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REGULATORS TIGHTEN ANNUITY MARKETING PROTECTIONS

DENVER (March 28, 2010) — The National Association of Insurance Commissioners (NAIC) adopted revisions to the Suitability in Annuity Transactions Model Regulation to strengthen the existing model's provisions to better protect consumers from inappropriate and abusive marketing practices.

"After working with consumers, regulators and industry representatives, we have developed stronger standards to better protect American consumers," said Thomas R. Sullivan, Connecticut Insurance Commissioner and Chair of the NAIC Life Insurance and Annuities Committee. "We look forward to working with our legislative colleagues to implement these protections."

Annuities are increasingly looked to as an important tool for retirement planning, but regulators must be vigilant to ensure that the products being offered are appropriate for consumers – particularly for seniors – and that producers selling annuities are appropriately trained to deal with the unique needs of each consumer.

Changes adopted to the Model Regulation:

- Clarify that the insurer is responsible for compliance with the model's requirements, even if the insurer contracts with a third party;
- Require the review of all annuity transactions; and
- Establish both general and product-specific training requirements for producers.

About the NAIC

Formed in 1871, the National Association of Insurance Commissioners (NAIC) is a voluntary organization of the chief insurance regulatory officials of the 50 states, the District of Columbia and five U.S. territories. The NAIC has three offices: Executive Office, Washington, D.C.; Central Office, Kansas City, Mo.; and Securities Valuation Office, New York City. The NAIC serves the needs of consumers and the industry, with an overriding objective of supporting state insurance regulators as they protect consumers and maintain the financial stability of the insurance marketplace. For more information, visit www.naic.org.

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