

Regs., Conn. State Agencies § 38a-432a-1

This document is current through the amendments received as of September 20, 2022

CT - Regulations of the Connecticut State Agencies > TITLE 38A INSURANCE > INSURANCE DEPARTMENT > SUITABILITY IN ANNUITY TRANSACTIONS

Sec. 38a-432a-1. Purpose

(a) The purpose of [sections 38a-432a-1 to 38a-432a-8, inclusive, of the Regulations of Connecticut State Agencies](#) is to require producers to act in the best interest of the consumer when making a recommendation of an annuity and to require insurers to establish and maintain a system to supervise recommendations so that the insurance needs and financial objectives of consumers known at the time of the transaction are effectively addressed.

(b) Nothing herein shall be construed to create or imply a private cause of action for a violation of [sections 38a-432a-1 to 38a-432a-8, inclusive, of the Regulations of Connecticut State Agencies](#), or to subject a producer to civil liability under the best interest standard of care set forth in [section 38a-432a-5 of the Regulations of Connecticut State Agencies](#) or under standards governing the conduct of a fiduciary or a fiduciary relationship.

History

New section published in Conn. Law Journal September 6, 2005, eff. August 4, 2005; amendment published in Conn. Law Journal January 13, 2009, effective November 10, 2008; amendment published in Conn. Law Journal September 13, 2011, effective August 18, 2011; amendment effective March 1, 2022

REGULATIONS OF CONNECTICUT STATE AGENCIES

End of Document

Regs., Conn. State Agencies § 38a-432a-2

This document is current through the amendments received as of September 20, 2022

CT - Regulations of the Connecticut State Agencies > TITLE 38A INSURANCE > INSURANCE DEPARTMENT > SUITABILITY IN ANNUITY TRANSACTIONS

Sec. 38a-432a-2. Scope

Sections 38a-432a-1 to 38a-432a-8, inclusive, of the Regulations of Connecticut State Agencies shall apply to any sale or recommendation of an annuity.

History

New section published in Conn. Law Journal September 6, 2005, eff. August 4, 2005; amendment published in Conn. Law Journal January 13, 2009, effective November 10, 2008; amendment published in Conn. Law Journal September 13, 2011, effective August 18, 2011; amendment effective March 1, 2022

REGULATIONS OF CONNECTICUT STATE AGENCIES

End of Document

Regs., Conn. State Agencies § 38a-432a-3

This document is current through the amendments received as of September 20, 2022

CT - Regulations of the Connecticut State Agencies > TITLE 38A INSURANCE > INSURANCE DEPARTMENT > SUITABILITY IN ANNUITY TRANSACTIONS

Sec. 38a-432a-3. Exemptions

Unless otherwise specifically included, [sections 38a-432a-1 to 38a-432a-8, inclusive, of the Regulations of Connecticut State Agencies](#) shall not apply to transactions involving:

- (1) Direct response solicitations where there is no recommendation based on information collected from the consumer pursuant to [sections 38a-432a-1 to 38a-432a-8, inclusive, of the Regulations of Connecticut State Agencies](#);
- (2) Contracts used to fund:
 - (A) An employee pension or welfare benefit plan that is covered by the federal Employee Retirement and Income Security Act (ERISA), Public Law 93-406;
 - (B) A plan described by the following sections of the federal Internal Revenue Code: 26 USC 401(a), 26 USC 401(k), [26 USC 403\(b\)](#), [26 USC 408\(k\)](#), or [26 USC 408\(p\)](#), if established or maintained by an employer;
 - (C) A governmental or church plan defined in [26 USC 414](#), a government or church welfare benefit plan, or a deferred compensation plan of a state or local government or tax exempt organization under [26 USC 457](#); or
 - (D) A nonqualified deferred compensation arrangement established or maintained by an employer or plan sponsor;
- (3) Settlements of or assumptions of liabilities associated with personal injury litigation or any dispute or claim resolution process; or
- (4) Formal prepaid funeral contracts.

