

NAIC Model Suitability Act for Annuity Business

What You Need to Know to Avoid Returned Applications

What is the NAIC Model Suitability Act?

The NAIC Model Act is gaining wide adoption and is changing the way all annuities are designed and distributed. When adopted in its model form, the Act places new obligations on the insurance company issuing the contract to implement new procedures surrounding annuity sales and replacements. It requires producers to be trained on each Carrier's specific product line, including specific features and benefits of each product, as well as an additional, state required, 4 hour CE course.

Which States Have Approved the NAIC Model Act?

As of 5/1/2012, the following states have adopted the NAIC model regulation and require the 4-hour Annuity Suitability Course .

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|--------------------------|-------------------|
| 13. Alaska | 1. Nebraska |
| 14. California | 2. North Dakota |
| 15. Colorado | 3. New York |
| 16. Connecticut | 4. Ohio |
| 17. District of Columbia | 5. Oklahoma |
| 18. Hawaii | 6. Oregon |
| 19. Iowa | 7. Rhode Island |
| 20. Illinois | 8. South Carolina |
| 21. Indiana | 9. Texas |
| 22. Kentucky | 10. Washington |
| 23. Maryland | 11. Wisconsin |
| | 12. West Virginia |

What Are the Training Requirements for Producers?

In states that have adopted the Model Regulation, the two training requirements detailed below must be completed **BEFORE** any application is taken:

- ./ **A 4-hour general training course** on Annuity Suitability by a state-approved vendor
- ./ **Product-specific training course(s)** for the applicable Carrier and product(s)

As of today, if you write business in any of the states which have approved the NAIC Model Regulation (shown above), you must complete both training requirements before soliciting any business. Applications dated or received prior to completing both training requirements will be returned by the carrier or cause additional requirements to be needed. There are no exceptions to this rule.

Please Call 800-695-8224 Ext-129

Contact Rich Altier RAltier@AdvisorsIB.com

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What if My State Has Not Approved the Act?

Even if your resident state (or writing state) has not approved the Act, *carrier specific training may still be required* before an application is taken. Many of our annuity carriers now require product specific training for all producers, regardless of the state in which the annuity is being sold.

Who Can I Call to See if I Have Completed the Required Training?

As a contracted agent, you may contact the carrier directly to see if you have completed all of the training required to submit an application. The licensing department at each carrier can tell you if product specific training is required and whether you need to complete the 4-hour Annuity Suitability course. If you are submitting contracting paperwork along with your application, **please contact Rich Altier our Licensing and Contracting Manager at 800-695-8224 Ext-129 in advance** for information on what training is required.

Where do I go To Complete the Requirements?

Each carrier website has a link to their product training requirements, as well as a link for the 4-hour state requirement. You may also visit the ClearCert website (www.ClearCert.com) to read more about the Model Act and find links to take the 4-hour Annuity Suitability course. Also we suggest that you visit **RegED** the industry's largest and most comprehensive annuities training platform. (<https://secure.reged.com/trainingPlatform/>) We strongly encourage you to check the applicable carrier website for product specific training requirements before an application is taken.

What About New Products or Product Revisions?

Even if you have completed product specific training for a particular product, *periodic product changes may require you to complete new training*. Products are frequently revised, and we encourage you to contact the carrier's licensing department - before taking an application - to be certain that recent product revisions do not require you to complete additional training. All new products **will** require product specific training. Depending on the carrier, product specific training may be required even if your state has not yet approved the Model Act.

What Happens if I Submit An Application Before All Required Training Has Been Completed?

If an application is received by the carrier before all required training has been completed, that application will be returned or, at a minimum, additional requirements may be added. *There are no exceptions to this rule*. To avoid delays or returned applications, please plan ahead and get your training done early!

Additional Information and Questions Please Call 800-695-8224 Ext-129

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