SYMETRA FINANCIAL

AGENT ADVISORY

Number: 2006-21
Publication Date: Sept. 8, 2006
Effective Date: Immediately

TO: Symetra Life-Appointed Agencies in Connecticut
RE: Connecticut's Requirements for Annuity Sales to Seniors — Section 38a-xxx — 1 thru 7

Connecticut approved a regulation to adopt the NAIC Sales to Seniors model regulation, effective Aug. 4, 2005. The purpose of this regulation is to establish standards and procedures surrounding annuity-related recommendations to senior consumers, age 65 and older. The new regulation ensures that any annuity product being recommended fits the needs and financial objectives of seniors at the time of the transaction. A copy of the regulation is available under "Forms" on the *Advisories and Regulatory Training* page. We encourage you to read it carefully.

For your convenience, we have provided definitions and a summary of the rule below.

Definitions

- *Annuity* — All agreements to make periodical payments where the making or continuance of all or some of the series of the payments, or the amount of the payment, is dependent upon the continuance of human life or is for a specified term of years. This definition does not apply to payments made under a policy of life insurance.
- *Recommendation* — Advice provided by an insurance agent or insurer if no insurance agent is involved, to an individual senior consumer that directly results in a purchase or exchange of an annuity.
- *Senior consumer* — A person 65 years or age or older.

Duties of the Insurance Agent and Agency

- An insurance agent shall have reasonable grounds for believing that any recommendation to a senior consumer is suitable on the basis of the facts disclosed by the consumer as to their investments, other insurance products and their financial needs.
- Before executing a purchase of an annuity to a senior consumer, an insurance agent must make reasonable efforts to obtain information concerning the consumer's financial status, tax status and investment objections.
- A system to comply with this statute must be established that includes:
    - Maintaining written procedures.

    - Conducting periodic reviews of records designed to detect and prevent violations of this rule.
- An agent or agency must take appropriate corrective action for any senior consumer harmed by a violation of this rule.
- An agent or agency must keep records of information collected in making recommendations to senior consumers for a minimum of **seven years** after the transaction is completed by the insurer.

Exemptions

- Direct-response solicitations.
- Contracts used to fund:
    - Employee pension or welfare benefit plans covered by ERISA.
    - Plans described by Sections 401(a), 401(k), 403(b), 408(k) or 408(p) of the IRS code of 1986, if established or maintained by an employer.
    - Government or church plans defined in Section 414 of the IRS Code of 1986; or a deferred compensation plan of a state or local government or tax-exempt organization under Section 457 of the IRS Code of 1986.
    - A nonqualified deferred compensation arrangement established or maintained by an employer.
    - Structured Settlements.
    - Prepaid funeral contracts.
    - Variable annuities — NASD Conduct Rules pertaining to suitability will satisfy the requirements under this rule.

Duties of an Insurer

- The insurer must maintain written procedures.
- The insurer must conduct periodic reviews of records designed to assist in detecting and preventing violations of this rule.

As part of our procedure to comply with this rule, we will require the disclosure form LP-1514 to be completed and signed with each application for an annuity subject to this statute. A copy of this form is available under "Forms" on the *Advisories and Regulatory Training* page. We encourage you to read it carefully.

If you have questions, please contact the Sales Center at invest@symetra.com or 1-800-706-0700.

Sincerely,

Michael Murphy
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Compliance Department
Symetra Life Insurance Company