

AGENT ADVISORY

Number: 2007-68

Date: December 12, 2007

Effective date: January 1, 2008

TO: Symetra Life-Appointed Agencies in Indiana

RE: Indiana's Requirements for Annuity Sales - SB 171

The Indiana Department of Insurance has approved a rule to amend the Indiana Code concerning suitability of annuity sales. The code will no longer apply to only consumers 65 and older. It will apply to all annuity sales covered under Section 2 IC 27-4-9-2, Section 3 IC 27-4—3 and Section 4 IC 27-4-9-4 of the Indiana Insurance Code.

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

Definitions

- Annuity – a fixed or variable annuity that is individually solicited, whether the product is classified as an individual or group annuity.
- Recommendation – Advice provided by an insurance agent or insurer if no insurance agent is involved, to an individual consumer that directly results in a purchase or exchange of an annuity in accordance with that advice.
- Consumer – an individual who receives a recommendation to purchase or exchange an annuity that results in the recommended purchase or exchange.

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 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 consumer harmed by a violation of this rule.

- An agent or agency must keep records of information collected in making recommendations to consumers 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 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 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