

From: Robert Rutkowski [[mailto:r\\_e\\_rutkowski@att.net](mailto:r_e_rutkowski@att.net)]  
Sent: Friday, January 26, 2018 4:55 PM  
To: WEB POSTING DIST LIST  
Subject: Proposed Suitability and Best Interest Standard of Conduct in Annuity Transactions Model Regulation

Jolie H. Matthews  
Senior Health and Life Policy Counsel  
National Association of Insurance Commissioners Executive Headquarters Hall of the States Building, Suite 700  
444 North Capitol Street, N.W.  
Washington, DC 20001-1512

Re: Proposed Suitability and Best Interest Standard of Conduct in Annuity Transactions Model Regulation

Dear Ms. Matthews:

Consumer, labor, and economic justice groups have urged the NAIC to strengthen best interest standard proposal.

The proposed rule falls far short of a true fiduciary best interest standard. In fact, it remains weaker than the existing securities law suitability standard, let alone the Department of Labor's (DOL) fiduciary rule, on the crucial issue of managing conflicts. As such, it fails to adequately protect annuities investors from the harmful effects of conflicted advice. It also fails to serve as a model on which a harmonized standard of care for all types of investment accounts could be based. For these reasons, I urge you to withdraw the current proposal so that it can be rewritten to address these serious shortcomings.

Absent the changes outlined here to strengthen the definition of best interest, its application, and the treatment of conflicts of interest, the proposal will fall well short of what is needed to protect investors from the harmful impact of conflicts of interest that pervade the annuities market. Since the DOL could not reasonably rely on such a rule to satisfy compliance with fiduciary standards under ERISA and the Tax Code, the proposal would also fail to meet the stated goal of promoting a harmonized standard across all types of investment accounts, something all stakeholders claim to support. For these reasons, investors would be best served if the NAIC withdrew the current proposal in order to address its serious shortcomings and to arrive at an approach that is consistent with the higher standards set by DOL and soon, I hope, by the SEC.

Work with these groups to develop a true best interest standard for insurance investments that will benefit both investors and those providers who are prepared to compete for business based on the quality of their products and services.

Thank you for the opportunity to bring these remarks to your attention.

Yours sincerely,  
Robert E. Rutkowski

cc:  
House Democratic Whip Office  
Legislative Correspondence Team

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Re: Full letter:  
<http://ourfinancialsecurity.org/wp-content/uploads/2018/01/Consumer-groups-and-reps-sign-on-NAIC-annuity-proposal.pdf>