



DEPARTMENT OF INSURANCE

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Director

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CB-128 (Amended)

Pete Ricketts
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BULLETIN

SUBJECT: ANNUITY TRAINING FOR PRODUCERS ENGAGING IN THE SALE OF ANNUITY PRODUCTS

The purpose of this bulletin is to respond to inquiries the Nebraska Department of Insurance has been receiving with regard to annuity training requirements for insurance producers wishing to sell annuity products. The Department's responses are provided in a Question and Answer format. This bulletin has been updated to reflect the recent creation of a limited line funeral insurance license. The bulletin is applicable to all producers wishing to engage in the sale of annuity products, including limited line funeral insurance licensees.

Q: Did Nebraska adopt the National Association of Insurance Commissioners (NAIC) Suitability in Annuity Transactions Model Regulation ("NAIC Model")?

A: Yes. The Nebraska Unicameral enacted the most recent revisions to the NAIC Model, which was adopted by the NAIC on March 28, 2010, in sections 21 through 29 of LB 887 during the 2012 legislative session. Those sections of LB 887 amended our current Nebraska Protection in Annuity Transactions Act ("Act"), Neb.Rev.Stat. §§44-8101 to 44-8107 and become operative on July 19, 2012. Copies of those statutes are available at the Nebraska Legislature's website located at <http://nebraskalegislature.gov/>.

Q: What are the new annuity training education requirements for insurance producers who sell annuity products?

A: (1) An insurance producer who holds a life insurance line of authority on the July 19, 2012 operative date of LB 887, who desires to solicit the sale of annuity products shall complete, within six months after July 19, 2012, a one-time, four-credit training course approved by the Nebraska Department of Insurance and provided by a Nebraska-approved continuing education provider.

(2) Individuals who obtain a producer license on or after July 19, 2012 may not engage in soliciting the sale of annuity products until the required annuity training course has been completed.

Additionally, insurance companies and producers are reminded that an insurance producer shall not solicit the sale of an annuity product unless the insurance producer has adequate knowledge of the product to recommend the annuity and the insurance producer is in compliance with the insurer's standards for product training. An insurance producer may rely on insurer-provided product-specific training standards and materials to meet this requirement.

Q: Are non-resident insurance producers also required to complete the annuity training requirement?

A: Yes, if the non-resident insurance producer is going to solicit the sale of annuity products in the State of Nebraska. The satisfaction of another state's annuity training requirements by a Nebraska non-resident producer will be deemed to satisfy the training requirements of our state if the other state's training requirements are substantially similar to Nebraska's requirements under Neb.Rev.Stat. §44-8108 in the Act.

Q: If a producer took an annuity training course prior to July 19, 2012, would this meet the training requirement?

A: Yes, provided that the course complies with the training requirements of our state under Neb.Rev.Stat. §44-8108.

Q: What topics must be covered by an annuity training course?

A: The topics that must be covered by the annuity training course are set out under Neb.Rev.Stat. §44-8108 and shall include information on:

- (1) The types of annuities and various classifications of annuities;
- (2) Identification of the 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 uses of annuities; and
- (6) Appropriate sales practices and requirements for replacement and disclosure.

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Q: Is the annuity training requirement a continuing education (CE) requirement?

A: No, it is not. This is a training requirement for soliciting the sale of an annuity product. However, resident insurance producers who take the four-credit training course may use the credits to satisfy their overall CE requirements under Neb.Rev.Stat. §44-3904. The annuity training course must be submitted by a Nebraska-approved continuing education provider and be in compliance with the requirements applicable to insurance producer continuing education courses under Neb.Rev.Stat. §44-3905 and Nebraska Insurance Regulation Chapter 38. Annuity training courses may be conducted and completed by classroom or self-study methods.

Q: 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 Act to obtain the certificate of completion or to obtain reports from NAIC-sponsored database systems or vendors or from a reasonably reliable commercial database vendor that has a reporting arrangement with approved continuing education providers. The Nebraska Department of Insurance will not track the training course completions of producers. It is the insurer's responsibility to verify that the producer has completed the training.

Q: Where can a producer find a Nebraska-approved training course?

A: All approved courses are listed on the Nebraska Department of Insurance website at <http://www.doi.nebraska.gov/license/ce/index.html>.

Questions about this Bulletin may be directed to the Producer Licensing Division at 402-471-4913 or via email at DOI.ContEd@nebraska.gov.



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