
Addendum: for use with Florida Life and Life & Health online courses and study guide version number 27119en, per exam content outline updates effective 1/1/2024.

*The following are **content additions** to supplement your existing text.*

Florida Statutes, Rules, and Regulations Pertinent to Life

Insurance Products

B. Annuity Suitability

Best Interest Standard

The Suitability in Annuity Transactions Model Regulations developed by The National Associations of Insurance Commissioners (NAIC) have raised the bar on education and supervision of insurers and producers selling annuity products. The regulations mandated more stringent disclosures, higher levels of education, tighter guidelines on replacements, and additional protection for seniors to ensure that the insurance industry establishes a reputation of doing the right thing for the customer instead of just selling products that have high fees and commissions.

The updated NAIC Annuity standard requires insurance producers to recommend annuities that are not only suitable for the client, but are **in the client's best interest**. To meet the best interest standard, a producer or an insurer must satisfy 4 obligations:

1. Care;
2. Disclosure;
3. Conflict of interest; and
4. Documentation.



When making a recommendation, producers must:

- Know the consumer'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; and
- Document, in writing, any recommendation and the justification for such recommendation.

In addition, all producers are required to complete a **one-time training** course that covers general annuity principles, including the types and uses of annuities, how annuity contract features affect consumers, and tax implications, as well as information about the new standard of conduct and the other requirements of the NAIC model.