

VIA email: [RulesCoordinator@oic.wa.gov](mailto:RulesCoordinator@oic.wa.gov)

August 23, 2023

Washington State Office of the Insurance Commissioner  
5000 Capitol Blvd.  
Tumwater, WA 98501  
Attn: Commissioner Mike Kreidler

RE: R 2023-05 – Best Interest Standard for Annuities – Pre-Publication Draft  
WAC 284-17-265; WAC 284-23-390; WAC 284-23-410

Dear Commissioner Kreidler:

On behalf of the National Association for Fixed Annuities (NAFA),<sup>1</sup> thank you for the opportunity to provide our comments regarding the proposed Rule 2023-05 – Best interest Standard for Annuities by the Washington State Office of the Insurance Commissioner, as referenced above.

NAFA strongly supports a best interest standard of conduct for annuity professionals when making a recommendation to purchase an annuity and worked closely with the NAIC and our sister financial trade associations on the revisions to the Suitability in Annuity Transactions Model Regulation (#275), finalized in February 2020. We believe this enhanced standard provides meaningful and effective consumer protections, while preserving access to annuity products and supporting those who manufacture, distribute, and sell these critical retirement and financial planning tools.

We supported the enactment of Washington House Bill 1120 earlier this year (Chapter 64, Laws of 2023) and generally support your office's pre-publication draft rule to complete Chapter 64's best interest requirements related to producer training, set forth in WAC 284-17-265, and the duties of insurers and insurance producers, included in WAC 284-23-390.

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<sup>1</sup> NAFA was founded in 1998 as an industry association dedicated to promoting the awareness and understanding of fixed annuities and to educating regulators, legislators, consumers, members of the media, and industry personnel about fixed annuities and their benefits to retirees and those planning retirement. Our membership includes insurance companies, insurance intermediaries (i.e., independent and field marketing organizations), general agencies, and producers, advisors, brokers, and general agents, representing all aspects of the fixed annuity marketplace and multiple channels of distribution.

We do have a few modest requests to amend the pre-publication draft of R 2023-05, which we hope you will consider.

**As it relates to the definition of certain terms**, we would note the following:

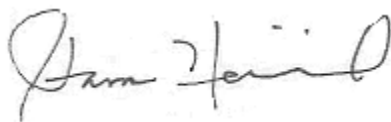
- RCW 48.23.015(2)(j) states that, “‘Producer’ has the same meaning as ‘insurance producer’ in RCW 48.17.010 and also includes an insurer where no producer is involved.” This change conforms with the NAIC Model Regulation in supplanting the term insurance producer with producer, and, indeed, the term “producer” is used consistently throughout Washington’s new statutory section to Chapter 48.23 RCW. Accordingly, we respectfully request that the proposed changes to the administrative code conform to the statutory construction in using the term producer, rather than insurance producer.
- The definition of “consumer profile information” is set forth in RCW 48.23.015(2)(c), and it is therefore redundant to include it under WAC 284-23.390(1).
- Similarly, the term “replacement” is already defined in statute, under RCW 48.23.015(2)(l), and it is unnecessary to include it here (see WAC 284-23-410). We respectfully request that this proposed section be stricken.

**As it relates to the producer training requirements** for producers who have already completed an annuity suitability training course prior to January 1, 2024, where such training did not include the new best interest standard, the model regulation provides that producers may complete either an additional one-hour (or credit) course or a new four-credit training course that includes the new best interest conduct training. As proposed here under WAC 284017-265(2)(b), only the 1-hour (credit) option is available. Even though producers in this position are more likely to opt for the shorter course, NAFA respectfully requests that this subsection be amended to allow for *either* the additional 1-credit training course or the new 4-credit best interest standard training course.

Thank you in advance for your consideration of these comments. Again, we commend and appreciate the Department’s leadership in fostering an annuity sales environment that promotes the best interest of consumers.

Please let me know if you should have any questions or if NAFA could be of any service.

Sincerely,



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