From: PJ Behrens <pj@davislife.com>
Sent: Friday, June 30, 2017 10:49 AM
To: FiduciaryRuleExamination - EBSA
Subject: DOL Fiduciary Rule

Importance: High

Good Day,
I would like to comment on the proposed BICE to be implemented January 1, 2018. I have worked with and only fixed annuities since 1997. As these fixed annuity products have evolved I have seen more components within the annuity structure offered with fees attached. I can't say that I'm a fan of these features, but at the end of the day 99% of those fees within the contract do not invade the consumer's principal or previously credited gains. The fixed annuity has always maintained an underlying minimum guarantee and has no market exposure. Please keep in mind that with a fixed "indexed" annuity, credits are applied off the "performance" of an index and the client is not directly invested. With that said, if the consumer wants to participate in a strategy that may offer more upside, then they have to be willing to pay a fee. But again, 99% of the time the fees will not invade principal or previously credited gains.
I'm not opposed to fiduciary standards and abiding by the Impartial Conduct Standards, but do think the BICE is an unnecessary additional step that will incur both cost to the agent, time and effort when the main focus has already been accomplished. I also believe that the NAIC has done a very good job of regulating suitability applicable to all clients and both qualified and non-qualified sales. Further regulation will promote a monopolized industry in financial services as the smaller wholesale and brokerage firms will not be able to afford all the services offered by the larger organizations. The costs incurred by the carriers will have to be passed down to both wholesalers and advisers in the form of reduced commissions.
This is a perfect example where government mandates are forcing all faucets of an industry into the same rule pool when the different sectors have only minimal similarities. In this case the issue is fees. Again, the fees imposed on fixed annuity products are elective only if the consumer wants a particular strategy that may offer more upside or a fee for a particular rider. The rider charges are no different than a rider charge on a life insurance policy.
Again, my main issue is not with the PTE 84-24 exemption, but the BICE as it is just another useless, but costly layer of oversight.

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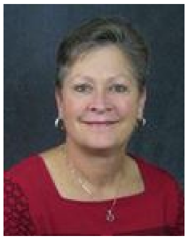

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