar to Reg BI, the regulation will require 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 made 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.

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

- **Section 7.B(10)** in the NAIC model appears to be missing from the proposed regulation. In the interest of ensuring consistency with the NAIC model, we encourage the Division to insert this provision, copied below for your reference, into the regulation:

10) The satisfaction of the components of the training requirements of any course or courses with components substantially similar to the provisions of this subsection shall be deemed to satisfy the training requirements of this subsection in this state.

- Effective implementation of the significant enhancements embodied in the proposed regulation will require substantial efforts on the part of our member companies operating in Rhode Island. Our members have reported that a January 1, 2021, effective date would not provide sufficient time for that work to be completed. 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 request that **section 1.10 Effective Date** be revised to read as follows:

The amendments to this Regulation take effect six months after the Superintendent's signature.

- As you know, the NAIC Annuity Suitability Working Group is developing a set of frequently asked questions on the NAIC model. IRI and several of our sister trade associations submitted the attached comments to the Working Group on the draft FAQ. In particular, we offered suggested modifications to provide greater clarity around key elements of the model, including the safe harbor and the training provision. We understand that, upon completion of this effort, other states are planning to issue guidance incorporating the content of the final FAQ to ensure consistent application of the model, and we encourage the Division to the same.

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 a significant enhancement to the standard that applies when producers recommend annuities to their clients. We commend Rhode Island for its leadership in connection with the development of the revised Model and for undertaking to be an early adopter. We hope to see many other states follow your lead heading into 2021.

We are pleased to support the adoption of proposed rule 230-RICR-20-25-1 with the revisions noted above and look forward to working with Rhode Island on the implementation of this important regulation.

Sincerely,



Jason Berkowitz
Chief Legal & Regulatory Affairs Officer



Liz Pujolas
State Affairs Director

Attachment: Joint Trades Comments on NAIC FAQs

October 15, 2020

Elizabeth Kelleher Dwyer, Esq.
Department of Business Regulation
State of Rhode Island
1511 Pontiac Avenue, Building 692
Cranston, RI 02920

Dear Ms. Dwyer:

On behalf of LPL Financial (“LPL”), I am writing to express our support for Proposed Rule 230-RICR-20-25-1, “Suitability in Annuity Transactions” to adopt the National Association of Insurance Commissioners (NAIC) Model Rule #275 for Suitability in Annuity Transactions. We believe that it is important to protect consumers while ensuring that insurance professionals are able to do business efficiently and without regulations that differ from state-to-state.

LPL is a leading retail investment advisory firm, independent broker-dealer and registered investment advisor (RIA) custodian. We serve as a trusted partner to more than 16,000 independent financial advisors, professionals and over 800 financial institutions by providing them with the technology, research, clearing and compliance services and practice management programs they need to create and grow thriving practices. LPL enables affiliated financial professionals to provide objective financial guidance to millions of American families seeking wealth management, retirement planning, financial planning and asset management solutions.

We believe that objective financial guidance is a fundamental need for everyone. We enable our financial professionals to focus on what they do best, which is to create the personal, long-term relationships that are the foundation for turning life’s aspirations into financial realities. We do that through a singular focus on providing our advisors with the front-, middle-, and back-office support they need to serve their clients. LPL and its affiliates have more than 4,300 full-time employees working to ensure that our associated financial professionals have the resources they need.

In Rhode Island, 65 financial professionals are affiliated with LPL. Collectively, these financial professionals manage \$2 billion in assets. Many of our financial professionals are small business owners who employ their own staff and are cornerstones of their community. In order to ensure that their clients are well positioned for any challenges, they typically will offer life insurance, disability insurance, fixed annuities, and other long-term planning solutions.

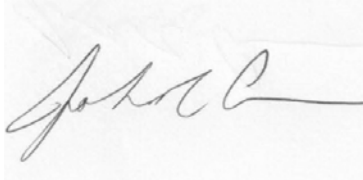
By adopting the NAIC Model Rule in its entirety, Rhode Island recognizes the challenges that a patchwork of rules can present: it creates confusion for clients, financial advisors and their staff, and compliance can take up precious time that would be better-spent meeting with and serving clients. We applaud your action to adopt the rule verbatim and your recognition that it is important to make doing business in Rhode Island as easy as possible.

However, we respectfully request that the effective date be revised. The current proposed regulation states, “The amendments to this Regulation take effect on January 1, 2021.” We believe that an effective date of six months after the Superintendent’s signature will allow time for the industry to prepare to comply with this new regulation and for LPL to work with our financial professionals to implement the regulation.

Additionally, we refer you to comments from the Insured Retirement Institute (IRI) regarding additional revisions to Section 7.

Please let us know if you have any questions or concerns.

Sincerely,



John R. Cronin
Vice President
Head of State Government Relations