



***Electronically Submitted***

January 26, 2023

Senate Judiciary Committee

**Re: Senate Bill 536 – Best Interest Standard for Annuity Transactions**

To The Members of the Senate Judiciary Committee

On behalf of our members, the Insured Retirement Institute (IRI)<sup>1</sup> writes in support of Senate Bill 536. This bill establishes the standards that must be followed by an insurance agent or insurer when recommending or selling an annuity, and it reflects the enhanced Suitability in Annuity Transactions Model Regulation approved by the National Association of Insurance Commissioners (“NAIC”) in early 2020.

As you may know, the revised NAIC model is consistent with the heightened standards of conduct imposed by the U.S. Securities and Exchange Commission’s Regulation Best Interest (Reg BI), which went into effect as of June 30, 2020. Similar to Reg BI, the revised model requires insurance producers to act in the best interest of the consumer under the circumstances known at the time a recommendation is made, without placing the producer’s or the insurer’s financial interest ahead of the consumer’s interest. In addition to the enhancements to the applicable standard of conduct and supervisory requirements, the revised model also reflects important adjustments to the training provisions and the FINRA safe harbor included in the prior version of the model.

Strong, consistent laws are important to protect consumers and to preserve consumers’ choice of financial advice and products that meet their financial and retirement planning needs. This bill will be an important enhancement to the standard that applies when producers recommend annuities to their clients. We commend Oregon for undertaking to adopt the latest version of the NAIC model, and we hope to see other states follow your lead.

With all this in mind, we agree with the verbal testimony of the American Council of Life Insurers (ACLI) as presented at the January 25, 2023, Committee hearing that technical amendments are

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<sup>1</sup> The Insured Retirement Institute (IRI) is the leading association for the entire supply chain of insured retirement strategies, including life insurers, asset managers, and distributors such as broker-dealers, banks and marketing organizations. IRI members account for more than 95 percent of annuity assets in the U.S., include the top 10 distributors of annuities ranked by assets under management, and are represented by financial professionals serving millions of Americans. IRI champions retirement security for all through leadership in advocacy, awareness, research, and the advancement of digital solutions within a collaborative industry community.

needed to better align the bill with the NAIC model. None of the amendments will change the intent or goal of the proposed bill, but we simply intend to address technical differences from the NAIC Model (such as certain definitions, for example) that may cause confusion for the insurers and producers that will need to comply with the provisions of the law. We will continue to coordinate with ACLI and will work with the Office of Legislative Counsel to address these amendments.

In conclusion, we are pleased to support Senate Bill 536, and we appreciate the Committee's consideration of the bill. Please do not hesitate to reach out with any questions or if there is anything we can do to assist.

Sincerely,

*Sarah E. Wood*

Sarah Wood  
Director, State Policy & Regulatory Affairs  
Insured Retirement Institute  
[swood@irionline.org](mailto:swood@irionline.org)