

## North Carolina Adopted Revised NAIC Suitability in Annuity Transactions (Best Interest)

North Carolina has adopted the new National Association of Insurance Commissioners (“NAIC”) Best Interest Rule and will start requiring compliance soon. The NAIC made changes to its Model Regulation #275 Suitability in Annuity Transactions (“NAIC Best Interest Rule”), adding 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 now be required with all annuity transactions in North Carolina and any 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.

The information on the next page outlines the changes to our application submission process in order to comply with this new rule.

### Training Requirements in North Carolina as of January 1, 2023

**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 Corebridge Financial product training, and
- 2) NAIC Best Interest Rule training
  - 1) Financial professionals licensed prior to January 1, 2023 who have already completed the prior Model’s 4-hour general annuity training must complete a **1-hour standalone best interest** training course within six months of the effective date of the NAIC Best Interest Rule. This training may only be available for six months, and if completion is not in time, then a **4-hour best interest/general annuity** training will be required.
  - 2) For financial professionals licensed on and after January 1, 2023, a **4-hour best interest/general annuity** training will be required.

**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 financial professional and applicant) will need to be submitted with a signature date after the training has been completed.

Please follow the directions of your broker/dealer on where to take training, but be aware that Corebridge 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@corebridgefinancial.com](mailto:AnnuityCompliance@corebridgefinancial.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 Requirements in North Carolina as of January 1, 2023

**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

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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 Statements (fixed index and fixed 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. Corebridge Financial Annuities will make this form available for you to use. **This form is required for all sales that require the submission of Corebridge Financial’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 North Carolina applications, and can be downloaded by logging into [www.corebridgefinancial.com](http://www.corebridgefinancial.com), going to the Forms & Materials page, and searching for form number A1006I.

**Suitability Supervision:** The current Client Profile Form was 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.corebridgefinancial.com](http://www.corebridgefinancial.com), going to the Forms & Materials page, and searching for form number A1005CP (for individually owned accounts) or A1005CPT (for trust owned accounts).

### Transition Rules

Any application signed in North Carolina 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 Client Profile Form, the Insurance Agent Disclosure for Annuities form, and completion of required training prior to the signature date.

### Questions? We're here to help.

If you need help obtaining a form or have questions about the Corebridge processes to ensure compliance with the NAIC Best Interest Rule, please contact your Corebridge Sales Desk, agency, or broker/dealer. Corebridge contact information can be found at [www.corebridgefinancial.com](http://www.corebridgefinancial.com) by clicking on the Support link.

Annuities issued by **American General Life Insurance Company** (AGL), Houston, TX, except in New York, where issued by **The United States Life Insurance Company in the City of New York** (US Life).

Products and services may not be available in all states and product features may vary by state. AGL does not solicit, issue or deliver contracts in the state of New York. All contract and optional benefit guarantees are backed by the claims-paying ability of the issuing insurance company. AGL and US Life are not authorized to give legal, tax or accounting advice. Please consult your attorney, accountant, or tax advisor on specific points of interest.

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