



STATE OF CONNECTICUT

INSURANCE DEPARTMENT

01/20/22

Annuity Best Interest certification courses- FAQ's

Insurance producers who want to sell annuities on or after March 1, 2022, must take Annuity Best Interest (Annuity BI) certification courses offered by approved providers. Updated training courses will include adopted NAIC's 2020 Model Law #275 best-interest standards, which among other changes, outline the requirement for producers to act in the best interest of the consumer at the time the annuity recommendation is made.

New training requirements are as follows:

- Resident and Non-Resident producers who are already licensed and certified to sell annuity products in Connecticut prior to 3/1/2022 have a 6-month grace period to complete an additional 1-hour of Annuity BI training. Training must be completed no later than August 31, 2022. These producers also have the option to complete a 4-hour Annuity BI certification training course if they desire.
- Resident and Non-Resident producers who become licensed on or after 3/1/2022, must complete a one-time 4-hour Annuity BI certification training course before selling, soliciting, or negotiating annuity business in Connecticut.
- For resident producers, hours count toward CE renewal.
- Substantially similar training completed in another state will be considered to satisfy the training in Connecticut.

Q1. Do producers who completed 4-hours of Annuity Suitability training prior to March 1, 2022 have to retake 4-hours of Annuity Best Interest (BI) Training?

A. No. A producer who has completed the annuity training requirements under the prior version of the model can complete either a new Annuity BI 4 hour credit training course that meets the requirements of the revised model or the Annuity BI 1credit training course that focuses on the new sales practices, replacement, and disclosure requirements established by the revised model. Courses must be approved by the insurance department for CE credit.

Note: A producer who has NOT completed the annuity training requirements under the prior version of the model must complete the four-credit training

course that meets the requirements of the revised model. The 1-hour update course is only an option for producers who were already annuity-certified under the previous Suitability standard. Producers who have not completed the annuity training requirements under the prior version of the model may not satisfy the training requirement by taking only the 1-credit training course.

- Q2. Does the training requirement apply to producers who are registered with FINRA?
- A. Yes, all producers who engage in the sale of annuities, including those registered with FINRA, must complete the training required by the revised model.
- Q3. When must producers complete the training requirements in the revised model?
- A. A producer who has completed the annuity training requirements under the prior version of the model has 6 months to complete the required training. Such producers may continue to recommend and sell annuities during the 6-month grace period until August 31, 2022.
- A producer who has NOT completed the annuity training requirements under the prior version of the model must complete the required training before engaging in the sale of annuities.
- Q4. What are the consequences of failing to satisfy the training requirements of the revised model?
- A. A producer who fails to satisfy the training requirements is not permitted to recommend or sell annuities. A producer who recommends or sells annuities without completing the required training may face enforcement action by the insurance department.
- Q5. Can a producer requalify to recommend and sell annuities after failing to update their training within the 6-month grace period by August 31, 2022?
- A. Yes, a producer who has completed the training required under the prior version of the model (suitability) can requalify to recommend and sell annuities by completing the new Annuity BI 4 and submitting the completion certificate to their carrier.
- Q6. If a producer completed Annuity Best Interest training in a state that adopted a substantially similar Annuity Suitability Transaction Model law as updated in 2020, will that producer be required to retake the training in all non-resident states where they may recommend or sell annuities?

A. No, completion of substantially similar updated best interest training in one NAIC Model state satisfies the best interest training requirement in other NAIC Model law states. Producers are not required to take the new training multiple times.

Q7. Will a producer get CE credit for taking the new training?

A. Yes, a Connecticut resident producer who completes the required training will receive CE credit only if the course is approved by Connecticut prior to the date the course was taken, and the course provider submits a roster and all applicable fees to the CE vendor.

Q8. Can a producer satisfy the training requirements by taking a longer course that covers the required training plus additional content?

A. Yes, the revised model states that a producer can also satisfy the training requirement by completing any course that is approved by the insurance department and includes components that are substantially similar to the Annuity BI 1 or Annuity BI 4 training course.

Q9. Are CE Providers required to refile the annuity course?

A. Yes, the CE Provider must refile the course.

Q10. Where can I find an approved annuity training course?

A. Go to Pearson VUE's website at <https://home.pearsonvue.com/ct/insurance>. Annuity - BI 1 and BI 4 training courses will be in the Annuity category.

Q11. Does a producer need to keep a certificate of completion of the training course?

A. Yes, the producer may be asked by the insurer to provide a certificate of completion of the training course in order to satisfy the insurer's responsibility under the Regulation to obtain the certificate of completion or to obtain reports from Commissioner-sponsored database systems or vendors or from a reasonably reliable commercial database vendor that has a reporting arrangement with approved continuing education providers. The Connecticut Insurance Department will not track the training course completions for producers. It is the insurer's responsibility to verify that the producer has completed the training.

Q12. What topics must be covered In the 4-hour Annuity training course?

A. The topics that must be covered by the training course are set out in section 38a432a-8(b)(3) of the Regulation and shall include information on:

- (1) The types of annuities and various classifications of annuities;
- (2) Identification of parties to an annuity;
- (3) How fixed, variable and indexed annuity contract provisions affect consumers;
- (4) The application of income taxation of qualified and nonqualified annuities;
- (5) The primary use of annuities; and
- (6) Appropriate standard of conduct, sales practices, and requirements for replacement and disclosure.

Q13. What date is Connecticut calculating the 6-month grace period to end?

A. August 31, 2022

Q14. If an agent waits until after the 6-month deadline to take the Annuity - BI 1 hour course, would Connecticut consider his training as being fulfilled?

A. No, the licensee would then be required to complete the Annuity - BI 4 course.

Q15. Do providers need to stop offering the Annuity - BI 1 course after the 6-month deadline for the purpose of fulfilling the annuity training requirement?

A. Yes, the Annuity - BI 1 course will not be offered after the 6-month deadline of August 31, 2022.

Q16. Will Connecticut approve the new Best Interest training courses under the existing "Annuity" course category, or will there be a new course category created?

A. A new course category will be created Annuity Suitability - BI 1 and BI 4.

Q17. Are producers able to take the new BI courses to fulfill the training requirement before March 1, 2022, provided the courses are approved in the proper categories?

A. No, training requirements cannot be taken prior to March 1, 2022.

Q18. Will Connecticut expire the "old" annuity courses, if so, when?

A. Yes, the “old” annuity courses will expire on February 28, 2022.

Q19. Will Connecticut expire the Annuity - BI 1 courses after the 6-month deadline?

A. Yes, the Annuity - BI 1 course will expire August 31, 2022

Q20. A producer is licensed in a state that still operates under the NAIC annuity suitability standard, and completes 4 hours of annuity training in compliance in that state. If that producer obtains a non-resident license in CT after March 1, 2022, does the producer have the option of taking CT’s 1-hour course for best interest certification?

A. Yes, as long as the course is completed within the 6-month grace period by August 31, 2022. After August 31, 2022, the producer would need to complete a CT 4-hour annuity best interest training course. Completion of a substantially similar 1-hour best interest training course in another non-resident licensed state that is still within its 6-month grace period is also a viable option for this producer.

Questions may be directed to: CE@Pearson.com Attn: Connecticut Best Interest.