

AGENT ADVISORY

Number: 2006-37
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Effective Date: December 17, 2006

TO: Symetra Life-Appointed Agencies in Nevada
RE: Requirements for Annuity Sales — Amendments to Chapter 688A of NAC

Nevada approved amendments similar to the NAIC Suitability in Annuity Transactions model regulation, effective Dec. 17, 2006. The purpose of the amendments is to establish standards and procedures surrounding annuity-related recommendations to consumers.

The amendments ensure that any annuity product being recommended fits the needs and financial objectives of consumers at the time of the transaction, and that those needs and financial objectives are appropriately addressed. Copies of the amendments may be found under “Forms” on the [Advisories and Regulatory Training](#) page. We encourage you to read them carefully.

For your convenience, we have provided a summary of the amendments below.

Duties of the Insurance Agent and Agency

- An insurance agent shall have reasonable grounds for believing that any recommendation to a 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 consumer, an insurance agent must make reasonable efforts to obtain information concerning the consumer's financial status, tax status and investment objectives.
- A system to comply with this regulation must be established that includes:
 - Maintaining written procedures.
 - Conducting periodic reviews of records designed to detect and prevent violations of this regulation.
- An agent or agency must take appropriate corrective action for any consumer harmed by a violation of this regulation.
- An agent or agency must keep records of information collected in making recommendations to 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 bill.

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 bill.

As part of our procedure to comply with these amendments, we will require disclosures LP-1514 for immediate annuities, or RSNB-0007 for deferred annuities, be completed and signed with each application for an annuity subject to these amendments. Copies of these forms may be found under “Forms” on the [Advisories and Regulatory Training](#) page.

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