



TheStandard®

Producer Advisory

Date: November 2, 2009

To: Annuity Sales Representatives of The Standard in Arkansas
Individual Annuities
Producer Services

From: Diane Hodgman, ChFC
Compliance Analyst

State: Arkansas

Regulation: Rule 82 and [Bulletin 11-2009](#)

Effective: Suitability – July 15, 2009
Training – July 15, 2010

Subject: Suitability in Annuity Sales
Annuity Suitability Training

Summary

The Arkansas Insurance Department's Rule 82 has expanded the state's annuity senior suitability regulation to include purchasers of all ages. Because The Standard already requires suitability analysis in annuity sales to clients of all ages, the new regulation requires no change for producers selling The Standard's annuities in Arkansas.

Additionally, Arkansas requires annuity producers to receive four hours of annual training in annuity suitability and the mechanics of annuity products. This new annual training requirement is not part of the continuing education requirements for licensure, but any training taken for Rule 82 purposes may also be eligible for licensure CE credit if the program has been approved by the Arkansas Insurance Department.

You will be required to provide The Standard with certificates of completion of each year's courses, and we will contact you annually to collect them. The first year's training must be completed (and certification received by The Standard) by July 15, 2010. Please see [Bulletin 11-2009](#) for the details on the Arkansas training requirement.

Details

Suitability Analysis and Documentation

Arkansas has extended suitability requirements to all consumers rather than limiting them to seniors age 65 and older. The suitability requirement applies to any recommendation by a producer to a consumer to

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purchase an annuity or to exchange one, resulting in another insurance transaction or series of insurance transactions. Prior to recommending any Standard Insurance Company annuity, producers must:

- conduct a suitability analysis, taking into account the consumer's age, financial status, tax status, investment goals, and any other applicable information
- conclude there are reasonable grounds for believing the recommendation is suitable for the purchaser
- collect records demonstrating the sale was suitable and make them available for any audit by the insurance commissioner or The Standard. The Standard requires their retention in the producer's files for the longer of 10 years or the life of the contract.

The regulation requires The Standard to maintain an auditing system to ensure that suitability is a key factor in sales of its annuities. The Standard must conduct periodic reviews to detect and prevent violations, and it must take corrective action when necessary.

Producer Training: Suitability and the Mechanics of Annuities

Arkansas Rule 82 and [Bulletin 11-2009](#) require producers to complete four hours of annual training in annuity suitability and the mechanics of annuities. All producers must have completed the initial four-hour training by July 15, 2010. This annual training is not required for licensure and license renewal, but it may be eligible for licensing continuing education credit if the program has been approved by the Arkansas Insurance Department.

Please read [Bulletin 11-2009](#) for more information.

You must certify to The Standard by July 15, 2010, that you have completed appropriate training. Annually thereafter, we will send every Arkansas producer doing annuity business with The Standard our form *Insurance Producer Acknowledgment of Completion of Arkansas Annuity/Suitability Training*. We also will post this form at our website. Please use this form to document the appropriate courses you have taken in the past year to fulfill Rule 82's requirements, and sign the form's acknowledgment. Attach certification of the course(s) you have taken and return the package to us. We also will require training certification from each producer newly contracting with The Standard to sell our annuities.

You can read more at www.standard.com about The Standard's requirements for suitability analysis and documentation and print copies of our form [Acknowledgment of Suitability in an Annuity Purchase](#). The Department's [Producer License Education web page](#) lists approved providers of pre-licensing and continuing education courses. For questions about [Bulletin 11-2009](#), please phone the Arkansas Insurance Department Legal Division at 501.371.2820 or email them at insurance.legal@arkansas.gov.