



SHARON A. CHEEVER
Senior Vice President
General Counsel
Law Department
Telephone (949) 219-3852
FAX (949) 219-3706
email: Sharon.Cheever@PacificLife.com

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Office of Regulations and Interpretations
Employee Benefits Security Administration
Attn: Fiduciary Definition Hearing, Room N-5655
U.S. Department of Labor
200 Constitution Avenue, NW
Washington, DC 20210

Re: Support for Delay of Conflict of Interest Rule and Related Exemptions

Ladies & Gentlemen:

Thank you for the opportunity to comment on the proposed delay of the Conflict of Interest Rule and Related Exemptions (the “Regulation and Exemptions”). Pacific Life Insurance Company (“Pacific Life”) is committed to acting in the best interest of our customers and supports the enactment of a reasonable best interest standard.

Pacific Life supports the Department of Labor in finalizing a minimum 60-day delay to the applicability date of the revised definition of “Fiduciary” under the Employee Retirement Income Security Act of 1974 (ERISA), the Internal Revenue Code of 1986 (Code), and related exemptions in their entirety.

I. Delay necessary to complete review directed by Presidential Memorandum

As directed by the Presidential Memorandum dated February 3, 2017, a delay is necessary to complete a full review of the rule’s impact on Americans’ access to retirement information and financial advice. As an initial 60-day delay may not provide sufficient time for the Department to complete a full review, Pacific Life supports an additional delay of all provisions of the Regulation and Exemptions necessary.

II. Consumer Harm

Retirement investors should be assured access to the free market of retirement products and the opportunity to consider different levels of advice and compensation structures when planning for their unique retirement goals. Absent this delay and a thorough review of the rule to better

understand the true costs and benefits to consumers, there will be significant and material harm to American retirement savers.

For example, effective April 10, 2017, specific distribution partners of Pacific Life will scale back the retirement products they offer, limiting competition and choice. Advisors plan to be more selective of the new investors they choose to service which will limit access to retirement information and personalized advice for many. In addition, distributors continue to identify and eliminate clients with small to modest account balances in anticipation of the added compliance costs and heightened litigation risks generated by compliance with the new rule. As a result, a significant number of existing investors could lose access to an adviser to talk to, answer questions, and who can help encourage them to save more and remain invested over time.

III. Gaps in the Rule Require Meaningful Delay

The rule vastly expands the types of retirement plans that are covered by ERISA and financial intermediaries that are considered fiduciaries. Historically, other rules from the Department of Labor with far less impact on the stakeholders had longer compliance timeframes (e.g., section 408(b)(2) regulations). This compressed time frame for implementation of such complex change is a disservice to the end consumer.

For example, the publication of a proposed best interest contract exemption for insurance intermediaries, less than 90 days from the April 10, 2017 applicability date, but not yet finalized, creates an impossible and confusing compliance position for stakeholders and consumers alike.

Pacific Life has dedicated considerable financial and human resources in preparation to comply with the April 10, 2017 applicability date. Those costs are insubstantial in comparison to the ongoing loss our consumers and American retirement investors will incur without a meaningful delay and complete review of these rules based on the Presidential Memorandum.

Pacific Life joins the American Council of Life Insurers, the Investment Company Institute, the Insured Retirement Institute and the Committee of Annuity Insurers in supporting a minimum 60-day delay and believes a longer delay is warranted to complete the applicable review.

Sincerely,



Sharon Cheever
Senior Vice President and
General Counsel