

## AGENT ADVISORY

**Advisory #:** 2007-66

**Publication Date:** December 12, 2007

**Effective Date:** September 1, 2007

**TO:** All Symetra Appointed Agencies in Texas

**RE:** Texas Life Insurance and Annuities Replacement House Bill 2762

Texas has adopted the July 2000 NAIC Life Insurance and Annuities Replacement Model Regulation effective September 1, 2007, for all replacements of an insurance policy or annuity contract on or after January 1, 2008. The purpose of the regulation is to:

- Regulate the activities of insurers and producers with respect to the replacement of existing life insurance and annuities; and
- Protect the interests of life insurance and annuity purchasers by establishing minimum standards of conduct to be observed in replacement or financed purchase transactions.
- Reduce the opportunity for misrepresentation and incomplete disclosure.
- Establish penalties for failure to comply with the requirements adopted under this chapter.

An insurance company must maintain a system of supervision and control to ensure compliance with the requirements of the regulation that include at least the following:

- Informing its producers of the requirements of this regulation and incorporating the requirements of this regulation into all relevant producer training manuals prepared by the insurer.
- Providing to each producer a written statement of the company's position with respect to the acceptability of replacements (Symetra's position is provided below).
- Providing guidance to its producers as to the appropriateness of the these transactions
- A system to review the appropriateness of each replacement transaction in accordance with the company's position.
- Procedures to confirm that the requirements of this regulation have been meet.

- Procedures to detect transactions that are replacements of existing policies or contracts by the existing insurer, but that have not been reported as such by the applicant or producer. Compliance with this regulation may include, but shall not be limited to, systematic customer surveys, interviews, confirmation letters, or programs of internal monitoring.

### **Symetra's Position**

Symetra makes every attempt to govern replacement activities with the policy owner's interest foremost in mind. We do not encourage or condone wholesale, indiscriminate replacement of existing life insurance and/or annuity policies. This includes not only replacement of other companies' policies but the replacement of our own policies as well. At the same time, we acknowledge that sometimes a replacement can be in the best interest of the client.

### **Duties of Producers**

We are enclosing an implementation packet that includes the following materials:

- An executive summary of how the regulation affects you, entitled "Complying with Texas's Replacement Regulation for Life Insurance and Annuities"; and
- The replacement form, "Important Notice: Replacement of Life Insurance or Annuities", form number LU-745. For additional copies of the replacement form you may print from our agent website (symetra.com), or reorder through your usual supply channels.
- Texas House Bill 2762 - Chapter 1114 of Section 1 of the Insurance Code

***Please pay careful attention to the summary, "Complying with Texas's Replacement Regulation for Life Insurance and Annuities", as it provides important information about the regulations that you need to know, including the "exemptions".***

If you have any questions, please contact your Symetra Sales Center Representative at 1(800) 706-0700.

Sincerely,

Michael Murphy  
Assistant Vice President  
Compliance Department  
Symetra Life Insurance Company