



# PREPROPOSAL STATEMENT OF INQUIRY

## CR-101 (October 2017) (Implements RCW 34.05.310)

Do NOT use for expedited rule making

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STATE OF WASHINGTON  
FILED

DATE: July 19, 2023

TIME: 8:18 AM

WSR 23-15-111

**Agency:** Office of the Insurance Commissioner

**Subject of possible rule making:** Implementation of Chapter 64, Laws of 2023 – An Act relating to the best interest standard for annuities in Washington.

Insurance Commissioner Matter R 2023-05

**Statutes authorizing the agency to adopt rules on this subject:** RCW 48.02.060(3) and 48.23.015(8)

**Reasons why rules on this subject may be needed and what they might accomplish:** HB 1120, concerning the best interest standard for annuities, passed during the 68th Legislative Session. The new law will update Washington's suitability standard for annuity transactions to a 'best interest' threshold and aligns with updates the National Association of Insurance Commissioners (NAIC) made to Model Regulation # 275 on Annuity Transactions. The new law requires producers, and insurers where no producer is involved, to act in the best interests of their consumers when recommending annuities, complete annuity specific training, and to establish and maintain recommendation supervision systems that ensure the insurance needs and financial objectives of consumers are effectively addressed.

The Commissioner is considering rulemaking to fully align the regulations in the Insurance Code with the new law and updates to NAIC Model Regulation # 275. OIC rulemaking will be needed to update training requirements, revise the prior 'suitability standard' with the new 'best interest' threshold (including consumer profile information), and generally achieve alignment between the applicable authorities.

**Identify other federal and state agencies that regulate this subject and the process coordinating the rule with these agencies:** None.

**Process for developing new rule (check all that apply):**

- Negotiated rule making
- Pilot rule making
- Agency study
- Other (describe) Submit written comments by August 2, 2023


**Interested parties can participate in the decision to adopt the new rule and formulation of the proposed rule before publication by contacting:**

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(If necessary)

Name:  
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Additional comments: -

<b>Date:</b> July 19, 2023	<b>Signature:</b> 
<b>Name:</b> Mike Kreidler	
<b>Title:</b> Insurance Commissioner	