***FREQUENTLY ASKED QUESTIONS IMPLEMENTATION DOCUMENT***

Stakeholder Comments on Continuing Education/Training Requirements

|  |  |
| --- | --- |
| **Questions on Training Completed in a State Prior to State Adoption of the Revised Model** | |
| **Joint Trades[[1]](#footnote-1)** | **Q. Can producers satisfy their training obligations under the revised model by taking the new four credit training course or the new one credit training course before the revised model takes effect in a particular state?**  A. The revised model provides for reciprocity so producers that operate in multiple jurisdictions do not have to retake the same training multiple times. If a producer has completed a properly approved training course in a state where the revised model has been adopted (whether or not such revised model has become effective), the producer should not be required to complete the required training again in that same state after the effective date or in another state that subsequently adopts the revised model.  **Q. Can producers satisfy their training obligations under the prior version of the model in a state which has not yet adopted the revised model by taking the new four credit training course?**  A. The new four-credit training course includes all of the topics that were required to be covered under the prior version of the model (with information on the best interest standard of conduct now required under the revised model). As such, if a producer has completed a properly approved four credit training course in a state that has adopted the revised model, the producer should not be required to also complete a course that satisfies the requirements of the prior version of the model in a state that has not yet adopted the revised model. |
| **National Association of Insurance and Financial Advisors (NAIFA)** | **Q. If a producer takes a new four credit and/or one credit training course--which complies with the requirements of Section 7 of the Amended Model and has been approved by the appropriate state authorities-- prior to the effective date of a state’s amended annuity suitability regulation, would successful completion of that course i) count towards compliance with the state’s amended annuity suitability regulation once it becomes effective, and/or ii) count towards compliance with Section 7 B (9) of the Amended Model and be deemed to satisfy the training requirements of another state if/when that other state adopts the Amended Model?**  A. Yes—an approved training course taken prior to the effective date of a state’s amended regulation would count towards compliance with that state’s or another state’s amended regulation (including Section 7 B (9)) once it becomes effective.  **Q. If a producer takes an approved four credit training course in a state that has not adopted the Amended Model, would that producer be able to satisfy the training requirements in another state that has already adopted the Amended Model by taking the new one credit course specified in Section 7 B (6) (b) of the Amended Model?**  A. Yes—completing both the old four credit course—at any time-- and the new one credit course is “substantially similar” to completing the new four credit course provided for in Section 7 of the Amended Model, and would comply with the requirements of Section 7 B (6) of the Amended Model.  **Q. If a producer takes the new four credit training course in a state that has adopted the Amended Model, would that producer be deemed to have satisfied the training requirement of a state that has not adopted the Amended Model?**  A. Yes—the new four credit training course provided for in the Amended Model is “substantially similar” to the four credit training course required under the prior version of Model #275, and would meet the requirements of Section 7 B (9) of the prior version of Model #275. |
|  | |
| **Questions on Training and the Safe Harbor** | |
| **Q13. Do producers complete additional training on the new standard of conduct even if they have already completed the existing annuity training requirements?**  A13. Yes, Section 7 requires a producer who has already completed the existing annuity training requirements prior to a state’s effective date of the revised model to complete within 6 months of that date either a four credit training course or an additional one-time one credit training course on the appropriate sales practices, replacement an disclosure requirements under the revised model. In adopting this section, a state could choose a different timeframe for this requirement. | |
| **Joint Trades** | **Q13. Do producers who are not relying on the safe harbor in Section 6E have to complete additional training on the new standard of conduct even if they have already completed the existing annuity training requirements?**  A13. Yes, Section 7 requires a producer who has already completed the existing annuity training requirements prior to a state’s effective date of the revised model to complete within 6 months of that date either a four credit training course or an additional one-time one credit training course on the appropriate sales practices, replacement and disclosure requirements under the revised model.  **Q. Are producers who are relying on the safe harbor required to complete the 4-hour training course (or, if eligible, the optional 1-hour training course), which includes training on the new standard of conduct under the revised model?**  A. No. Producers relying on the safe harbor are not required to take the training prescribed by the revised model; the training required under the appropriate “comparable standards” (as defined in the revised model) will suffice. Insurers should, however, ensure that producers operating under the safe harbor have nonetheless completed appropriate training on the specific annuity products they are authorized to recommend and sell. |
|  | |
| **Questions about the One-Hour Training Requirement versus the Four-Hour Training Requirement** | |
| **Joint Trades** | **Q. Under what circumstances would a producer be permitted to take the additional one credit training course rather than the full four credit training course? What is the difference between the one credit and four credit training courses? For how long should the one credit training course be available as an option?**  A. The one credit training course is available as an option only to producers who have previously completed a four-credit training course that met the requirements of the prior version of the model. The four-credit training course would include information on all of the topics listed in Section 7B(3) of the revised model, whereas the one credit training course would include only information on the appropriate standard of conduct, sales practices, replacement and disclosure requirements. The one credit option was included in the revised model because the NAIC recognized that adoption of the revised model would not cause any changes in the information provided on the other topics covered by the four credit training course required under the prior version of the model.  The option to complete the one credit training course should be left available for as long as the prior version of the model remains in effect in any jurisdiction. This will ensure that producers who satisfy the training requirements in states where the prior version is still in effect would not have to retake the entire four credit training course, and can instead take the one credit training course to ensure that they understand how the rules have changed.  In sum, producers who are not relying on the safe harbor should be permitted to satisfy their training obligations by completing either (a) the four credit training course under the revised model OR (b) a combination of the four credit training course under the prior version of the model AND the one credit training course under the revised model.    The preceding applies to situations where a producer has taken an approved four credit training course in a state that has not adopted the amended NAIC Model and then seeks to satisfy the training requirement by taking the new one credit course in a state that has adopted the amended NAIC Model. |
|  | |
| **Failure to Timely Complete the Updated Four-Hour or One-Hour Training Course** | |
| **Joint Trades** | **Q. Under Section 7B(6), if a producer who was already qualified by taking the old four credit training course fails to take the updated four credit training course or the one hour training course within six months after the effective date of the amended regulation, what training must a producer take to become requalified to offer annuities again?**  A. A producer who does not timely meet the requirements to take the training courses but has already taken the old 4 credit training course may satisfy such new requirements by taking either the one credit or the four credit training course (which shall remain available) at any point after the expiration of the six month time period. The producer should cease all annuity sales activities until the updated training courses have been completed. |

1. Joint submission from the American Council of Life Insurers (ACLI), the Committee of Annuity Insurers (CAI), the Financial Services Institute (FSI), the Indexed Annuity Leadership Council (IALC), the Insured Retirement Institute (IRI) and the National Association for Fixed Annuities (NAFA). [↑](#footnote-ref-1)