



Texas Adopted Revised NAIC Suitability in Annuity Transactions (Best Interest)

The National Association of Insurance Commissioners (“NAIC”) has made changes to its Model Regulation #275, Suitability in Annuity Transactions (“NAIC Best Interest Rule”), which adds a best interest standard of care for the solicitation, recommendation and issuance of annuity contracts. The revised model is aligned more closely with the SEC’s new Regulation Best Interest (“SEC Reg BI”), which applies to sales of variable annuity products.

This bulletin discusses obligations for fixed and index annuity transactions under the NAIC Best Interest Rule. The new Best Interest training will be required with all annuity transactions in states where the new regulation has been adopted. For more information on your obligations under the NAIC Best Interest Rule, please refer to the [Producer Sales Practices Manual](#), Section IV, Standard of Care.

Texas has adopted the new NAIC Best Interest Rule and will start requiring compliance soon. Other states are in the process of adopting the rule for implementation later in 2021. The information below outlines the changes to our application submission process in order to comply with this new rule.

Training Requirements in Texas as of September 1, 2021

Best Interest Training: In accordance with the timelines outlined in the bullets below, you must take all trainings required under the NAIC Best Interest Rule on or before the application signed date:

- 1) Applicable AIG product training, and
- 2) NAIC Best Interest Rule training
 - For agents licensed prior to September 1, 2021, and who have already completed the prior Model’s 4-hour general annuity training, those agents must complete a **1-hour standalone best interest** training course within four months of the effective date of the NAIC Best Interest Rule. If agents do not complete it in time, those agents must complete the **4-hour best interest/general annuity** training.
 - For agents licensed on and after September 1, 2021, a **4-hour best interest/general annuity** training will be required within four months of the effective date of the NAIC Best Interest Rule.

If training is not completed according to the timelines noted above, a new application (or a re-signed and re-dated application signed by both the agent and applicant) will need to be submitted with a sign date after the training has been completed.

Please follow the directions of your agency or broker/dealer on where to take training, but be aware that AIG works with the following vendors: **RegEd, Success CE, Quest CE, and Kaplan**. **Currently, all vendors do not have course details available. Please contact the vendor(s) directly to obtain course information and follow the vendor’s instructions to complete only approved courses for Best Interest credit.**

If you plan on taking training through a vendor not listed in the table, please notify us by emailing AnnuityCompliance@aig.com and/or your agency or broker/dealer to ensure that we will be able to receive information from the vendor regarding training completion.

Disclosure Requirement in Texas as of September 1, 2021

Product Disclosures: You are required to inform the client of various features of the annuity and potential consequences of the recommended transaction. We have a number of resources available to assist in understanding our annuity products and conveying this information to clients. The following documents all provide information regarding our products:

- Product training and client-approved marketing materials
- Owner Acknowledgment and Disclosure Statement (fixed index and fixed annuities)
- Prospectuses (variable annuities)

New Insurance Agent Disclosure for Annuities (“Appendix A”) Form: You must disclose the manner in which you are compensated, the types of products you are licensed to sell, and how many insurance companies you are authorized to sell for. AIG Annuities will make this form available for you to use. **This form is required for all sales that require the submission of AIG’s Client Profile Form.** If you would like to use your own version of this Insurance Agent Disclosure for Annuities form, it must be submitted to us for review and approval prior to use. The Insurance Agent Disclosure for Annuities form will be added as a requirement with Texas applications, and can be downloaded by logging into www.aig.com/Connex and searching for form number A1006D in Forms Depot.

Suitability Supervision: The current Client Profile Form had been previously updated to comply with the NAIC Best Interest Rule, no additional changes to the form are needed to comply with this state’s adoption of the Rule. These updates were applied to all states (except New York). The Client Profile Form is designed to collect the additional suitability information required under the NAIC Best Interest Rule, must include a summary for the basis of the recommendation, and provide an enhanced explanation of the basis for a replacement transaction that compares the benefits of the two products.

The Client Profile Form is available on order entry systems and will be linked to the application. It is also available by logging into www.aig.com/Connex and searching for form number A1005CP (for individually owned accounts), and A1005CPT (for trust owned accounts) in Forms Depot.

Transition Rules

Any applications signed in Texas must adhere to the training and disclosure requirements above or the application will be considered not in good order. This adherence includes use of the updated Client Profile Form and the Insurance Agent Disclosure for Annuities form, and completion of the required training as of or prior to the sign date.

Questions and Contact Information

If you need help obtaining a form or have questions about the AIG processes in place to ensure agents are in compliance with the NAIC Best Interest Rule, please contact your agency to which you send your annuity business.

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