

NATIONAL CONFERENCE OF INSURANCE LEGISLATORS (NCOIL)
Resolution in Support of Expanding Annuity Suitability Requirements

Adopted by the NCOIL Executive Committee on November 11, 2006.

Sponsored by Sen. Alan Sanborn (MI)

WHEREAS, the suitability of the sale or exchange of deferred annuities has been the subject of extended discussion and debate for a number of years within the National Conference of Insurance Legislators (NCOIL), the National Association of Insurance Commissioners (NAIC), the National Association of Securities Dealers (NASD), and the Securities and Exchange Commission (SEC), and

WHEREAS, the NAIC enacted the *Senior Protection in Annuity Transactions Model Regulation* in 2003 in response to complaints of unsuitable sales of annuities to individuals age 65 and older, and

WHEREAS, the NAIC amended the Model Regulation in 2006 to include individuals of all ages and renamed it the *NAIC Suitability in Annuity Transactions Model Regulation*, and

WHEREAS, the *NAIC Suitability in Annuity Transactions Model Regulation* imposes requirements on producers and life insurers in order to protect individuals from unsuitable transactions and provides State Insurance Departments with the authority to take reasonable and appropriate corrective action when they identify unsuitable recommendations, and

WHEREAS, eleven (11) states have enacted the Model Regulation in 2006 and three (3) additional states have proposals pending, and

WHEREAS, annuities are an important savings and income management tool especially at a time in which individual savings must increase as defined benefit plans become less popular, and

WHEREAS, the NAIC Model Regulation provides appropriate protections for consumers considering the purchase or exchange of annuities, and

WHEREAS, NCOIL's Life Insurance and Financial Planning Committee has studied the suitability of annuities for the past two years,

NOW, THEREFORE BE IT RESOLVED that NCOIL supports the *NAIC Suitability in Annuity Transactions Model Regulation*, and

BE IT ALSO RESOLVED that NCOIL will encourage state insurance regulators to promulgate the *NAIC Suitability in Annuity Transactions Model Regulation*, and

BE IT FURTHER RESOLVED that a copy of this Resolution be sent to state legislative leaders, insurance commissioners, and governors.

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