

WSR 23-15-111
PREPROPOSAL STATEMENT OF INQUIRY
OFFICE OF THE
INSURANCE COMMISSIONER

[Insurance Commissioner Matter R 2023-05—Filed July 19, 2023, 8:18 a.m.]

Subject of Possible Rule Making: Implementation of chapter 64, Laws of 2023, an act relating to the best interest standard for annuities in Washington.

Statutes Authorizing the Agency to Adopt Rules on this Subject: RCW 48.02.060(3) and 48.23.015(8).

Reasons Why Rules on this Subject may be Needed and What They Might Accomplish: HB 1120, concerning the best interest standard for annuities, passed during the 68th legislative session. The new law will update Washington's "suitability standard" for annuity transactions to a "best interest" threshold and aligns with updates the National Association of Insurance Commissioners (NAIC) made to Model Regulation # 275 on annuity transactions. The new law requires producers, and insurers where no producer is involved, to act in the best interests of their consumers when recommending annuities, complete annuity specific training, and establish and maintain recommendation supervision systems that ensure the insurance needs and financial objectives of consumers are effectively addressed.

The commissioner is considering rule making to fully align the regulations in the insurance code with the new law and updates to NAIC Model Regulation # 275. The office of the insurance commissioner rule making will be needed to update training requirements, revise the prior "suitability standard" with the new "best interest" threshold (including consumer profile information), and generally achieve alignment between the applicable authorities.

Process for Developing New Rule: Submit written comments by August 2, 2023.

Interested parties can participate in the decision to adopt the new rule and formulation of the proposed rule before publication by contacting Michael Walker, 302 Sid Snyder Avenue S.W., Olympia, WA 98504, phone 360-725-7036, fax 360-586-3109, TTY 360-586-0241, email rulescoordinator@oic.wa.gov, website www.insurance.wa.gov.

July 19, 2023
Mike Kreidler
Insurance Commissioner