

## California Annuity Sales Rule Bill Stalls

Think Advisor

The California State Legislature is not moving forward with SB 263, a bill to update annuity sales standards that is supported by the insurance industry but has drawn fierce opposition from consumer groups.

The bill sailed through the state Senate in May, with no opposing votes at the committee level or on the state Senate floor. It would create new conflict-of-interest disclosure standards for life insurance agents who sell annuities, but defines “conflict of interest” to exclude “cash and non-cash compensation.”

“Agent compensation of any kind, including cash and non-cash compensation, should be disclosed to consumers when purchasing life insurance,” the Life Insurance Consumer Advocacy Center said in a statement. “SB 263 would have also deceived consumers by allowing agents to tell consumers that they were protected by a consumer’s best interest standard, without requiring agents to put consumer interests first.”

However, Whit Cornman, spokesperson for the American Council of Life Insurers, told ThinkAdvisor that “California consumers deserve the protections adopted in 40 other states, covering 76% of the population. This best interest standard directly addresses conflicts of interest and protects access to products and services moderate-income savers want and need for a secure retirement.”

LICAC said Tuesday in a statement that it was pleased that the bill has stalled as it “strongly opposed SB 263 for its anti-consumer standards.”

SB 263 was also opposed by Consumer Federation of California, Consumer Federation of America, United Policyholders, and the Center for Economic Justice.

The bill will not pass this year but may be taken up again next year by the sponsor, the California Department of Insurance, and its author, Sen. Bill Dodd, according to LICAC.