

VIA email: [norman.schroeder2@illinois.gov](mailto:norman.schroeder2@illinois.gov); [sue.anders@illinois.gov](mailto:sue.anders@illinois.gov)

October 31, 2022

Illinois Department of Insurance  
122 S. Michigan Avenue, 19<sup>th</sup> Floor  
Chicago, Illinois 60603

Attn: Mr. Norman Schroeder  
Assistant General Counsel

Ms. Susan Anders  
Rules Coordinator

RE: Notice of Proposed Amendment  
50 Ill. Admin. Code 3120, Suitability in Annuity Transactions

Dear Mr. Schroeder and Ms. Anders:

On behalf of the National Association for Fixed Annuities (NAFA), thank you for the opportunity to provide our comments regarding the proposal by the Illinois Department of Insurance to amend the Illinois Administrative Code, Title 50, Part 3120: Suitability in Annuity Transactions.

NAFA is a national trade association dedicated to promoting the awareness and understanding of fixed annuities and to educating regulators, legislators, consumers, members of the media, industry personnel, and distributors 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), and producers, advisors, brokers, and general agents, representing all aspects of the fixed annuity marketplace and every channel of distribution.

NAFA applauds the Department's decision to amend Illinois' current suitability regulation to establish the requirements for insurance producers to act in the best interest of consumers when making a recommendation of an annuity and to require insurers to establish and maintain a system to supervise those transactions so that the insurance needs and financial objectives of the consumer at the time of the transaction are effectively addressed, as set forth in the National Association of Insurance Commissioners (NAIC) Suitability in Annuity Transactions Model Regulation (Model #275 – revised February 2020).

We strongly support a best interest standard of conduct for annuity professionals when making a recommendation to purchase an annuity and 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. The states that have so far adopted the best interest standard account for nearly two-thirds of all NAIC jurisdictions: to date, twenty-nine states have done so; Illinois would make an even thirty!

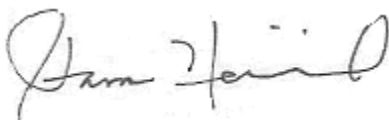
We do have one request, however, which we hope you will consider: **extend the proposed January 1, 2023 effective date to July 1, 2023 or, in the alternative, six (6) months after the amendments are finalized.**

Industry stakeholders must undertake a comprehensive review and restructuring of their internal processes to ensure that they are compliant with the new best interest requirements. Additionally, many companies “lock down” the ability to make changes in their operational IT platforms on December 1 of each year in order to conduct internal reviews and perform system upgrades. January 1, 2023 is just a few short weeks away. Accordingly, we would respectfully ask you to extend the effective date of the proposed amended regulation to allow time for NAFA member companies to put into place the processes and protocols necessary to support compliance with the revised Illinois regulation.

Thank you in advance for your consideration of these comments. Again, we commend 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,



Pamela M. Heinrich  
NAFA General Counsel and Director of Government Affairs  
414-333-0148  
[pam@nafa.com](mailto:pam@nafa.com)