

Arkansas Insurance Department

Mike Beebe
Governor



Jay Bradford
Commissioner

BULLETIN NO. **11-2009**

TO: **ALL LICENSED LIFE AND HEALTH INSURANCE COMPANIES, LIFE INSURANCE PRODUCERS, NATIONAL ASSOCIATION OF INSURANCE COMMISSIONERS, AND OTHER INTERESTED PARTIES**

FROM: **ARKANSAS INSURANCE DEPARTMENT**

SUBJECT: **[RULE 82, "SUITABILITY IN ANNUITY TRANSACTIONS"](#)**

DATE: **AUGUST 6, 2009**

The Arkansas Insurance Department ("Department") is issuing this Bulletin in response to inquiries it has received regarding the provisions contained in Section 9 of the revised [Rule 82](#) related to the four-hour training requirement addressing suitability of annuity products, as well as the mechanics of annuity products. The reason for this new requirement is a finding by the Insurance Department that many producers, who are the face of the insurance company whose products are being sold, when investigated regarding annuity complaints cannot articulate the state requirements related to suitability and do not show a clear understanding of the products. The training provision was adopted to assure that Arkansas citizens are presented with professional advice. Insurers must design and adopt a procedure enabling them to certify that the producers to whom they entrust the sales of their products have the necessary knowledge prior to marketing annuities to the public. Insurers have great flexibility in determining whether the producer has been presented with this training and has the knowledge necessary to present accurate and educated information related to annuities. The annual training is not a requirement for licensure. However, failure to complete annual training could result in sanctions against both the producer and insurer. **All producers selling annuity products must have completed the four hour training by July 15, 2010.**

Annual Annuity Training may be provided at the company level and may be eligible for continuing education credit if the program has been pre-approved by the Department. The training may also be obtained from an approved licensed Continuing Education Provider. The program must be cumulatively at least four hours in length and address the mechanics of annuity products, the types of annuity products, and how to determine suitability of annuity products.

The program should also address requirements related to placing or replacing annuity products in Arkansas. Currently the following list, which is not inclusive, defines ways to meet the four-hour training requirement:

- Continuing Education Seminars offered either by an insurance company or a private provider who have pre-approved the program with the insurance department;
- Live presentations by an insurance company or private trainer;
- Pre-recorded presentations by an insurance company or private trainer; or
- Telephonic or Web broadcasts by an insurance company or private trainer.

Should a producer be appointed with two or more insurance companies offering annuities, the insurer may accept in lieu of administering its own training program to the producer a certified statement from the producer affirming that four training hours have been completed with another company. This certification should include a letter or some other document from the insurer providing the training verifying that the producer has completed the Annual Annuity Training. Both the insurer and producer should maintain this documentation for a period not less than seven (7) years.

Insurers are directed to furnish a copy of this Bulletin to their appointed producers in Arkansas.

Questions concerning this Bulletin should be directed to the Arkansas Insurance Department Legal Division at 501-371-2820 or by e-mail to insurance.legal@arkansas.gov.

(signed by Jay Bradford)

Jay Bradford, Commissioner

(signed on August 11, 2009)

Date