

News

Roberts' Comments on Proposed Fiduciary Rule Featured by PLANSPONSOR

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Comments made by Groom principal [Tom Roberts](#) on the Department of Labor's ("DOL") proposed fiduciary rule and its possible impacts in his presentation, "Evaluating the Department of Labor's Fiduciary Advice Effort," from the Life and Annuity Conference were featured in the *Insurance News Net* article, "DOL Fiduciary Adds Significant Legal Liability to Producers, Panel Agrees."

According to *Insurance News Net*, Roberts said that "a producer selling a simple life insurance policy could be in for a big surprise if the rule is finalized."

"They may often find themselves talking with someone who has life insurance needs, and part of an overall strategy may be funding that life insurance need through a distribution from a qualified plan," Roberts said. "Under this rule, even though you're selling a product that is not going to be owned by the plan, if you're having a conversation about the purchase of that product, with a participant who's going to fund through a distribution, you, congratulations, are a fiduciary."

"Distributors of insurance products typically are compensated for their sales activity. They're typically compensated for that sales activity primarily in the form of commissions that are paid by the product manufacturer," Roberts continued. "Once that salesperson is rebadged as a fiduciary, the commissions he or she receives become prohibited kickbacks that are per se illegal unless a Department of Labor exemption is available."

The outlet reported that "finding the 'financial institution' to stand with independent producers is going to be difficult and will likely limit those insurance producers to PTE 84-24," according to Roberts.

Insurance News Net further reported that Roberts noted that "PTE 2020-02 'would be available if the insurance company product manufacturer...acknowledged fiduciary status with respect to that sale, but within the insurance company product manufacturing community there's a real reluctance to do that.'"

To read the article, [click here](#).