



PUBLIC PROTECTION CABINET

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DATE: January 18, 2012

TO: All licensed insurers selling, soliciting or negotiating annuity contracts
All insurance producers licensed to sell, solicit or negotiate annuity contracts
All continuing education providers holding classes relative to annuity suitability

FROM: Maggie Woods, Director
Kentucky Department of Insurance
Agent Licensing Division

RE: Annuity Suitability Training

A recent amendment to Kentucky Administrative Regulation 806 KAR 9:220 Section 5 (3) ("Product Specific Continuing Education Requirements") requires that any individual licensee selling, soliciting, or negotiating the sale of an annuity, as defined by KRS 304.5-030, be required to successfully complete four (4) hours of initial training regarding annuity suitability. The purpose of this amendment is to ensure, in accordance with 806 KAR 12:120, that in recommending to a consumer the purchase of an annuity or the exchange of an annuity that results in another insurance transaction or series of insurance transactions, the producer has reasonable grounds for believing that the recommendation is suitable for the consumer. This belief is to be based on facts disclosed by the consumer as to these investments and other insurance products and as to the consumer's financial situation and needs, including the consumer's suitability information.

Attached please find the Department's 4-Hour Education and Training Outline for Producers which lists the required topics to be covered in the training as well as other information. Insurers offering annuities shall obtain verification that resident and non-resident producers receive such training, maintain records subject to the Commonwealth of Kentucky's record retention requirement, and make such verification available to the Commissioner of the Department of Insurance upon request.

The training requirement outlined above shall be effective beginning January 1, 2012. An insurance producer who holds a life line of authority on this date shall complete the training requirements within six (6) months from this effective date. An insurance producer who obtains a life line of authority on or after the effective date of this administrative regulation shall complete the training requirements prior to selling, soliciting, or negotiating the sale of an annuity.

Meeting the training requirements of another state which are, in form and substance, substantially similar to the subjects and manner of training mandated by 806 KAR 9:220 Section 5(3), shall satisfy the course completion requirement for a Kentucky producer.

The Course Approval Application (form CE/PL-100) which is available from the Kentucky Department of Insurance, Agent Licensing Division, has been revised to reflect the changes listed above and shall be completed, accordingly. The link to form CE/PL-100 is as follows: <http://insurance.ky.gov/Documents/CEPL100CourseAppr032210.pdf>. The training requirements may apply toward fulfillment of a licensee's continuing education requirement as set forth in KRS 304.9-295 and 304.15-700(3), if the training has been approved as a continuing education course in accordance with 806 KAR 9:220 Section 2 and proof of completion is made in accordance with 806 KAR 9:220 Section 6.