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March 17, 2017

The Office of Regulations and Interpretations
Employee Benefits Security Administration
Attn: Proposed Definition of Fiduciary Regulation
U.S. Department of Labor
200 Constitution Avenue, N.W. Room N-5655
Washington, DC 20210
EBSA.FiduciaryRuleExamination@dol.gov

Re: RIN 1210-AB79

Ladies and Gentlemen:

This firm represents a number of insurance intermediaries that filed for an exemption to be treated as financial institutions under the Department of Labor's (the "Department") Best Interest Contract Exemption ("BICE"). On behalf of the entities identified on Schedule A, we are writing in support of the Department's proposed regulation to delay the April 10 applicability date set forth in the regulation redefining fiduciary investment advice and of the related prohibited transaction exemptions (collectively, the "Fiduciary Rule").

We support the proposed 60-day delay, and urge that it be adopted as a final regulation before the April 10 applicability date to avoid disruption and dislocation for retirement investors and to enable the Department to address its proposed exemption for insurance intermediaries. We also urge an additional delay beyond 60 days sufficient to enable the Department to properly review the Fiduciary Rule and determine whether to rescind or reform it.

While we welcome the Department's recently released Field Assistance Bulletin 2017-1, we submit that if the Fiduciary Rule were to become applicable on April 10, the adverse consequences would be severe notwithstanding the Department's non-enforcement policy. First, it would cause significant confusion for retirement investors seeking advice regarding the purchase of fixed annuities and fixed indexed annuities. Second, it would make it impossible for insurance intermediaries that do not meet the definition of a financial institution under BICE to serve their clients without engaging in a prohibited transaction.

In essence, if the applicability date of the Fiduciary Rule is not delayed, it would cut off retirement investors -- who have relied on independent insurance only licensed agents for retirement advice and assistance regarding insurance including fixed annuity and fixed indexed annuity transactions – from receiving the financial and retirement planning services they need. This is not a hypothetical concern. Because there is no reasonable exemption for insurance intermediaries, the effect of the Fiduciary Rule becoming applicable would be to put out of business a vital segment of the insurance industry. That segment provides the primary means for helping individuals gain access to important insurance products in order to plan for their retirements or otherwise guarantee the financial security of themselves and their families. Thus, delaying the applicability date of the Fiduciary Rule before April 10, 2017 is critical.

If there is a possibility that the Rule may go into effect temporarily, we urge the Department to adopt additional guidance to protect retirement investors who rely on insurance only professionals to help them meet their financial and retirement goals. Again, we appreciate FAB 2017-01, but we submit that it is essential for the Department to adopt a prohibited transaction exemption that would cover all transactions during the "gap" period that might be covered by the Fiduciary Rule.

Millions of Americans rely on insurance only professionals to help them achieve retirement security. Many of the products offered through insurance only intermediaries provide guaranteed income and guaranteed rates of return, as well other valuable consumer benefits like living benefits in the event of a terminal illness or confinement to a nursing home or enhanced death benefits which are not available through other non-insurance investment vehicles. Even a temporary period during which the Fiduciary Rule is applicable to transactions that affect retirement investors seeking this type of safety, guarantees and security will cause significant harm. It may increase their costs and will decrease their access to advice and suitable investment and insurance products.

While it will certainly present a hardship, possibly reducing services and increasing costs for their clients, other financial services entities eligible to use BICE might be able to continue to serve their clients if the Fiduciary Rule became applicable for a short period and no other relief were provided by the Department. That is not the case for independent insurance agents for whom no financial institution is available. Indeed, recognition of this reality is one of the reasons why the Department proposed the insurance intermediary class exemption.[1] However, given that there has been no indication from the Department that it is preparing to issue a final exemption in a manner that works in the marketplace, and given the short amount of time remaining, it seems

[1] While we have very serious concerns about the conditions in the proposed insurance intermediary class exemption, we fully supported the Department's efforts to propose it because such an exemption is essential (see our comment letter dated February 21, 2017 regarding necessary changes to the proposal).

highly unlikely that the process of finalizing the exemption will be completed before April 10th. This fact singles out insurance intermediaries and their clients for disparate and harmful treatment if the Fiduciary Rule is permitted to become applicable, even for a short time.

We fully support the proposed delay in the applicability date until June 9 and strongly urge that it be made effective before April 10, 2017. We also urge the Department to adopt a longer delay of the applicability date, sufficient to enable it to complete the important work of re-evaluating the Fiduciary Rule and, most significant from our perspective, finalizing a workable Best Interest Contract Exemption for Insurance Intermediaries should that be necessary under the final Fiduciary Rule.

Thank you for the opportunity to comment on the proposed delay. Please contact either of the undersigned if you have any comments or questions.

Very truly yours,

Bruce L. Ashton

Bradford P. Campbell

Schedule A

Participating Entities

The Annuity Source, Inc.
Brokers International, Ltd.
C2P Advisory Group, LLC dba Clarity 2 Prosperity
Financial Independence Group, LLC
Ideal Producers Group
InsurMark
Kestler Financial Group, Inc.
Legacy Marketing Group, Inc.