



June 10, 2018

Submitted Electronically to:

NAIC Annuity Suitability (A) Working Group
c/o Jolie H. Matthews
National Association of Insurance Commissioners
Hall of the States Building, Suite 700
444 North Capital Street, N.W.
Washington, D.C. 20001-1512

The Honorable Jillian Froment
Director of Ohio Department of Insurance
Chair, NAIC Annuity Suitability (A) Working Group
50 West Town Street, 3rd Floor, #300
Columbus, OH 43215

The Honorable Doug Ommen
Iowa Insurance Commissioner
Vice Chair, NAIC Annuity Suitability (A) Working Group
Two Ruan Center
601 Locust, 4th Floor
Des Moines, IA 50309-3738

Re: Comments Regarding Proposed Edits to the Suitability in Annuity Transactions Model Regulation (#275)

Dear Ms. Matthews, Director Froment and Commissioner Ommen:

Nationwide appreciates the opportunity to provide feedback to the National Association of Insurance Commissioners' ("NAIC") Annuity Suitability (A) Working Group ("Working Group") Co-Chairs regarding the incorporation of a "best interest" standard of conduct into the Suitability in Annuity Transactions Model Regulation (the "Model"). As we have previously shared, Nationwide recognizes that the regulatory framework overseeing recommendations of annuity contracts to

consumers must evolve to keep pace with financial innovations, changing business models, and the demands of consumers. Nationwide supports the NAIC's efforts to amend the Model and agrees it is appropriate for the NAIC to incorporate a "best interest" standard of conduct. Nationwide has reviewed revisions to the Model proposed by Commissioner Ommen dated May 30, 2019 (the "Iowa Draft") and generally believes the contributions offered by Commissioner Ommen are a helpful and effective means to reaching a workable and effective outcome.

About Nationwide

Nationwide, a Fortune 100 company based in Columbus, Ohio, is one of the largest and strongest diversified insurance and financial services organizations in the United States. Nationwide is rated A+ by both A.M. Best and Standard & Poor's. An industry leader in driving customer-focused innovation, Nationwide provides a full range of insurance and financial services products including auto, business, homeowners, farm and life insurance; public and private sector retirement plans, annuities and mutual funds; excess & surplus, specialty and surety; pet, motorcycle and boat insurance.

Comments

First and foremost, Nationwide generally supports the proposed edits to the NAIC Model included in the Iowa Draft. Specifically, we support the inclusion of a "best interest" standard of care obligation in the Model, as this is in-line with our guiding principle to act in the best interest of our customers. We also believe that incorporating an express "best interest" obligation into the Model, positions the NAIC for eventual harmonization with Securities and Exchange Commission's (SEC) recently finalized Regulation Best Interest (Reg. B.I.). Although, true harmonization will require further comparison against the SEC's recently adopted Reg. B.I., your willingness to move towards alignment is an important and critical step.

In addition, Nationwide supports requirements that are tailored to products and distributions rather than a "one-size-fits-all" approach and appreciates that proposed revisions to the Model remain tailored to the recommendations of annuities. We also support Commissioner Ommen's effort to articulate the four aspects of what qualifies as "best interest" (care, disclosure, conflicts and documentation), as well as, the concept of including within the text of the Model examples of what is NOT included in this standard. Nationwide will continue to work with industry trade groups to identify and share ways to clarify the obligations and examples included in the Iowa Draft.

Finally, we appreciate the continued recognition of safe harbors from the Model, where appropriate, including the FINRA safe harbor. However, we continue urge that the NAIC include a carve-out for those advisers already subject to a fiduciary standard of care, including registered investment advisers (RIAs) and investment adviser representatives (IARs). As we've shared previously, Nationwide's primary concern in this regard is that that more onerous and duplicative regulatory treatment of annuities (when compared to other non-insurance-based investment solutions) for RIAs and IARs could result in an unwillingness to consider recommending annuities to clients seeking to address lifetime income needs in retirement.

Conclusion

Our commitment to acting in the best interest of our clients has always been part of our mutual heritage, and will continue to be, at the core of our values. Therefore, Nationwide supports the NAIC's efforts, and urges you to take action consistent with the comments detailed above. Nationwide believes that if the NAIC takes a coordinated approach to implementing a best interest

standard, it will ultimately facilitate a long-term regulatory solution that promotes the best interest of U.S. consumers.

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If you have questions about anything in this letter, or if we can be of any further assistance as the Department prepares for the Annuity Suitability Working Group meeting on June 20, 2019, please feel free to contact me as a Nationwide Government Relations representative at 614-249-4669 or via email at joe.nowak@nationwide.com.

Sincerely,

/s

Joseph Nowak
Senior Director of Advocacy and Public Policy
Nationwide Financial