



Insured Retirement Institute

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February 5, 2021

Kansas Financial Institutions and Insurance Committee
Sen. Jeff Longbine, Chair

Via Email: Suzanne.nelson@senate.ks.gov

Re: In Support of SB78 – An Act Concerning Insurance; the Standard Nonforfeiture Law for Individual Deferred Annuities

Dear Senator Longbine,

On behalf of our members, the Insured Retirement Institute (IRI)¹ writes in support of Kansas Senate bill 78, Section 4 relating to the Standard Nonforfeiture Law. This legislation changes the interest rate for minimum nonforfeiture amounts to fifteen basis points from one percent.

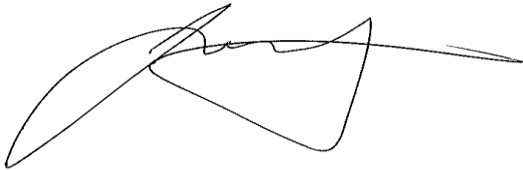
The current financial environment is challenging institutional and individual investors and product offerings. The proposed change from 1% to .15% will give companies more flexibility to provide the value and benefits wanted and needed by consumers. If companies are required to offer 1% crediting rates, and interest rates remain low or decrease further, certain products will no longer be feasible to offer. The products most at risk are often those in greatest demand by consumers. For example, products with short surrender charge periods may not be able to find investments that have a high enough yield to support a 1% rate. At the same time, many consumers will be understandably hesitant to purchase long term products in a low yield environment. Additional guarantees in contracts such as a return of premium benefit may become unaffordable if the asset yield available is exhausted by the 1% guarantee.

¹ The Insured Retirement Institute (IRI) is the leading association for the entire supply chain of insured retirement strategies, including life insurers, asset managers, and distributors such as broker-dealers, banks and marketing organizations. IRI members account for more than 95 percent of annuity assets in the U.S., include the top 10 distributors of annuities ranked by assets under management, and are represented by financial professionals serving millions of Americans. IRI champions retirement security for all through leadership in advocacy, awareness, research, and the advancement of digital solutions within a collaborative industry community.

IRI appreciates including Section 4 in SB78 to support individual investment and access to a diverse product portfolio responding to the changing economic and individual situations.

Thank you for the opportunity to share our views on this important subject.

Sincerely,

A handwritten signature in blue ink, appearing to read 'Jason Berkowitz', with a long horizontal stroke extending to the right.

Jason Berkowitz
Chief Legal & Regulatory Affairs Officer
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A handwritten signature in blue ink, appearing to read 'Liz Pujolas', with a long horizontal stroke extending to the right.

Liz Pujolas
Director, State Affairs
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