

**LEGISLATIVE REVIEW OF ADOPTED REGULATIONS
INFORMATIONAL STATEMENT AS REQUIRED BY NRS 233B.066**

LCB FILE NO. R109-23

The following statement is submitted by the State of Nevada, Department of Business and Industry, Division of Insurance (“Division”) for adopted amendments to Nevada Administrative Code (“NAC”) Chapter(s) 686A and 688A.

1. A clear and concise explanation of the need for the adopted regulation.

The regulation is needed to protect Nevada consumers when engaging in transactions relating to annuities. The purpose of the regulation is to expand the current annuity suitability regulations to conform to federal requirements as well as require insurers to establish a system to supervise recommendations. Additionally, this regulation will set forth standards and procedures for making annuity recommendations to consumers that are suitable and meet the insurance needs and financial objectives of consumers at the time of the transaction. The federal law, known as the Dodd-Frank Act, has incorporated into federal law the suitability provisions from the National Association of Insurance Commissioners (“NAIC”) 2010 Suitability in Annuity Transactions Model Regulation #275, and has directed states to adopt the 2010 or newer NAIC model.

2. A description of how public comment was solicited, a summary of public response, and an explanation of how other interested persons may obtain a copy of the summary.

- (a) A description of how public comment was solicited:

Public comment was solicited by emailing the proposed regulation, notice of workshop, notice of intent to act upon the regulation, and small business impact statement to persons on the Division’s mailing list requesting notification of proposed regulations. The documents were also made available on the website of the Division, <http://doi.nv.gov/>, the website of the Nevada Legislature, <http://www.leg.state.nv.us>, and the Nevada Public Notice website, <http://www.notices.nv.gov>. The documents were also emailed, or mailed where no email address was available, to the main library for each county in Nevada.

Public comment was also solicited at the workshop held on November 14, 2018, and at the hearings held on December 18, 2023 and July 11, 2024. The public workshop took place at the Division’s offices located at 1818 E. College Pkwy, Carson City, Nevada, and 3300 W. Sahara Ave., Las Vegas, NV 89102. The hearings took place virtually via Webex and in person at the Division’s offices located at 1818 E. College Pkwy, Carson City, Nevada, and 3300 W. Sahara Ave., Las Vegas, NV 89102.

- (b) A summary of the public response:

Industry representatives uniformly support the adoption of R109-23 in its amended form. The industry representatives appreciated the Division and LCB reworking the regulation language to better conform to the NAIC Model Regulation and the amendment for tying up a few outlying differences.

- (c) An explanation of how other interested persons may obtain a copy of the summary:

The summary in part 2(b) above reflects the public comments and testimony that transpired with regard to regulation R109-23. A copy of said summary may be obtained by contacting at regs@doi.nv.gov.

3. The number of persons who:

- (a) Attended the December 18, 2023 hearing: 29
 (b) Testified at the December 18, 2023 hearing: 7
 (c) Submitted to the agency written statements: 5

4. A list of names and contact information, including telephone number, business address, business telephone number, electronic mail address, and name of entity or organization represented, for each person identified above in #3 (b) and (c), as provided to the agency:

Testified at the December 18, 2023 hearing:

Name	Entity/Organization Represented	Business Address	Telephone No./ Business Telephone No.	E-Mail Address
Michael Ponce	Nevada Division of Insurance	1818 E. College Pkwy., Ste. 103, Carson City, NV 89702	(775) 687-0738	mjponce@doi.nv.gov
Adam Plain	Nevada Division of Insurance	1818 E. College Pkwy., Ste. 103, Carson City, NV 89702	(775) 687-0710	aplain@doi.nv.gov
Michael Hillerby	American Council of Life Insurers (ACLI)	50 W. Liberty, Ste. 1100, Reno, NV 89501		mhillerby@kcnvlaw.com
Kim O'Brien	Federation of Americans for Consumer Choice, Inc. (FACC)		(414) 332-9312	kim@faccnow.org
Sarah Wood	Insured Retirement Institute (IRI)	1100 Vermont Ave., NW, 10 th Fl., Washington, DC 20005	(202) 469-3021	swood@irionline.org
John Mangan	American Council of Life Insurers (ACLI)	101 Constitution Ave., NW, Ste. 700, Washington, DC 20001-2133	(503) 701-7503	johnmangan@acli.com
Roger Moore	National Association of Insurance and Financial Advisors (NAIFA)			rmoore@naifa.org

