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Bulletin 11-28

DATE: September 13, 2011

TO: All Continuing Education Providers Offering Annuity Training and Insurers and Producers with a Life Line of Authority

RE: Annuity Training Requirements for Life Insurance Producers
COMAR 31.09.12.08

The purpose of this Bulletin is to respond to inquiries the Maryland Insurance Administration has been receiving with regard to suitability in annuity transactions training for insurance producers and the requirements of COMAR 31.09.12, which goes into effect on November 1, 2011. Our responses are provided in a Question and Answer format. They address only the general four-credit annuity training course for producers under COMAR 31.09.12.08B. There are separate insurers-provided product-specific training standards and materials for which the insurance producer must be in compliance under COMAR 31.09.12.08A.

- Q.** Did Maryland adopt the National Association of Insurance Commissioners Suitability in Annuity Transactions Model Regulation (NAIC Model)?
- A.** Yes, Maryland adopted the latest version of the NAIC Model (adopted by NAIC March 2010) under COMAR 31.09.12. Suitability in Annuity Transactions with an effective date of November 1, 2011. Section 987 of the federal Dodd-Frank Act requires all states to enact the NAIC Model by June 16, 2013.
- Q.** What are the new requirements for insurance producers to sell annuity products?
- A.** (1) An insurance producer who holds a life insurance license on the effective date of COMAR 31.09.12, which is November 1, 2011, who desires to sell annuity products shall complete a one-time, four-credit training course provided by a Maryland-approved continuing education provider within six months after the effective date of November 1, 2011.

(2) Individuals who obtain a life insurance license after the effective date of November 1, 2011 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-residents as well as residents?

A. Yes. The satisfaction of another state's training requirement by a Maryland non-resident will be deemed to satisfy the training requirements of this State if they are substantially similar to COMAR 31.09.12.08.

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, as an accommodation for our resident producers who take the four-credit hour course, the four credits may be applied to their overall CE requirements. 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 COMAR 31.03.02.09. Annuity training courses may be conducted and completed by classroom or self study methods under COMAR 31.03.02.09.

Q. If I take an annuity training course before the effective date of the COMAR regulation (Nov. 1, 2011), will it be accepted?

A. Yes, we would accept a training course which was taken prior to November 1, 2011, provided that the course was consistent with the NAIC Model Regulation adopted on 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 this 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 Maryland Insurance Administration 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 are set out in COMAR 31.09.12.05 E. 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. The annuity training course will be in the Life/Health/Annuity category.

Questions about this Bulletin may be directed to the Producer Licensing Section at 410-468-2411; 1-888-204-6198

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Insurance Commissioner

By: Signature on file with original document
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