History

New section published in Conn. Law Journal September 6, 2005, eff. August 4, 2005; amendment published in Conn. Law Journal January 13, 2009, effective November 10, 2008; amendment published in Conn. Law Journal September 13, 2011, effective August 18, 2011; amendment effective March 1, 2022

REGULATIONS OF CONNECTICUT STATE AGENCIES

Regs., Conn. State Agencies § 38a-432a-5

(1) Recommendations and sales of annuities made in compliance with comparable standards and the provisions of subdivision (3) of this subsection shall satisfy the requirements under [sections 38a-432a-1 to 38a-432a-8, inclusive, of the Regulations of Connecticut State Agencies](#). This subsection applies to all recommendations and sales of variable annuities and fixed annuities made by financial professionals in compliance with business rules, controls and procedures that satisfy a comparable standard even if such standard would not otherwise apply to the product or recommendation at issue. However, nothing in this subsection shall limit the commissioner's ability to investigate and enforce the provisions of [sections 38a-432a-1 to 38a-432a-8, inclusive, of the Regulations of Connecticut State Agencies](#).

(2) Nothing in subdivision (1) of this subsection shall limit the insurer's obligation to comply with subdivision (1) of subsection (c) of this section, although the insurer may base its analysis on information received from either the financial professional or the entity supervising the financial professional.

(3) For subdivision (1) of this subsection to apply, an insurer shall:

(A) Monitor the relevant conduct of the financial professional seeking to rely on subdivision (1) of this subsection or the entity responsible for supervising the financial professional, such as the financial professional's broker-dealer or an investment adviser registered under federal or state securities laws, using information collected in the normal course of an insurer's business; and

(B) Provide to the entity responsible for supervising the financial professional seeking to rely on subdivision (1) of this subsection, such as the financial professional's broker-dealer or investment adviser registered under federal or state securities laws, information and reports that are reasonably appropriate to assist such entity to maintain its supervision system.

(4) For purposes of this subsection, "financial professional" means a producer that is regulated and acting as:

(A) A broker-dealer registered under federal or state securities laws or a registered representative of a broker-dealer;

(B) An investment adviser registered under federal or state securities laws or an investment adviser representative associated with the federal or state registered investment adviser; or

(C) A plan fiduciary under Section 3(21) of the Employee Retirement Income Security Act of 1974 or fiduciary under [Section 4975\(e\)\(3\) of the federal Internal Revenue Code](#) or any amendments or successor statutes thereto.

(5) For purposes of this subsection, "comparable standards" means:

(A) With respect to broker-dealers and registered representatives of broker-dealers, applicable SEC and FINRA rules pertaining to best interest obligations and supervision of annuity recommendations and sales, including, but not limited to, Regulation Best Interest and any amendments or successor regulations thereto;

(B) With respect to investment advisers registered under federal or state securities laws or investment adviser representatives, the fiduciary duties and all other requirements imposed on such investment advisers or investment adviser representatives by contract or under the Investment Advisers Act of 1940, or applicable state securities law, including, but not limited to, the Form ADV and interpretations; and

(C) With respect to plan fiduciaries or fiduciaries, the duties, obligations, prohibitions and all other requirements attendant to such status under the Employee Retirement Income Security Act of 1974 or the federal Internal Revenue Code and any amendments or successor statutes thereto.

History

Regs., Conn. State Agencies § 38a-432a-6

This document is current through the amendments received as of September 20, 2022

CT - Regulations of the Connecticut State Agencies > TITLE 38A INSURANCE > INSURANCE DEPARTMENT > SUITABILITY IN ANNUITY TRANSACTIONS

