



Compliance Newsletter – June 2024

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.

DOL Retirement Security Rule

On April 23, 2024, the Department of Labor (“DOL”) published the finalized Retirement Security Rule (“Rule”) and amendments to class prohibited transaction exemptions (“PTE”) which redefine who is an investment advice fiduciary under the Employee Retirement Income Security Act. The Department’s new Rule mandates that trusted professionals providing individualized investment advice must act in the best interests of retirement savers by:

- Meeting a professional standard of care (give prudent advice), and
- Never placing their financial interests ahead of the retirement investor’s (give loyal advice).

Protective is working with trade associations and other industry experts to fully understand the complex requirements mandated by the Department’s new Rule. Additionally, Protective has established a Steering Committee and implementation team to analyze the final Rule and amended PTEs. These teams are working to identify and assess the impact to Protective as well as the distribution of our products to retirement savers. Protective will communicate any changes to policies and processes impacting producers.

Suitability

Protective’s Annuity Suitability Review Desk helps ensure producers comply with applicable annuity suitability laws and regulations, notably the NAIC Suitability in Annuity Transactions Model Regulation (Model Regulation). The regulatory framework mandates that producers must be knowledgeable about the products they offer and ultimately make recommendations that are in the best interest of the client. Producers are encouraged to review Protective’s **Annuity Suitability Guidelines** and **Annuity Suitability Producer Guide** to help ensure compliance 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.

Producers must act in the best interest of the consumer when recommending an annuity transaction. Therefore, producers must make a reasonable effort to obtain the client’s suitability

information and retain accurate client records supporting the recommendation. Producers must consider the customer's individual insurance needs and financial objectives, including but not limited to:

- Understand the client's current and long-term financial situation and objectives.
- Complete all required training and maintain a comprehensive knowledge of the product.
- 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.
- Describe how the client's needs and objectives would be addressed by the product.

Protective may undertake a **pre-application review** enabling producers to inquire about the suitability of a particular product for a potential applicant prior to submitting a signed application. Pre-application review requests may be made by submitting a "Consumer Profile and Suitability Questionnaire" via email to the Annuity Suitability Review Desk at annuitysuitabilityreview@protective.com. The questionnaire does not need to be signed for a pre-application review. The Annuity Suitability Review Desk will conduct a review and provide a conditional approval, decline, or ask for more information.

The Annuity Suitability Review Desk is available to answer general questions concerning annuity suitability or the Consumer Profile and Suitability Questionnaire.

NAIC Suitability in Annuity Transactions Training Requirements

The NAIC Model Regulation further mandates that producers complete a general four-hour annuity training course. The course covers types of annuities, uses of annuities, taxation of annuities, appropriate sales practices, and more.

For states that have adopted the 2020 Model Regulation, producers should be aware of approaching deadlines for completing the 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.

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>.

Important Information about Sales Material and Advertising

Insurance advertising is highly regulated with guidelines that differ from state to state. All sales and marketing materials available on finpro.protective.com have been reviewed by Protective Corporate Compliance. Accordingly, any advertising or sales material **must be approved prior to use** if the Protective name or branding, or any product, sales aid, or computer systems are referenced. Remember, urging a customer to purchase or modify a policy through prospecting letters, form letters, and internet websites is considered advertising and fall within these pre-approval guidelines.

Contact Us

Our purpose is to help more people become Protectors. We stand by your side as you help your customers protect what matters most. The Annuity Suitability Review Desk may be reached at AnnuitySuitabilityReview@Protective.com.