

AGENT ADVISORY

Number: 2007-63

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TO: Symetra Life-Appointed Agencies in Montana

RE: Montana Suitability in Annuity Transactions Act, Senate Bill 535

Montana has adopted a bill similar to the NAIC Suitability in Annuity Transactions model regulation, effective October 1, 2007. The purpose of this bill is to establish standards and procedures surrounding annuity-related recommendations to consumers.

The regulation ensures that any annuity product being recommended fits the needs and financial objectives of consumers at the time of the transaction are appropriately addressed. A copy of the bill may be found 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 regulation below:

Definitions

- Insurance Producer – An individual who holds a license to sell, solicit, or negotiate insurance or annuity contracts in Montana.
- Annuity – A fixed annuity that is individually solicited, regardless of whether the product is classified as an individual or group annuity.
- Recommendation – Advice provided by an insurance producer or insurer to an individual consumer that directly results in a purchase or exchange of an annuity in accordance with that advice.

Duties of the Insurance Producer and Agency

- An insurance producer 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 producer 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
- A producer or agency must take appropriate corrective action for any consumer harmed by a violation of this regulation.
- A producer or agency must keep records of information collected in making recommendations to consumer for a minimum of **5** years after the transaction is completed by the insurer.

Exemptions

- Direct-response solicitations
- Contracts used to fund:
 - Employee pension or welfare benefit plan 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 Internal Revenue Code
 - A nonqualified deferred compensation arrangement established or maintained by an employer
 - Structured Settlements
 - Formal prepaid funeral contracts
- Variable annuities regulated under Title 30, Chapter 10.

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 regulation

As part of our procedure to comply with this rule, 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 this statute. 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 (800) 706-0700.

Sincerely,

Michael Murphy
Assistant Vice President
Compliance Department
Symetra Life Insurance Company