

For Your Information

DATE: December 22, 2010

TO: Producers licensed in Iowa

FROM: Assurity Law and Compliance Department

RE: Annuity Suitability Form Requirement

Effective Jan. 1, 2011, Iowa Administration Rule 191-15.68+ amends the suitability requirements applicable to all Iowa annuity sales. Details of the new requirements are shown below:

- **Producer Training**

Producers who solicit or sell annuities must complete a one-time, four-credit training course provided by an approved educational entity and approved by the Iowa Insurance Division.

Effective Jan. 1, 2011 producers may not solicit or sell annuities until the annuity training course required under this rule has been completed. Producers will be responsible for providing certification of completion of the course to the attention of the licensing department at Assurity.

- **Suitability information and recommendation considerations**

In recommending to a consumer the purchase of an annuity or life insurance policy which involves the lapsed, forfeited, surrendered or partially surrendered annuity replacement, the producer and the insurer must have a “reasonable basis to believe” that a recommendation is suitable based on, among other things, a client’s financial situation and needs. The rule requires that a much more detailed list of suitability information be collected to support the recommendation involving the purchase or exchange of an annuity.

The new rule requires producers to inform consumers of the various features of the annuity, such as any potential surrender period; surrender charges; potential tax penalty if the consumer sells, exchanges, surrenders or annuitizes the annuity; potential charges for and features of riders; interest return limitations; insurance and investment components; and market risk.”

- **Product-specific Training**

In addition to the producer training, the new rule requires producers to have “adequate knowledge of the product” and be in compliance with the insurer’s standards for product training.” To comply with this requirement Assurity is developing a training program that producers will be required to complete prior to solicitation or sale of an Assurity annuity product. Information regarding the product-specific training will be provided in the near future. Completion of this training course will be required by May 1, 2011.

Assurity has developed an *Agent Guide to Suitability*, Form No.75-826-05051, (attached) which outlines the regulations and requirements regarding the collection and analysis of pertinent information. While this guide provides information and key processes, it should not be a substitute for reviewing the rule in its entirety to insure compliance with its requirements.

Assurity has revised its current suitability form to assist you in meeting these new information requirements. Effective Jan. 1, 2011 this *Suitability Acknowledgement*, Form No. 75-825-05051, (attached) will need to be completed and signed by both you and the insured/owner before an annuity or life which involves an annuity can be issued. Both the guide and form will be included in all annuity applications packets and as a stand- alone form for use with life applications if applicable, on the AssureLINK website at <https://assurelink.assurity.com>.

Assurity also requires you maintain records of the information collected from the consumer and any other information you used in making a recommendation for a minimum of five years after the date of the recommendation.

If you have any questions regarding this compliance update, please contact the new business contact center at (800) 869-0355, Ext. 4264.

Please share this information with any producers in your hierarchy who may not have received this email.