Submitted to the agency written statements:

Name	Entity/Organization Represented	Business Address	Telephone No./ Business Telephone No.	E-Mail Address
John Mangan	American Council of Life Insurers (ACLI)	101 Constitution Ave., NW, Ste. 700, Washington, DC 20001-2133	(503) 701-7503	johnmangan@acli.com
Kim O'Brien	Federation of Americans for Consumer Choice, Inc. (FACC)		(414) 332-9312	kim@faccnow.org

Name	Entity/Organization Represented	Business Address	Telephone No./ Business Telephone No.	E-Mail Address
Sarah E. Wood	Insured Retirement Institute (IRI)	1100 Vermont Ave., NW, 10 th Fl., Washington, DC 20005	(202) 469-3021	swood@irionline.org
Pam Heinrich	National Association for Fixed Annuities (NAFA)	1717 Pennsylvania Ave., NW, Ste. 1025, Washington, DC 20006	(414) 332-9306 Ext. 6	pam@nafa.com
Bianca Alonso Weiss	National Association of Insurance and Financial Advisors (NAIFA)	1000 Wilson Blvd., Ste. 1890, Arlington, VA 22209	(703) 770-8153	bweiss@naifa.org

5. The number of persons who:

- (a) Attended the July 11, 2024 hearing: 23
- (b) Testified at the July 11, 2024 hearing: 7
- (c) Submitted to the agency written statements: 5

6. A list of names and contact information, including telephone number, business address, business telephone number, electronic mail address, and name of entity or organization represented, for each person identified above in #3 (b) and (c), as provided to the agency:

Testified at the July 11, 2024 hearing:

Name	Entity/Organization Represented	Business Address	Telephone No./ Business Telephone No.	E-Mail Address
Jack Childress	Nevada Division of Insurance	1818 E. College Pkwy., Ste. 103, Carson City, NV 89702	(775) 687-0731	jchildress@doi.nv.gov
Adam Plain	Nevada Division of Insurance	1818 E. College Pkwy., Ste. 103, Carson City, NV 89702	(775) 687-0710	aplain@doi.nv.gov
Michael Hillerby	American Council of Life Insurers (ACLI)	50 W. Liberty, Ste. 1100, Reno, NV 89501		mhillerby@kcnvlaw.com
Kim O'Brien	Federation of Americans for Consumer Choice, Inc. (FACC)		(414) 332-9312	kim@faccnw.org
Sarah Wood	Insured Retirement Institute (IRI)	1100 Vermont Ave., NW, 10 th Fl., Washington, DC 20005	(202) 469-3021	swood@irionline.org
John Mangan	American Council of Life Insurers (ACLI)	101 Constitution Ave., NW, Ste. 700, Washington, DC 20001-2133	(503) 701-7503	johnmangan@acli.com
Roger Moore	National Association of Insurance and Financial Advisors (NAIFA)			rmoore@naifa.org

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John Mangan	American Council of Life Insurers (ACLI)	101 Constitution Ave., NW, Ste. 700, Washington, DC 20001-2133	(503) 701-7503	johnmangan@acli.com
Kim O'Brien	Federation of Americans for Consumer Choice, Inc. (FACC)		(414) 332-9312	kim@faccnow.org
Sarah E. Wood	Insured Retirement Institute (IRI)	1100 Vermont Ave., NW, 10 th Fl., Washington, DC 20005	(202) 469-3021	swood@irionline.org
Pam Heinrich	National Association for Fixed Annuities (NAFA)	1717 Pennsylvania Ave., NW, Ste. 1025, Washington, DC 20006	(414) 333-0148	pam@nafacom
Roger Moore	National Association of Insurance and Financial Advisors (NAIFA)	1000 Wilson Blvd., Ste. 1890, Arlington, VA 22209	(703) 770-8192	rmoore@naifa.org

7. A description of how comments were solicited from affected businesses, a summary of their responses, and an explanation of how other interested persons may obtain a copy of the summary.

