



March 7, 2023

The Honorable Susan Rubio
Chair, Senate Committee on Insurance
1021 O Street, Suite 8710
Sacramento, California 95814

RE: Senate Bill 263 (Dodd) – SUPPORT

Dear Senator Rubio,

United Policyholders writes to express our strong support for Senate Bill 263 authored by Senator Bill Dodd. We respectfully request your Aye vote on this bill.

As mandated by Section 989J in the federal Dodd-Frank Wall Street Reform and Consumer Protection Act signed into law by President Obama in 2010, California must adopt comprehensive suitability standards for annuity sales that meet or exceed the 2020 National Association of Insurance Commissioners' (NAIC) Annuity Suitability Model by 2025, or we risk federal preemption. SB 263 builds on and, in important instances, exceeds the requirements set forth in the 2020 NAIC Model in order to provide additional and stronger consumer protections for both annuity and life insurance sales.

Along with other not for profit organizations – including The Life Insurance Consumer Advocacy Center, Consumer Federation of America, Consumer Federation of California, and the Center for Economic Justice – United Policyholders supports legislation and regulations that strengthen protections for California consumers who are considering buying annuities or investment-oriented life insurance products.

While our support is not conditional on amendments to this bill, we believe this bill will be even more effective if further strengthened and clarified in a few ways, including: adding the phrase “best interest” into the title of Article 9, and other suggested amendments proposed by our colleagues with the Life Insurance Consumer Advocacy Center.

Sellers of annuity and life insurance products routinely solicit Seniors and consumers who are worried about having adequate retirement funds, and offer them products that sound promising but are unsuitable for their specific financial goals and circumstances. Targeted sales practices utilized by insurance companies and their agents are often successful because they manipulate financial projections related to the products so they appear to be in the best interest of the consumer. Agents are highly motivated to push these products because of lavish incentives, prizes, and high commissions insurance companies offer them.

By setting forth clear standards and procedures for insurers and producers to follow when they are making annuity and life insurance recommendations to consumers, SB 263 will protect consumers, including vulnerable seniors, from abusive and exploitative sales practices and resulting financial losses.

For these reasons, I respectfully request your "AYE" vote on SB 263, as currently drafted or with adoption of some or all of the edits proposed by consumer advocacy organizations. Thank you for your thoughtful consideration of this important consumer and senior protection measure.

Sincerely,

A handwritten signature in black ink that reads "Amy Bach". The signature is written in a cursive, flowing style.

Amy Bach
Executive Director

cc: The Honorable Bill Dodd
The Honorable Janet Nguyen, Vice Chair, Senate Committee on Insurance
Members, Senate Committee on Insurance
Cassie Royce, Principal Consultant, Senate Committee on Insurance
Tim Conaghan, Consultant, Senate Republican Caucus