Sec. 38a-432a-6. Compliance mitigation, penalties, enforcement

- (a) An insurer is responsible for compliance with [sections 38a-432a-1 to 38a-432a-8, inclusive, of the Regulations of Connecticut State Agencies](#). If a violation occurs, either because of the action or inaction of the insurer or its producer, the commissioner may order:
- (1) An insurer to take reasonably appropriate corrective action for any consumer harmed by a failure to comply with [sections 38a-432a-1 to 38a-432a-8, inclusive, of the Regulations of Connecticut State Agencies](#) by the insurer, an entity contracted to perform the insurer's supervisory duties or by the producer; and
 - (2) A general agency, independent agency or a producer to take reasonably appropriate corrective action for any consumer harmed by the producer's violation of [sections 38a-432a-1 to 38a-432a-8, inclusive, of the Regulations of Connecticut State Agencies](#); and
 - (3) Appropriate penalties and sanctions.
- (b) Any applicable penalty of the Connecticut General Statutes for a violation of [sections 38a-432a-1 to 38a-432a-8, inclusive, of the Regulations of Connecticut State Agencies](#) may be reduced or eliminated at the discretion of the commissioner, if corrective action for the consumer was taken promptly after a violation was discovered or the violation was not part of a pattern or practice. Nothing contained in this section shall be construed to limit the commissioner's authority to terminate or suspend a producer or insurer's license or to pursue other legal or regulatory action pursuant to the insurance laws of the state of Connecticut.
- (c) The authority to enforce compliance with [sections 38a-432a-1 to 38a-432a-8, inclusive, of the Regulations of Connecticut State Agencies](#) is vested exclusively with the commissioner.

History

New section published in Conn. Law Journal September 6, 2005, eff. August 4, 2005; amendment published in Conn. Law Journal January 13, 2009, effective November 10, 2008; amendment published in Conn. Law Journal September 13, 2011, effective August 18, 2011; amendment effective March 1, 2022

REGULATIONS OF CONNECTICUT STATE AGENCIES

Regs., Conn. State Agencies § 38a-432a-7

This document is current through the amendments received as of September 20, 2022

CT - Regulations of the Connecticut State Agencies > TITLE 38A INSURANCE > INSURANCE DEPARTMENT > SUITABILITY IN ANNUITY TRANSACTIONS

Sec. 38a-432a-7. Record keeping

(a) Insurers, agencies and producers shall maintain or be able to make available to the commissioner records of the information collected from the consumer, disclosures made to the consumer including summaries of oral disclosures, and other information used in making the recommendations that were the basis for insurance transactions for seven (7) years after the insurance transaction is completed by the insurer. An insurer is permitted, but shall not be required, to maintain documentation on behalf of a producer.

(b) Records required to be maintained by [sections 38a-432a-1](#) to 38a-432a-8. inclusive, of the Regulations of Connecticut State Agencies may be maintained in paper, photographic, microprocess, magnetic, mechanical or electronic media or by any process that accurately reproduces the actual document.

History

New section published in Conn. Law Journal September 6, 2005, eff. August 4, 2005; amendment published in Conn. Law Journal January 13, 2009, effective November 10, 2008; amendment published in Conn. Law Journal September 13, 2011, effective August 18, 2011; amendment effective March 1, 2022

REGULATIONS OF CONNECTICUT STATE AGENCIES

End of Document

Regs., Conn. State Agencies § 38a-432a-8

This document is current through the amendments received as of September 20, 2022

CT - Regulations of the Connecticut State Agencies > TITLE 38A INSURANCE > INSURANCE DEPARTMENT > SUITABILITY IN ANNUITY TRANSACTIONS

Sec. 38a-432a-8. Producer training

(a) A producer shall not solicit the sale of an annuity product unless the producer has adequate knowledge of the product to recommend the annuity and the producer is in compliance with the insurer's standards for product training. A producer may rely on insurer-provided product-specific training standards and materials to comply with this subsection.

(b)

(1)

(A) A producer who engages in the sale of annuity products shall complete a one-time four (4) CE credit training course approved by the commissioner and provided by the continuing education provider.

(B) Producers who hold a life insurance line of authority on the effective date of this regulation and who desire to sell annuities shall complete the requirements of this subsection within six (6) months after the effective date of this regulation. Individuals who obtain a life insurance line of authority on or after the effective date of this regulation may not engage in the sale of annuities until the annuity training course required under this subsection has been completed.

