

United States Senate

September 8, 2020

The Honorable Eugene Scalia
The Honorable Jeanne Klinefelter Wilson
Department of Labor
200 Constitution Avenue, N.W.
Washington, D.C. 20210

Dear Secretary Scalia and Assistant Director Wilson:

We write today regarding the “Improving Investment Advice for Workers and Retirees” proposal recently issued by the Department of Labor.

We appreciate the Department’s intention to preserve diverse investment advice arrangements as compared to the 2016 Fiduciary Rule proposed by the prior Administration, as well as the Department’s goal of harmonizing industry regulation in order to protect consumers. However, we have heard concerns from Iowans regarding the impact that this proposed rule would have on insurance agents and their clients.

In particular, we have heard concern that the five-part test to determine who is a fiduciary may be interpreted in a manner that will force insurance agents and brokers to become fiduciaries or exit the business. Additionally, we have heard that the design of the Prohibited Transaction Exemption may create supervisory requirements for insurance companies that are inconsistent with certain distribution models especially for independent agents selling fixed annuity products. Finally, in light of best interest regulations that have been adopted by state insurance regulators, it has also been recommended that the rule include a safe harbor for entities that are in compliance with the model insurance regulations at the state level. These and other issues are described in various comment letters submitted by insurance agencies, companies and trade groups, including many located in or with connections to Iowa.

We urge you to consider this feedback carefully and make any necessary modifications to ensure this rule is workable for the insurance industry, especially independent insurance agents and their clients, consistent with the Administration’s efforts to minimize burdensome and duplicative regulations.

Sincerely,



Joni K. Ernst
United States Senator



Charles E. Grassley
United States Senator