

NAIC PRODUCER BEST INTEREST REQUIREMENTS UPDATE MODEL REGULATION - 275

The NAIC Annuity Suitability Model Regulation (NAIC Model-275) now has **twenty-eight** states on board, and there is no doubt that more will soon follow.

The states that have adopted this model regulation are as follows: Alabama, Arizona, Arkansas, Colorado, Connecticut, Delaware, Hawaii, Idaho, Iowa, Kentucky, Maine, Maryland, Michigan, Minnesota, Mississippi, Montana, Nebraska, North Carolina, New Mexico, North Dakota, Ohio, Pennsylvania, Rhode Island, South Carolina, South Dakota, Texas, Virginia and Wisconsin.

As you already know, this regulation adds some new requirements to producer responsibilities when selling annuity products.

These consist of **four obligations**:

- Care
- Disclosure
- Conflict of Interest
- Documentation

In order to satisfy these four obligations when making a recommendation, producers must:

- Know the customer's financial situation, insurance needs and financial objectives.
- Understand the available recommendation options.
- Have a reasonable basis to believe the recommended option effectively addresses the consumer's financial situation, insurance needs and financial objectives.
- Communicate the basis of the recommendation to the consumer.
- Disclose their role in the transaction, their compensation, and any material conflicts of interest.
- Document, in writing, any recommendation and the justification for such recommendation.

There is also the additional CE training requirement. The majority of states that have adopted the model thus far, give producers six months from the effective date of the regulation to take an abbreviated 1-hour "Best Interest" training course, which can be taken through many typical electronic training platforms, i.e. RegEd, QuestCE, etc. Most states are also allowing for reciprocity, therefore if you have sat for the course for one state in which you are licensed, you should not need to take the course again for a different state.



You can find the full listing of the state training requirements at the link provided below*. In addition, the link to the Model Regulation itself is also provided below**.

[Best Interest Producer Training by State.](#)

[NAIC Annuity Suitability Model Regulation 275](#)

BOTTOM LINE:

If you are licensed in one of the states listed above, work with your agency or IMO to take the course at your earliest convenience. Once you have completed the course, upload your certification of course completion to our agent portal, [HERE!](#)

PENDING DELIVERY RECEIPT (PDR): WHY IT IS IMPORTANT

A Pending Delivery Receipt, or "PDR" – is included along with the original policy upon issue. This important receipt is one that the client needs to sign as soon as they receive their policy, as it confirms that the client has attained physical ownership of their policy.

Oceanview Life and Annuity Company allows for a 30-day free look time frame, to allow the new policy owner(s) to review and examine their new policy in its entirety. Should they decide within the 30-days that the policy is not one that would best suit their financial needs, they can exercise the free look provision and have the amount of their premium returned. Utilizing the free look provision affords clients the opportunity to terminate the contract without incurring surrender charges or penalties.

We rely heavily on our outstanding producers to ensure that the PDR is returned back to us in a timely fashion. Producers should always be sure to mention the importance of signing the PDR once they have been handed their clients their new Oceanview policy.

Please remind your clients to sign the PDR upon delivery of the policy.

This is beneficial to all parties involved and helps us to keep accurate records of client's transactions and activities.

Thank you in advance for your continued support and assistance to make Oceanview Life and Annuity Company a premier choice for annuity products.



www.oceanviewlife.com

For Agent Information ONLY. Not for use in solicitation or advertising to the public.
©2022 Oceanview Insurance. All Rights Reserved. Oceanview Life and Annuity Company 410 N. 44th Street Phoenix, AZ 85008 dba Oceanview Life and Annuity Insurance Company In CA.