(2) The minimum length of the training required under this subsection shall be sufficient to qualify for at least four (4) CE credits, but may be longer.

(3) The training required under this subsection shall include information on the following topics:

(A) The types of annuities and various classifications of annuities;

(B) Identification of the parties to an annuity;

(C) How fixed, variable and indexed annuity contract provisions affect consumers;

(D) The application of income taxation of qualified and non-qualified annuities;

(E) The primary uses of annuities; and

(F) Appropriate standard of conduct, sales practices, replacement and disclosure requirements.

(4) Providers of courses intended to comply with this subsection shall cover all topics listed in subdivision (3) of this subsection and shall not present any marketing information or provide training on sales techniques or provide specific information about a particular insurer's products. Additional topics may be offered in conjunction with and in addition to the required topics.

(5) A provider of an annuity training course intended to comply with this subsection shall register as a CE provider in this state and comply with the rules and guidelines applicable to producer continuing education courses as set forth in [sections 38a-782a-1](#) to [section 38a-782a-17, inclusive, of the Regulations of Connecticut State Agencies](#).

(6) A producer who completes an annuity training course approved by the commissioner prior to the effective date of this regulation shall, within six (6) months after such date, complete either:

Regs., Conn. State Agencies § 38a-432a-8

- (A) A new four (4) CE credit training course approved by the commissioner after the effective date of this regulation; or
- (B) An additional one-time one (1) CE credit training course approved by the commissioner and provided by the continuing education provider on appropriate sales practices, replacement and disclosure requirements under [sections 38a-432a-1 to 38a-432a-8, inclusive, of the Regulations of Connecticut State Agencies.](#)
- (7) Annuity training courses may be conducted and completed by classroom method or by self-study method in accordance with [section 38a-782a-7 of the Regulations of Connecticut State Agencies.](#)
- (8) Providers of annuity training shall comply with the reporting requirements and shall issue certificates of completion in accordance with [section 38a-782a-4 of the Regulations of Connecticut State Agencies.](#)
- (9) The satisfaction of the training requirements of another state that are substantially similar to the provisions of this subsection shall be deemed to satisfy the training requirements of this subsection in this state.
- (10) The satisfaction of the components of the training requirements of any course or courses with components substantially similar to the provisions of this subsection shall be deemed to satisfy the training requirements of this subsection in this state.
- (11) An insurer shall verify that a producer has completed the annuity training course required under this subsection before allowing the producer to sell an annuity product for that insurer. An insurer may satisfy its responsibility under this subsection by obtaining certificates of completion of the training course or obtaining reports provided by commissioner-sponsored database systems or vendors or from a reasonably reliable commercial database vendor that has a reporting arrangement with approved insurance education providers.

History

New section published in Conn. Law Journal September 13, 2011, effective August 18, 2011; amendment effective March 1, 2022

REGULATIONS OF CONNECTICUT STATE AGENCIES

End of Document

Regs., Conn. State Agencies § 38a-432a App. A

This document is current through the amendments received as of September 20, 2022

CT - Regulations of the Connecticut State Agencies > TITLE 38A INSURANCE > INSURANCE DEPARTMENT > SUITABILITY IN ANNUITY TRANSACTIONS

APPENDIX A

INSURANCE AGENT (PRODUCER) DISCLOSURE FOR ANNUITIES

Do Not Sign Unless You Have Read and Understand the Information in this Form

Date:

INSURANCE AGENT (PRODUCER) INFORMATION ("Me", "I", "My")

First Name:

Last Name:

Business\Agency Name:

Website:

Business Mailing Address:

Business Telephone Number:

Email Address:

National Producer Number in [state]:

CUSTOMER INFORMATION ("You", "Your")

First Name:

Last Name:

What Types of Products Can I Sell You?

