

Standard Care: Best Interest

Annuity Suitability Model: Talking Points

By: NAIFA Government Relations, Updated June 2023

Talking Points

- ◆ The updated NAIC Suitability Model, incorporating the best interest standard of care, is one of the most important NAIC consumer protection initiatives in the last 20 years.
- ◆ The Best Interest Standard ensures that customers' interests are put first and that they continue to have access to advice and choices on engaging with financial professionals.
- ◆ Financial professionals must put their client's financial interests ahead of their own.
- ◆ The revised model law provides compliance, clarity, and consistency of financial services by defining specific obligations and requirements to satisfy the standard.
- ◆ For financial professionals, there are clear obligations for disclosures, potential conflicts of interest, and understanding of the consumers' needs and objectives.
- ◆ The revised model aligns well with its federal counterpart – SEC's Regulation Best Interest. Together, these two initiatives significantly enhance protections for consumers nationwide who seek guaranteed lifetime income in retirement through annuities.
- ◆ Uniform adoption aligns with the NAIFA's goal of a uniform and standardized sales process for producers across the country.
- ◆ NAIFA's Code of Ethics, to which every member pledges, includes the principle: "To work diligently to satisfy the needs of my clients by acting in their best interest."
- ◆ There is widespread insurance industry support for the Best Interest Standard of Care in annuity transactions.

Additional Questions? Contact Us.

For additional questions or assistance, please contact the NAIFA State Government Relations, Bianca Alonso Weiss at bweiss@naifa.org or visit advocacy.naifa.org.