

Revised Suitability in Annuity Transactions Model and RegEd Training

American National has now partnered with RegEd to provide Product Specific Annuity Training as required by many of the states who have adopted (or partially adopted) the NAIC Suitability in Annuity Transactions Model. If you are already using RegEd for other carriers, and are currently a contracted agent with American National, the training should be made available through your RegEd account shortly. If you are not currently using RegEd for your training needs, or would like further information about taking the American National Training, please go to the following link: <http://apps.anicoweb.com/Training>. This link will also provide state required dates for your reference.

Under the new Model, producers are required to fulfill two different training requirements prior to solicitation of an annuity:

1. A onetime, state level four (4) hour continuing education course on annuities
2. Product specific training provided by the insurance carrier prior to soliciting the sale of a particular annuity product

Some states may grant an extension on the four (4) hour state level continuing education course. However, please remember all other aspects of the Model are effective and now required, including the product specific training provided by the Company.

Also, be aware of variations in some states' adoption of the Model. For example, Texas adopted the Model, effective 9/1/2011, which requires a producer to complete four (4) hours of state level annuity training. Texas also has a continuing education requirement that insurance producers complete eight (8) hours of CE specifically related to annuities during the producer's two-year licensing period. (Previously, agents were required to complete four hours annually.)

The effective date of this new law is September 1, 2011. However, the two-year compliance period is tied to the original licensing (or

re-licensing) effective date—not the 9/01/11 effective date of the new law. The four (4) hours of training taken to be compliant with the Suitability Model legislation can be used as credit toward the eight (8) hours continuing education requirement.

California also has a variation of the Model. "Whether or not the consumer has a reverse mortgage" has been added to the 12 factors (in the Model) that are to be used to determine the appropriateness of the product for the customer. The legislation also states the producer/insurer needs to consider if the consumer has had another annuity exchange or replacement in the preceding 60 months whereas the Model calls for 36 months. Also, producers are not allowed to recommend replacement business to clients over 65 which may cause them to incur surrender charges unless a significant financial benefit over the life of the contract can be proven. These California variations will be covered in a California training supplement to American National's product specific training. The product specific training and the California training supplement must be completed by 1/1/2012.

California also has special annuity training requirements: All producers are required to complete a one-time, eight (8) hour annuity training course by 1/1/2012. In addition to this and the initial product-specific training, all producers are required to complete four (4) hours of annuity continuing education prior to license renewal every two (2) years.

When an application is received and the producer has not completed the required training, the application will be rejected and returned to the producer. A new application will be required for submission after the training has been completed.

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States on the Horizon:

Kentucky 1/1/2012

California 1/1/2012

Hawaii 1/1/2012

Connecticut 2/18/2012

Required Annuity Suitability Analysis Forms are as follows for 2011:

- AK, CO, DC, IA, IL, IN, MD, ND, OH, OR, RI, SC, WI, WV – Form 4465 RV 01-11 is required
- NJ – 4465 NJ RV 01-11 is required
- FL (ages 64 or under) – Form 4466 RV 01-11 is required
- FL (ages 65 plus) – Form 10294 is required
- All other states – 4466 RV 01-11 is required; however 4465 RV 01-11 may be used to assist in gathering the information needed to conduct a suitability analysis. This form is located in the supplemental section of Virtual Forms for these states.

- Form 4465 RV01-11 will be replaced with Form 4465 RV01-12 on January 1, 2012. To assist in this change, the RV01-11 will be accepted through February 29, 2012.

In addition, the state variation forms will be revised and accepted as described above:

- California: Form 4465-CA RV01-12 - replaces Form 4466
- Florida: Form 4465 RV01-12 (ages < 65) – replaces Form 4466 (ages < 65 *Note: Form 10294 (age 65+) remains unchanged.
- New Jersey: Form 4465-NJ RV01-12 – replaces 4465-NJ
- New York: Form ANY-4467 RV01-12 - replaces 4467

We expect much more state activity on the revised Model in the next year. We will keep you informed of any further developments.