I am licensed to sell annuities to You in accordance with state law. If I recommend that You buy an annuity, it means I believe that it effectively meets Your financial situation, insurance needs, and financial objectives. Other financial products, such as life insurance or stocks, bonds and mutual funds, also may meet Your needs.

I offer the following products:

- . Fixed or Fixed Indexed Annuities
- . Variable Annuities
- . Life Insurance

I need a separate license to provide advice about or to sell non-insurance financial products. I have checked below any non-insurance financial products that I am licensed to provide advice about or to sell.

- . Mutual Funds
- . Stocks/Bonds
- . Certificates of Deposits

Whose Annuities Can I Sell to You?

I am authorized to sell:

- . Annuities from Only One (1) Insurer
- . Annuities from Two (2) or More Insurers

- . Annuities from Two (2) or More Insurers although I primarily sell annuities from:

How I'm Paid for My Work:

It's important for You to understand how I'm paid for my work. Depending on the particular annuity You purchase, I may be paid a commission or a fee. Commissions are generally paid to Me by the insurance company while fees are generally paid to Me by the consumer. If You have questions about how I'm paid ask Me.

Depending on the particular annuity You buy, I will or may be paid cash compensation as follows:

- . Commission which is usually paid by the insurance company or other sources. If other sources, describe:
- . Fees (such as a fixed amount, an hourly rate, or a percentage of your payment), which are usually paid directly by the customer.
- . Other (Describe):

If You have questions about the above compensation I will be paid for this transaction,

please ask Me.

I may also receive other indirect compensation resulting from this transaction (sometimes called "non-cash" compensation), such as health or retirement benefits, office rent and support, or other incentives from the insurance company or other sources.

By signing below, You acknowledge that You have read and understand the information provided to You in this document.

Regs., Conn. State Agencies § 38a-432a App. A

Customer Signature

Date

Agent (Producer) Signature

Date

REGULATIONS OF CONNECTICUT STATE AGENCIES

End of Document

Regs., Conn. State Agencies § 38a-432a App. B

This document is current through the amendments received as of September 20, 2022

CT - Regulations of the Connecticut State Agencies > TITLE 38A INSURANCE > INSURANCE DEPARTMENT > SUITABILITY IN ANNUITY TRANSACTIONS

APPENDIX B

CONSUMER REFUSAL TO PROVIDE INFORMATION

Do Not Sign Unless You Have Read and Understand the Information in this Form

Why are You being given this form?

You're buying a financial product – an annuity.

To recommend a product that effectively meets Your needs, objectives and situation, the agent,

broker, or company needs information about You, Your financial situation, insurance needs and

financial objectives.

If You sign this form, it means You have not given the agent, broker, or company some or all the

information needed to decide if the annuity effectively meets Your needs, objectives and

situation. You may lose protections under the Insurance Code of [this state] if You sign this form

or provide inaccurate information.

Statement of Purchaser:

. I **REFUSE** to provide this information at this time.

. I have chosen to provide LIMITED information at this time.

Customer Signature

Date

Regs., Conn. State Agencies § 38a-432a App. C

This document is current through the amendments received as of September 20, 2022

CT - Regulations of the Connecticut State Agencies > TITLE 38A INSURANCE > INSURANCE DEPARTMENT > SUITABILITY IN ANNUITY TRANSACTIONS

APPENDIX C

Consumer Decision to Purchase an Annuity NOT Based on a Recommendation

Do Not Sign This Form Unless You Have Read and Understand It.

Why are You being given this form? You are buying a financial product – an annuity.

To recommend a product that effectively meets your needs, objectives and situation, the agent,

broker, or company has the responsibility to learn about You, your financial situation, insurance

needs and financial objectives.

If You sign this form, it means You know that you're buying an annuity that was not recommended.

Statement of Purchaser:

I understand that I am buying an annuity, but the agent, broker or company did not recommend

that I buy it. If I buy it **without a recommendation**, I understand I may lose protections under the Insurance Code of Connecticut.

Customer Signature

Date

Agent/Producer Signature

Date