



STATE OF CONNECTICUT

INSURANCE DEPARTMENT

Bulletin L-18

December 19, 2011

- To: All Insurers and Producers with a Life Line of Authority and Continuing Education Providers Offering Annuity Training**
- Re: Annuity Training for Life Insurance Producers Required Under sections 38a-432a-1 through 38a-432a-8 of the Regulations of Connecticut State Agencies**

The purpose of this Bulletin is to respond to inquiries the Connecticut Insurance Department has been receiving with regard to suitability in annuity transactions training for insurance producers and the requirements of sections 38a-432a-1 through 38a-432a-8, inclusive, of the Regulations of Connecticut State Agencies ("Regulation"), which will take effect on February 18, 2012. Our responses are provided in a Question and Answer format and address only the general four-credit annuity training course for producers mandated by section 38a-432a-8 of the Regulation. Separate insurers-provided product-specific training standards and materials mandated by the Regulation, for which the insurance producer must be in compliance, are not addressed in this Bulletin.

- Q.** Did Connecticut adopt the National Association of Insurance Commissioners Suitability in Annuity Transactions Model Regulation (NAIC Model)?
- A.** **Yes.** Under the Regulation, enacted with an effective date of February 18, 2012, Connecticut adopted the latest version of the NAIC Model (adopted by the NAIC in March 2010).
- Q.** What are the new education requirements for insurance producers who sell annuity products?
- A.** (1) An insurance producer holding a life insurance license on the effective date of the Regulation, February 18, 2012, who desires to sell annuity products shall complete, within six months after February 18, 2012, a one-time, four-credit training course provided by a Connecticut-approved continuing education provider.

(2) Individuals who obtain a life insurance license after February 18, 2012 may not engage in the sale of annuities until the annuity training course has been completed.

- Q.** What is the length of the annuity training course?
- A.** The annuity training course shall qualify for four credits, but no more than four.
- Q.** Does the annuity training requirement apply to non-resident as well as resident producers?
- A. Yes.** The satisfaction of another state's training requirement by a Connecticut non-resident producer will be deemed to satisfy the training requirements of this State if such other state's requirements are substantially similar to those contained in the Regulation.
- Q.** Is the annuity training requirement a continuing education (CE) requirement?
- A. No,** it is not. This is a training requirement for selling an annuity product. However, resident producers who take the four credit hour course, may use the credits to satisfy their overall CE requirements; either the Life/Health or general category. The annuity training course must be submitted by a continuing education provider and be in compliance with the rules and guidelines applicable to a CE course as provided in the Regulation. Pursuant to section 38a-432a-8 of the Regulation, annuity training courses may be conducted and completed by classroom or self study methods.
- Q.** If I take an annuity training course before Feb. 18, 2012, the effective date of the Regulation, will it be accepted?
- A. Yes.** We would accept a training course which was taken prior to February 18, 2012, provided that the course complies with all the requirements listed in section 38a-432a-8 of the Regulation and the course was completed on or after March 28, 2010
- Q.** Does a producer need to keep a certificate of completion of the training course?
- A. Yes.** The producer may be asked by the insurer to provide a certificate of completion of the training course in order to satisfy the insurer's responsibility under the Regulation to obtain the certificate of completion or to obtain reports from Commissioner-sponsored database systems or vendors or from a reasonably reliable commercial database vendor that has a reporting arrangement with approved continuing education providers. The Connecticut Insurance Department

will not track the training course completions for producers. It is the insurer's responsibility to verify that the producer has completed the training.

Q. What topics must be covered by an annuity training course?

A. The topics that must be covered by the training course are set out in section 38a-432a-8(b)(3) of the Regulation and shall include information on:

- (1) The types of annuities and various classifications of annuities;
- (2) Identification of parties to an annuity;
- (3) How fixed, variable and indexed annuity contract provisions affect consumers;
- (4) The application of income taxation of qualified and nonqualified annuities;
- (5) The primary use of annuities; and
- (6) Appropriate sales practices, and requirements for replacement and disclosure.

Q. Where can I find an approved annuity training course?

A. Please go to the website of our CE vendor, Prometric at: www.prometric.com. Annuity training courses will be in the Life/Health category.

Questions about this Bulletin may be directed to the Producer Licensing Section at cid.licensing@ct.gov, Attn: Annuity Suitability.



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