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September 7, 2017

Sent by EMAIL – [EBSA.FiduciaryRuleExamination@dol.gov](mailto:EBSA.FiduciaryRuleExamination@dol.gov)

Office of Exemption Determinations  
Employee Benefits Security Administration  
Attn: D-11933  
U.S. Department of Labor  
200 Constitution Avenue, NW, Suite 400  
Washington, DC 20210

Re: ZRIN 1210-ZA27

Dear Sir:

Thank you again for the opportunity to respond and comment on the proposed Rule to delay the Department of Labor (DOL) Fiduciary Rule by 18 months to July 1, 2019. As stated in our July 21, 2017 letter to the Department, Farmers Financial Solutions®, LLC (FFS) believes that a delay in the January 1, 2018 applicability date of the provisions in the BIC Exemption, Principal Transactions Exemptions and amendments to PTE 84-24 would benefit our firm and our retirement investors by allowing for a more efficient and thoroughly scrutinized implementation of the Rule.

### **Farmers Financial Solutions**

To reiterate, FFS is a registered broker dealer, owned by the Farmers Insurance Exchange®, through which Farmers® offers its Retirement Solutions services. About 5,400 of the 14,000 exclusive Farmers agents are registered representatives of FFS. The financial products FFS has available to its customers in connection with its Retirement Solutions include mutual funds, fixed and variable annuities, variable universal life insurance, and 529 college savings plans. Generally, none of the investment or insurance products available to FFS customers in connection with Retirement Solutions are sponsored or managed by Farmers, FFS or any of their respective affiliates.

FFS was created to add value to customers of Farmers Insurance in an effort to deepen the relationship between the agent and his or her customers. The Farmers agents that are also registered representatives of FFS are not incentivized primarily by the commissions received from providing Retirement Solutions. Accordingly, the bulk of the income of a registered representative of FFS who is also a Farmers agent is generated by insurance commissions from Farmers Insurance products and only a modest percentage of an agent's annual commissions relate to Retirement Solutions.

Many FFS customers are working class and middle income individuals who are now seldom if ever served by traditional investment advisers, broker dealers and wealth management companies. The remainder of our customers are small businesses. Our typical customers often do not have adequate access to information and education about investment products that will enable them to achieve savings and retirement goals. The relationship established through the provision of insurance products enables the Farmers agent to uniquely develop an understanding of a customer's financial needs, financial goals, and investment horizon and risk tolerance.

### **Harmonization of Regulatory Organizations**

One extremely important factor in allowing this delay is to provide the Department time necessary to coordinate with the SEC, FINRA, state insurance commissioners and other state and federal regulators, to simplify, restructure and create a long-term solution that is in the best interest of American investors. These agencies have critical knowledge and experience that the Department of Labor lacks, and we believe the SEC in particular should play a leading role in developing appropriate standards of conduct for investment professionals. The fiduciary and suitability standards under the SEC and FINRA are different in their scope and application, resulting in significant challenges when attempting to implement the DOL Fiduciary Rule. Hence, the delay could play an extremely important part in allowing the financial regulations and existing securities laws time to harmonize and effect a coordinated uniform standard that will be easier to implement and explain to customers.

### **Recent Market Innovations Need to be Fully Vetted**

Another significant reason the delay would be beneficial is to provide additional time to review and understand the full impact of new market developments such as "Clean" shares and "T" shares and be able to fully examine and implement them appropriately. FFS believes that many mutual fund companies have filed these new asset classes with the SEC, but have them waiting in the wings to see how the Rule gets defined. These types of market innovations may be extremely helpful if Levelizing Compensation remains a key component of the Rule.

### **Reasonable Compensation**

Lastly, FFS believes the delay will provide the Department time to adequately examine the parameters of "reasonable compensation" to determine the actual impact of the Rule. The Firm contemplates that instead of level or neutral compensation, payment should be reasonable as stated in the Rule. We believe that reasonable compensation protects retirement investors while recognizing differences from one type of product to another.

Trying to impose purely level or neutral compensation is illogical and extremely difficult, resulting in bias against commission-based products.

Thank you for the opportunity to respond in favor for the delay. We urge the Department to postpone the full implementation of the Rule until July 1, 2019, and welcome the extra time and consideration the Department will receive to ensure all retirement investors are protected by a new coordinated set of regulations and laws. Thank you again for your time and consideration.

Sincerely,

A handwritten signature in black ink, appearing to read "John Mueting". The signature is written in a cursive style with a prominent initial "J" and a distinct "M".

John Mueting  
President of Farmers Financial Solutions, LLC