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Insurance Associations File Legal Action Challenging U.S. Department of Labor's Fiduciary-Only Regulation

WASHINGTON – Nine insurance trade associations filed a lawsuit today against the U.S. Department of Labor (DOL) to overturn a regulation limiting consumers' choice of financial professional and their access to retirement products that deliver protected lifetime income.

The American Council of Life Insurers (ACLI), National Association of Insurance and Financial Advisors (NAIFA), NAIFA-Texas, NAIFA-Dallas, NAIFA-Fort Worth, NAIFA-POET, Finseca, Insured Retirement Institute (IRI), and National Association for Fixed Annuities (NAFA) issued the following comments on their challenge to the DOL's harmful intervention in the retirement savings marketplace and its one-size-fits-all fiduciary standard obligation on effectively every financial professional who sells retirement products:

“The legal action we are taking today comes after careful deliberation on what is in the best interest of the retirement savers we serve.

“Our filing makes a convincing case that the DOL's fiduciary-only regulation suffers from the same legal defects as the DOL's failed 2016 rule. It exceeds the DOL's authority under federal law, is arbitrary and capricious, and is unconstitutional. Moreover, it ignores recently enhanced federal and state standards for financial professionals who work with retirement savers.

“However, the DOL's biggest failing is its inability to learn from past mistakes. Despite sound evidence of its harmful effects, strong objections from Members of Congress and opposition voiced in thousands of consumer comments, the DOL chose to advance a repackaged version of its ill-advised 2016 regulation. Before it was struck down by the Fifth Circuit, the 2016 regulation resulted in more than 10 million American workers' accounts with \$900 billion in savings losing access to professional financial guidance.

“The DOL's latest regulation will block retirement savers from accessing information about annuities at a time when the lifetime income these products provide is needed more than ever before. More than 4 million Americans will turn 65 each year through 2027. Most will not have access to a traditional pension and will be relying on their personal savings to last throughout retirement. By reducing consumer access to professional financial guidance and critical protected lifetime income solutions, DOL's regulation will jeopardize the retirement financial security of millions of workers and retirees.

“The DOL also failed to recognize the actions taken by state policymakers to protect consumers in annuity transactions. Since 2020, 45 states have strengthened safeguards for retirement savers by adopting the revised National Association of Insurance Commissioners (NAIC) Suitability in Annuity Transactions Model Regulation. The revised model, which imposes a best interest standard, aligns with the SEC's Regulation Best Interest. Together, these rules greatly enhance the state and federal

standards financial professionals must follow when recommending annuities. The DOL's fiduciary regulation upends this progress and undermines the expertise of state authorities who are responsible for overseeing annuities.

"In the face of these failures by the DOL, we are compelled by our commitment to present and future retirees to take legal action to stop this harmful regulation from taking effect."

The associations filed the lawsuit in the United States District Court for the Northern District of Texas, which is within the jurisdiction of the Fifth Circuit Court of Appeals.

The full filing can be read [here](#).

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About ACLI: The [American Council of Life Insurers](#) (ACLI) is the leading trade association driving public policy and advocacy on behalf of the life insurance industry. 90 million American families rely on the life insurance industry for financial protection and retirement security. ACLI's member companies are dedicated to protecting consumers' financial wellbeing through life insurance, annuities, retirement plans, long-term care insurance, disability income insurance, reinsurance, and dental, vision and other supplemental benefits. ACLI's 275 member companies represent 93 percent of industry assets in the United States.

About NAIFA: Founded in 1890, [NAIFA](#) is the oldest, largest and most prestigious association representing the interests of financial professionals from every Congressional district in the United States. Our mission – empowering financial professionals and consumers through world-class advocacy and education – is the reason NAIFA has consistently and resoundingly stood up for financial professionals and called upon members to grow their knowledge while following the highest ethical standards in the industry.

About Finseca: At [Finseca](#), we know that financial security improves people's lives and protects their livelihoods and future wellbeing. We are rising to the challenge of increasing financial security for all. Finseca represents the men and women of the financial security profession who dedicate themselves to delivering financial security to their clients every day.

About IRI: The Insured Retirement Institute (IRI) is the leading association for the entire supply chain of insured retirement strategies, including life insurers, asset managers, broker-dealers, banks, marketing organizations, law firms, and solution providers. IRI members account for 90 percent of annuity assets in the U.S., include the foremost distributors of protected lifetime income solutions, 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. Learn more at www.irionline.org.

About NAFA: NAFA, the National Association for Fixed Annuities, is the premier trade association exclusively dedicated to fixed annuities. Our mission is to promote the awareness and understanding of fixed annuities. We educate annuity salespeople, regulators, legislators, journalists, and industry personnel about the value of fixed annuities and their benefits to consumers. NAFA's membership represents every aspect of the fixed annuity marketplace covering fixed annuities sold by independent agents, advisors and brokers. NAFA was founded in 1998. For more information, visit www.nafa.com.