(a) A description of how comments were solicited from affected businesses:

Comments were solicited from affected businesses in the same manner as they were solicited from the public. Please see the description provided above in response to #2(a).

(b) A summary of the responses from affected businesses:

Industry representatives uniformly support the adoption of R109-23 in its amended form. The industry representatives appreciated the Division and LCB reworking the regulation language to better conform to the NAIC Model Regulation and the amendment for tying up a few outlying differences.

(c) An explanation of how other interested persons may obtain a copy of the summary:

The summary in part 5(b) above reflects the public comments and testimony that transpired with regard to regulation R109-23. A copy of said summary may be obtained by email request to regs@doi.nv.gov.

8. If after consideration of public comments, the regulation was adopted without changing any part of the proposed regulation, provide a summary of the reasons for adopting the regulation without change.

(a) The Division elected to amend the regulation in a non-substantive manner to address slight discrepancies between the language returned from LCB and the NAIC Model Regulation.

9. (a) The estimated economic effect of the adopted regulation on the business which it is to regulate:

- (1) Both adverse and beneficial effects:
 - i. Beneficial: The Division does not anticipate an economic benefit to businesses which are affected by this regulation.
 - ii. Adverse: The Division anticipates a small impact from this regulation for insurance carriers. The impact will be minimalized given that most carriers operate in states outside of Nevada that have already adopted many of these provisions.
- (2) Both immediate and long-term effects:
 - iii. Immediate: The Division anticipates a small impact from this regulation for insurance carriers. The impact will be minimalized given that most carriers operate in states outside of Nevada that have already adopted many of these provisions.
 - iv. Long-Term: The Division anticipates a small impact from this regulation for insurance carriers. The impact will be minimalized given that most carriers operate in states outside of Nevada that have already adopted many of these provisions.

(b) The estimated economic effect of the adopted regulation on the public:

- (1) Both adverse and beneficial effects:
 - i. Beneficial: The value of the regulation to the public is that consumers are afforded greater protections. The complex nature of annuities and the difficulty the public can have understanding the various aspects of an annuity can potentially cause financial hardship to consumers. The provisions of this regulation will provide another layer of protection for Nevada consumers.
 - ii. Adverse: The Division does not anticipate any adverse impact on the public.
- (2) Both immediate and long-term effects:
 - i. Immediate: The provisions of this regulation will provide additional protections for Nevada consumers. Consumers should be able to make better financial decisions due to the increased requirements related to annuity transactions and the considerations and disclosures which producers and insurers must adhere to under this regulation.
 - ii. Long-Term: The provisions of this regulation will provide additional protections for Nevada consumers. Consumers should be able to make better financial decisions due to the increased requirements related to annuity transactions and the considerations and disclosures which producers and insurers must adhere to under this regulation.

10. The estimated cost to the agency for enforcement of the adopted regulation.

The Division anticipates no additional cost to the agency for enforcement of R109-23.

11. A description of any regulations of other state or government agencies which the proposed regulation overlaps or duplicates, and a statement explaining why the duplication or overlapping is necessary. If the regulation overlaps or duplicates a federal regulation, the name of the regulating federal agency.

There are no regulations of other state or local governmental agencies that overlap or duplicate the proposed regulation. Although no federal law exists that duplicates this regulation, the Dodd-Frank Act requires states to implement suitability requirements that meet or exceed the requirements established by the Suitability in Annuity Transactions Model Regulation adopted by the National Association of Insurance Commissioners.

12. If the regulation includes provisions that are more stringent than a federal regulation which regulates the same activity, a summary of those provisions.

There are no federal regulations that address the requirements in this regulation.

13. If the regulation establishes a new fee or increases an existing fee, the total annual amount the agency expects to collect and the manner in which the money will be used.

The regulation does not create a new fee or increase an existing fee.