The Honorable Thomas E. Perez  
United States Department of Labor  
200 Constitution Ave., NW  
Washington, D.C. 20210

July 21, 2015

Dear Secretary Perez,

On behalf of the Association of Ohio Life Insurance Companies ("AOLIC"), we write to share our concerns about certain critical elements of the proposed fiduciary rule proposed by the U.S. Department of Labor ("Department"). The members of AOLIC agree that the interests of the client should always be put before the financial interests of a retirement advisor. Accordingly, we are concerned that, as written, the proposed rule will limit the ability of financial professionals and agents to provide important investment support and information to their clients.

The Association of Ohio Life Insurance Companies is a statewide trade association representing thirteen of the largest life insurance companies in the world, both domestic and foreign. Our companies provide life, annuities, and limited health coverage to millions of Ohioans across the state.

With Americans living longer than ever before, the members of AOLIC provide vital guidance, information and support to ensure their clients and policyholders are financially prepared for retirement. We work with businesses and individuals to provide retirement annuities and other products that offer guaranteed lifetime income protection and supplement social security benefits. Additional benefits we provide to our policyholders include education about retirement planning and asset allocation, as well as administrative and investment support.

As currently drafted, we are concerned that certain elements of the proposed fiduciary rule and the proposed new and revised prohibited transaction exemptions will severely limit the support we are able to provide
our policyholders and will prevent us from offering certain products and services that could help Americans prepare for a more financially secure retirement.

Specifically, the “best interest contract exemption” or “BICE” appears to create a preference against commission-based compensation. Many plans for small and mid-sized business and personal accounts are now offered through a commission-based system. This is generally a more affordable option for these clients, and transitioning to a fee-based compensation system will leave these individuals and businesses without access to products and services.

In addition, the rule includes a broad definition of “fiduciary” to include those who make recommendations to individuals or plan sponsors regarding investments, annuities, and other insurance contracts and rollovers and distributions. Our members provide education materials and explanation of benefits information and could face increased liability if this provision is triggered. Policyholders use the information provided by AOLIC members to learn more about plan benefits and to make educated decisions about their investment opportunities. Accordingly, our independent agents will be hesitant to have extensive and informed conversations with their clients about important retirement and financial planning tools. Eliminating these opportunities for education will leave policyholders without the information they need to make the best investment and retirement decisions.

We agree with the Department’s belief that financial professionals should always place the client’s best interests above their own. As written, we believe this rule and the proposed exemptions will detrimentally impact our clients and policyholders, reducing access to valuable products and to the support needed to make informed financial decisions – having the adverse impact intended by the Department.

In 2009, the Treasury Department issued three initiatives to encourage Americans to invest and save for retirement, recognizing the importance of guaranteed lifetime income. The members of AOLIC work daily to ensure our clients receive reliable information about their retirement options. We encourage the Department to modify this proposed rule, to ensure consumers are still able to receive these important education and administrative services. We are happy to make ourselves or our members available to you to discuss these issues further.

Sincerely,

Kurtis A. Tunnell

Gregory J. Lestini

Marjorie J. Yano
cc: The Honorable Steve Chabot
    The Honorable Brad Wenstrup
    The Honorable Joyce Beatty
    The Honorable Jim Jordan
    The Honorable Robert Latta
    The Honorable Bill Johnson
    The Honorable Bob Gibbs
    The Honorable John Boehner
    The Honorable Marcy Kaptur
    The Honorable Michael Turner
    The Honorable Marcia Fudge
    The Honorable Pat Tiberi
    The Honorable Tim Ryan
    The Honorable David Joyce
    The Honorable Steve Stivers
    The Honorable Jim Renacci
    The Honorable Sherrod Brown
    The Honorable Rob Portman