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BULLETIN 20-12

To: All Insurance Companies and Producers Selling Annuity Products in the State of Iowa  
From: Doug Ommen, Iowa Insurance Commissioner  
RE: Annuity 'Best Interest' Training Requirements  
Date: October 14, 2020

On May 11, 2020, the Iowa Insurance Division (IID) adopted and filed regulations to require annuity producers to act in the best interest of their consumers. These standards ensure consumer's interests are put first. The regulations follow efforts by the National Association of Insurance Commissioners (NAIC) to develop a Suitability in Annuity Transactions Model Regulation that is consistent with rulemaking by the U.S. Securities and Exchange Commission (SEC). The regulations are effective January 1, 2021.

As part of the new regulations, IAC 191-15.76 requires producers to complete a one-time training course designed to educate producers on, among other items, the primary uses of annuities, appropriate sales practices, and replacement and disclosure requirements. The IID has received multiple inquiries about the training given the January 1, 2021 effective date. Producers and carriers want to have the course completed prior to the regulation's effective date. In the past, however, carriers have relied on the effective date of regulation to determine whether an appointed producer has met training requirements for sale of certain insurance products. For example, a carrier may review a producer's continuing education transcripts and, if a training course was taken prior to a change in Iowa statutes or regulations, the carrier may determine the producer has not met the 'new' training requirement and would need to do so before the carrier will appoint the producer to sell its products.

This bulletin is being issued to provide notice to carriers, producers and other interested stakeholders that an annuity continuing education course that has been approved by the commissioner on or after October 1, 2020 and has a course category of 'annuity products-best interest' meets requirements of IAC 191-15.76. The transcripts of producers who take and pass such a course on or after October 1, 2020 will reflect that the course was an 'annuity products-best interest' course and carriers may rely on this when making producer appointments.