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To: [OIC Rules Coordinator](#)
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Subject: R 2023-05 Best Interest Standard for Annuities
Date: Wednesday, August 23, 2023 9:46:45 AM

Good morning,

The ACLI is pleased to support your proposed rulemaking to align Washington regulations with HB 1120, which enacted the latest revisions to the NAIC Suitability in Annuity Transactions Model regulation. Thank you for sharing the pre-publication draft of the rules. We have reviewed these against the new statute and have the comments and suggestions below. If you have any questions, please let me know.

Many thanks,

John

August 23, 2023

Comments on the pre-publication draft R 2023-05:

HB 1120, which has been enacted and will become effective 1/1/24, contains a number of defined terms. We suggest the Rule reflect these terms, as follows:

- "Producer" has supplanted "insurance producer" in Washington statute. In conformity with the statute, R 2023-05 should use the term "producer" in lieu of "insurance producer" throughout the draft.
- In WAC 284-23-390, the definition of "consumer profile information" should be deleted. It is redundant and unnecessary since it is already in the statute. To repeat it in WAC 284-23-390 could lead to confusion.
- WAC 284-23-410 only contains a definition of "Replacement". Again, this definition is contained in the statute so it is both redundant and unnecessary to put it in WAC 284-23-410. Since WAC 284-23-410 contains no other text, under the new statute the entire section can be deleted from the Washington Administrative Code.

There is also important text from the NAIC Model missing from the draft rule. ACLI respectfully requests that the following be added to WAC 284-23-390 as a new WAC 284-23-390 (7):

- "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."
- This language acknowledges that other training—including that for broker-dealers or registered reps— can satisfy some parts of the training requirements in this rule and the new statute. Some ACLI members rely on this recognition, so it would be good to have it added to WAC 284-23-390 as a new subsection (7).

Finally, we recommend that the Rule specifically state that the Appendices A-C referred to in the new Washington statute [HB 1120], which will be posted on the OIC website, conform to the appendices included in the NAIC Model 275. Another option is to replicate the Appendices themselves in the rule and state they will be posted on the OIC website. However the OIC chooses to handle this in the Rule, we would respectfully request OIC confirm to ACLI that the disclosures will be posted in the same form, style and substantive content as the NAIC Appendices. A proposed timeline of when the forms will be posted on the OIC website would also be useful.

We greatly appreciate your consideration.

Sincerely,
John W. Mangan

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