



1901 Pennsylvania Ave., N.W., Suite 303  
Washington, D.C. 20006  
Voice: 202.449.6342/ 800.322.4237  
Fax: 202.659.0190

E-mail: david.cohen@fpanet.org  
Web site: www.fpanet.org

December 29, 2011

Kacy Scott  
Policy Analyst  
Policy & Legislative Affairs  
Washington State Office of the Insurance Commissioner  
5000 Capitol Boulevard, SE  
Tumwater, Washington 98501

Re: Proposed Rules on Suitability in Annuity Transactions and Insurance Producer Training (WAC 284-23-390 and 284-17-265)

Dear Ms. Scott:

The Financial Planning Association® (“FPA®”)<sup>1</sup> welcomes the opportunity to comment on the proposed draft text for annuity suitability. We commend the Washington State Office of the Insurance Commissioner for taking this important step in protecting all Washington State purchasers of annuities and proposing to adopt the NAIC Model #275, Suitability in Annuity Transactions Model Regulation.

For many years the sales practices relating to the sale of annuities have been a concern to regulators and our members. We believe that the continuing adoption by states of the NAIC’s model rules will help to reduce the abuses in the sales of the products.

By requiring that the overall sale as well as the underlying accounts selected be suitable, the consumer will receive an added degree of protection. While this will not ensure that this is the best investment product for a particular investor’s needs, it will help close the gap between the existing standards and the fiduciary standard of care that we believe all those who receive advice about investments, including annuities, deserve to have. Our members, many of whom do recommend and sell products such as these, are proof that upholding the fiduciary standard and selling annuities is not incompatible.

In addition, the newly required training will help salespeople understand the benefits and problems with this highly complex product. This should also lead to increased investor protection and better customer understanding of this product.

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<sup>1</sup>The Financial Planning Association is the largest organization in the United States representing financial planners and affiliated firms, with approximately 25,000 individual members. Most are affiliated with investment adviser firms registered with the Securities and Exchange Commission or state securities administrators, and approximately 58 percent hold insurance licenses. FPA is incorporated in Washington, D.C., where it maintains an advocacy office, with headquarters in Denver, Colorado.

Again we are pleased that the Washington Office of the Insurance Commissioner has begun the process of adopting the NAIC model rules. If you have any questions, or we can be of any assistance, please do not hesitate to contact the undersigned.

Very truly yours,

David A. Cohen  
Assistant Director-Government Relations