



SHURWEST

July 20, 2017

Office of Regulations and Interpretations
Employee Benefits Security Administration
Room N-5655
United States Department of Labor
200 Constitution Avenue NW
Washington, D.C. 20210

Attn: D-11933

VIA EMAIL: EBSA.FiduciaryRuleExamination@dol.com

Re: RIN 1210-AB82
Comments in response to delay in January 1, 2018 Applicability Date

Ladies and Gentlemen:

This letter is written on behalf of Shurwest, LLC (hereinafter “Shurwest”), an Insurance Intermediary (“IMO”) based in Scottsdale, AZ. Shurwest is hereby providing its comments to the Department of Labor’s (“DOL” or “Department”) Request for Information Regarding the Fiduciary Rule and Prohibited Transaction Exemptions (“RFI”) as published in the Federal Register on July 6, 2017 (82 FR 31278).

The comments in this letter only address question 1 in the Department’s RFI: Whether the January 1, 2018 Applicability Date should be extended. 82 FR at 31279. The other questions in the Department’s RFI will be addressed in a separate letter at a later date.

Shurwest strongly recommends a delay in the Applicability Date based on the following reasons.

The Department has not completed its review of the entire rule as mandated by the Presidential Memorandum of February 3, 2017. As such, the Applicability Date should be delayed for a reasonable time after the Department has completed its review as mandated by the Presidential Memorandum.

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As was noted in our comment letter of April 17, 2017, Shurwest believes it is critical that the Department take the necessary time to review the Fiduciary Rule and respond to the Presidential Memorandum of February 3, 2017. While the Department is undertaking this mandated review, and without follow up guidance or clarity of the Rule, the insurance industry remains in a state of flux with respect to Fixed Indexed Annuities, the 84-24 Exemption, and the Proposed IMO Exemption.

Shurwest, along with all the insurance carriers whose products it distributes, spent a considerable amount of time and effort to comply with the Impartial Conduct Standards as required on June 9, 2017. Additionally, planning is already underway to train the producers for significant changes believed to be coming on January 1, 2018; however with the potential for modifications to the Rule following the mandated review, it is imperative that the Department delay the Applicability Date for a reasonable time to ensure that any modifications can be implemented by the industry in a timely manner, and with minimal confusion.

Furthermore, while diligently working toward compliance, the insurance industry is using caution in its approach to implementing changes required by the Applicability Date in light of the Presidential Memorandum. As such, the industry will use extreme care before investing millions of additional dollars for compliance with a Rule that is under review and still subject to change. Once the review has been completed and the final language of the Rule is determined, the industry will need ample time to implement the required changes. It is important to note that this additional time should **not** negatively affect retirement investors since they are currently protected by the Impartial Conduct Standards that went into effect on June 9, 2017.

The Department has not addressed the Proposed IMO Exemption since it was initially released on January 19, 2017. The Applicability Date should be delayed for a reasonable time after the Department has addressed the Proposed IMO Exemption.

Shurwest provided comments on the Proposed IMO Exemption requested by the Department in its letter dated February 21, 2017, along with several other industry participants (IMOs and insurance carriers) who provided supportive comments on why this Proposed IMO Exemption was impracticable and unworkable as drafted. Since that time, the Department has not provided any follow up on its position or any clarification as to the status of this proposed Exemption.

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As was noted in Shurwest's comment letter, many of the Exemption conditions the Department proposed would be difficult to implement, while others are simply not feasible. Additionally, there are other conditions that are workable, but they would significantly reduce competition and thus harm retirement investors—the very same retirement investors whom the DOL and the Rule are trying to protect.

While Shurwest appreciates the Department's effort to address issues in the original Rule by putting forth the Proposed IMO Exemption, the lack of follow up action and clarification by the Department have resulted in confusion in the industry; confusion that can only be cleared up by clarification from the Department and a practical, workable IMO Exemption. It is only then that key parties within the industry will be able to build out additional systems and processes. Given this will take time, the Department should delay the Applicability Date until a reasonable time after a workable IMO Exemption has been issued.

The Applicability Date should be delayed for a reasonable time because the risks associated with implementing a rule without additional clarity and guidance may likely prove costly to both the industry, and the retirement investors the Department is trying to protect.

Great risk exists if the Department seeks to implement a partially developed Rule with incomplete procedural requirements and outstanding questions. This implementation may harm the very retirement investors the Rule seeks to protect since it will likely cause market disruption and confusion for all key industry parties, including insurance producers, registered representatives, adviser representatives and firms. The Impartial Conduct Standards the Department put into effect on June 9, 2017 provide foundational safeguards to protect retirement investors while the Department completes its mandated review and addresses the Proposed IMO Exemption. Under these Standards, retirement investors are protected from conflicted advice, and a delay in the Rule's implementation for the sound reasons noted in this letter will not change this current retirement investor protection.

A critical point for consideration is that retirement investors will most likely benefit from the delay since information gathered during the mandated review and subsequent modifications made to the Rule, along with clarity on the IMO Exemption, will reduce confusion to all industry participants. The increased understanding

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resulting from the mandated review will very likely reduce the costs of products and services available to retirement investors since compliance costs to the Rule for industry providers (i.e., firms, reps, representatives, advisors, and insurance producers) will likely be less since they will be building processes and infrastructure toward a certain, unchanging Rule.

The Applicability Date should be delayed because the Department dramatically underestimated the time and investment required to develop and test new systems for Rule compliance.

The Department's original assertion was that 12 months was a reasonable amount of time to build out the infrastructure (systems and processes) required for compliance. By delaying the Applicability Date to January 1, 2018, the Department recognized that the original timetable was untenable, which was supported by the challenges experienced during the best efforts and investment made by many in the industry to comply with the Rule.

Individual industry participants have invested thousands to millions of dollars in an infrastructure build out so as to comply with the Rule, but their work is nowhere near finished and cannot be completed without additional clarity and guidance from the Department.

It is critical not only to the industry, but also to the retirement investor that a reasonable time be allowed to finalize the technology once the mandated review and all changes, exemptions, etc., have been clarified and finalized.

CONCLUSION

Shurwest continues to appreciate the opportunity to provide input and feedback to the Department, specifically regarding comments pertaining to the potential for a delay of the Applicability Date for the Fiduciary Rule.

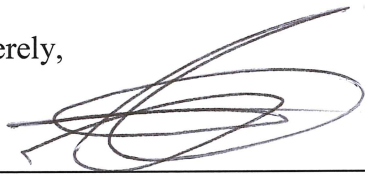
We strongly recommend that the Department delay the January 1, 2018, Applicability Date for a reasonable time after the Department has completed its mandated review of the Rule, and the Department has modified or rescinded any provisions of the Rule along with current or proposed exemptions. As part of this, the recommended delay is necessary to

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allow the industry sufficient time to build or modify systems and processes for compliance with any modifications to the Rule that arise from the mandated review. Overall, the result of the above and the delay will be the implementation of a Rule and related exemptions that will provide clarity and less confusion to the industry, resulting in better products, services and potentially reduced cost to the retirement investor.

We will be happy to discuss the above, and provide additional input in an interactive discussion as to a proposed length of delay. Please feel free to contact me directly at (800) 440-1088.

Sincerely,



Ron Shurts, President