



STATE OF CONNECTICUT

INSURANCE DEPARTMENT

Summary of Public Comments and Connecticut Insurance Department Response

Regulations Concerning Suitability in Annuity Transactions

May 11, 2021

The Connecticut Insurance Department (“Department”) received three (3) public comments regarding this proposed regulation during the public comment period. No public comments were opposed to the regulation. The following is a summary of the subject matter addressed in the public comments and the Department’s responses thereto. The Department has decided to modify the proposed regulations based upon some of the comments received.

Comment 1: Jason Berkowitz, Insured Retirement Institute

The commenter stated the following:

The Insured Retirement Institute (“IRI”) supports the proposed regulation which establishes standards that must be followed by an insurance agent or insurer when recommending or selling an annuity and notes that the proposed amendments are well-aligned with the enhanced Suitability in Annuity Transactions Model Regulation approved by the National Association of Insurance Commissioners (“NAIC”) in early 2020. In addition, IRI offered the following comments/requests:

- That section 38a-432a-8(b)(3)(C) be revised consistent with the prior NAIC model regulation to capture the broader array of products offered in the marketplace;
- That the proposed amendments take effect no earlier than six (6) months following the date of adoption of the regulation; and
- An overall comment with regards to the implementation of adoption of the relevant NAIC model regulation in other states concerning the timeline for completion of training.

Comment 2: Camille Simpson, American Council of Life Insurers

The commenter stated the following:

The American Council of Life Insurers (“ACLI”) strongly supports the proposed revisions that incorporate the best interest rule adopted by the NAIC to the Suitability in Annuity Transactions Model Regulation. In addition, the ACLI offered the following comments/requests:

- That the proposed amendments include an effective date section and that the date for compliance with the new requirements be at least six (6) months after the effective date to allow insurance companies and producers adequate time to update their systems and to otherwise come into compliance; and

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- In Appendix A, on page 2, “How I’m Paid for My Work” should be in bold print in line with the NAIC’s Model Regulation.

Comment 3: Pamela M. Henrich, National Association for Fixed Annuities

The commenter stated the following:

The National Association for Fixed Annuities (“NAFA”) supports the Departments decision to amend Connecticut’s current suitability in annuity transaction regulation to establish a best interest standard of conduct for producers and insurers as set forth in the NAIC Suitability in Annuity Transactions Model Regulation revised in February 2020. In addition, NAFA has requested to make this proposed regulation effective six (6) months after it is adopted to allow ample time for NAFA member companies to put into place the processes necessary to support compliance with the revisions.

Overall Response of the Department:

In response to the above cited public comments, the Department has made the following substantive changes to the regulation as originally published:

1. With regards to comment 1 by the IRI, the Department has made the change requested to section 38a-432a-8(b)(3)(C), as follows:

(C) How [fixed, variable and indexed] product specific annuity contract [provisions] features affect consumers;
2. With regards to comment 2 by the ACLI, the technical comment concerning bolding text in Appendix A has been made.
3. With regards to the request made by all commenters that the proposed amendments take effect no earlier than six (6) months following the date of adoption of the regulation the Department will include in the forthcoming Agency Head Certification that the effective date for the proposed regulation shall be six (6) months following the date of adoption. Ordinarily, a proposed regulation becomes effective when it is published by the Secretary of the State following its approval by the Legislative Regulation Review Committee, but the department shall make this request for a delayed effective date and follow-up with the Office of the Secretary of the State.