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# Suitability Model Crosses the Finish Line

February 14, 2020

On February 13, 2020, the NAIC Executive Committee adopted revisions to the Suitability in Annuity Transactions Model Regulation (#275) (Revised Suitability Model), which incorporates a best interest standard of conduct for recommendations related to the sale of annuity products.

The Revised Suitability Model received almost unanimous support. New York, the only state to vote against, recognized that the Revised Suitability Model is better than the prior version of the Suitability Model, but chastised that the role of the NAIC should be to lift all states up, not accept a lesser standard that is merely the "common denominator."

California noted that, while it would vote in favor of adopting the Revised Suitability Model, it promotes the strongest standards possible to protect consumers and prefers a fiduciary standard. These comments beg the question whether California will adopt the Revised Suitability Model as is, or whether it will make additional revisions to include a fiduciary standard.

While the industry hopes for uniformity in the adoption and interpretation of the Revised Suitability Model, the next race is just beginning with Arizona leading the way. It remains to be seen if this will be a short sprint or a long, winding marathon.

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