



Compliance Newsletter – December 2022

Protective is committed to making the most of every opportunity to put **more within your reach** – more tools and more resources to help you **do the right thing, serve people, build trust, and aspire for better**. Because together we are all Protectors.

Suitability

It's important that producers act in their client's best interest. This includes being knowledgeable about the products being offered and making recommendations that are in the best interest of the client. Protective has developed **Annuity Suitability Guidelines** and an **Annuity Suitability Producer Guide** to help ensure producers comply with applicable annuity suitability laws and regulations. Producers can access these guides from the **Annuity and Life Insurance Suitability Information** hub on [MyProtective.com](https://www.myprotective.com) under the **Doing Business with Us** tab. We encourage all producers to refer to these guides to review annuity suitability requirements, training requirements and other suitability information.

As a reminder, the NAIC Suitability in Annuity Transactions Model Regulation (Model Regulation) provides the framework for annuity suitability guidelines. The Model Regulation was revised with enhanced standards in 2020 which mandate that a producer must act in the best interest of the consumer in recommending an annuity transaction to an applicant. As such, a producer must have reasonable grounds for believing that a recommendation effectively addresses the consumer's individual insurance needs and financial objectives, including but not limited to the following:

- Make reasonable efforts to obtain the client's suitability information.
- Retain accurate client records that support any product recommendation.
- Understand the client's current and long-term financial situation and objectives.
- Complete all required training and maintain a comprehensive knowledge of the recommended annuity product, staying current on any material product changes.
- Stay current on all relevant legal and regulatory developments.
- Recommend products based solely on the client's best interest.
- Educate the client on the advantages and disadvantages of any recommended product(s) and describe how the client's needs and objectives are being addressed.
- Be aware of and adhere to regulatory requirements about annuity illustrations, solicitation practices and replacement transactions.

In addition, when there is an **exchange or replacement** of another product the producer must have reasonable basis to believe that the exchange or replacement is in the client’s best interest, taking into consideration whether the applicant will:

- Incur a surrender charge.
- Be subject to the commencement of a new surrender period.
- Lose existing benefits (such as death benefit, living benefit, or other contractual benefit).
- Be subject to increased fees or charges for riders or similar product enhancements.
- Benefit from product enhancements and improvements.
- Have had another annuity exchange or replacement within the preceding 60 months.

This as well as other important information is fully detailed in the **Annuity Suitability Producer Guide** available on [MyProtective](#).

NAIC Suitability in Annuity Transactions Training Requirements

The NAIC Model Regulation mandates that producers must complete a general four-hour annuity training course. In states that have adopted the updated Model Regulation, insurance producers who had completed the 4-hour training prior to the effective date of the newly adopted Model Regulation are required to successfully complete a new 4-hour or a 1-hour supplemental training course. The course covers types of annuities, uses of annuities, taxation of annuities, appropriate sales practices, and more.

Producers should be aware of the below list of states with recent or approaching deadlines for completing required training. Applications signed after the deadline will not be accepted if the producer has not completed the appropriate training. Producers can complete this training through any approved CE provider including Quest, RegEd, and Kaplan.

Best Interest Adopted – Recent & Future Deadline		
State	Training Start Date	Training Deadline
Alaska	1/1/2023	8/30/2023
Colorado	11/1/2022	
Hawaii	1/1/2023	7/1/2023
Maryland	10/8/2022	4/8/2023
Minnesota	1/1/2023	7/1/2023
New Mexico	10/1/2022	4/1/2023
North Carolina	1/1/2023	8/30/2023
Pennsylvania	6/20/2022	12/20/2022
<i>South Carolina</i>	<i>5/17/2022</i>	<i>11/17/2022</i>
South Dakota	1/1/2023	7/1/2023
<i>Wisconsin</i>	<i>4/15/2022</i>	<i>10/1/2022</i>

Consumer-Facing Education Materials

Protective publishes educational materials, such as Product Guides and Facts at a Glance, to assist producers better educate consumers before purchasing an annuity. Protective encourages you to use these materials to help inform consumers about how our products work. These marketing materials include information on available riders, endorsements, restrictions, withdrawals, annuitization, expenses, surrender charges, and other important features and risks. The **Point-of-Sale Marketing Material** section on MyProtective.com is a helpful reminder to producers that Protective has made available product specific marketing material to be used with consumers at the point of sale. Product specific marketing material, including Product Guides and Facts at a Glance, are available at <https://finpro.protective.com>.

Contact Us

Protective has an Annuity Suitability Review Desk that is available to answer general questions concerning annuity suitability or the Annuity Suitability Questionnaire. The Annuity Suitability Review Desk can be reached at AnnuitySuitabilityReview@Protective.com.

Our purpose is to help more people become Protectors. We stand by your side as you help your customers protect what matters most. Please contact us at 800-866-6410, Option 1, for additional support.