

One Hundred Seventh Legislature - First Session - 2021

Introducer's Statement of Intent

LB22

Chairperson: Senator Matt Williams

Committee: Banking, Commerce and Insurance

Date of Hearing: January 25, 2021

The following constitutes the reasons for this bill and the purposes which are sought to be accomplished thereby:

Legislative Bill 22 was introduced on behalf of the Director of the Department of Insurance. The legislation proposes to adopt the latest National Association of Insurance Commissioners (NAIC) amendments to the NAIC Annuity Suitability Model Regulation, codified in Nebraska as the Nebraska Protection in Annuity Transactions Act, Neb. Rev. Stat. §§ 44-8101 to 44-8109.

The NAIC is the United States' standard-setting and regulatory support organization created and governed by the chief insurance regulators from the fifty states, the District of Columbia and five United States territories. Through the NAIC, state insurance regulators establish standards and best practices, conduct peer review, and coordinate their regulatory oversight. NAIC members, together with the central resources of the NAIC, form the national system of state-based insurance regulation in the United States.

The revisions set forth in the bill were made to the NAIC model following extensive deliberations and input from state regulators, consumer representatives, and the insurance industry. The revisions incorporate a "best interest" standard that requires consideration of the consumer's interest to be placed ahead of any financial interest that the agent or insurance carrier may have in the transaction. Agents and insurance carriers are also required to document, in writing, any recommendations made and the justification for such recommendations. The overarching goal of the changes to the NAIC model and, in turn, this bill, is to strengthen the consumer protections already in place under existing laws.

The changes set forth in the bill are also designed to be consistent with the Security and Exchange Commission's Regulation Best Interest, also known as "Reg BI".

Over the next decade, millions of baby boomers will retire. It is imperative that strong standards be in place to ensure they receive clear and appropriate sales, marketing, and financial advice relating to the purchase of annuity contracts from insurers and insurance producers.

Principal Introducer: _____

Senator Matt Williams