

Washington, Wyoming Finalize Best Interest Annuity Standards

In total, 36 states have adopted regulations or legislation modeled of the 2020 template by the National Association of Insurance Commissioners.

[Patrick Donachie](#) | Apr 17, 2023

Washington and Wyoming became the 35th and 36th states to sign off on changes mandating a best interest standard for annuity sales and recommendations that were modeled from a 2020 template by the National Association of Insurance Commissioners.

State Rep. Kristine Reeves sponsored the Washington law, which was signed by Gov. Jay Inslee to strengthen protection for consumers looking for “lifetime income through annuities,” while Wyoming’s Department of Insurance adopted similar regulations, according to the American Council of Life Insurers.

“We hope other states add to the nationwide momentum behind these sensible protections so more consumers can benefit from a best interest standard of care no matter where they live,” ACLI President and CEO Susan Neely said.

The two states were preceded this year by [Illinois](#), [Georgia](#), [Tennessee](#) and West Virginia (a full map of states that have signed on is available [on the ACLI’s website](#)).

The NAIC's model rule, originally finalized in 2020, offered states a guide to creating best interest annuity regulations or legislation, depending on the state. Shortly after the model rule was finalized, Iowa became the [first state to pass its own rule](#) based on the template in February 2020.

In crafting the model, the NAIC intended to align state oversight of annuities with securities regulations on the federal level, with registrants complying with the SEC's own best interest rule.

The NAIC model stressed that insurance agents couldn't put financial interests ahead of consumers' own needs, but like Reg BI, it did not require registrants to adhere to a fiduciary standard.

As many as 40 states may finalize regulations or legislation requiring a best interest annuity standard, according to the Insured Retirement Institute. Sarah Wood, the organization's director for state policy and regulatory affairs, said Nevada, Utah and Oregon all have active proposals that would adopt rules based on the NAIC template if they're finalized.