

Regular Session, 2012

HOUSE BILL NO. 1177

BY REPRESENTATIVE HARRISON

INSURANCE DEPARTMENT: Provides relative to training of insurance producers selling annuity products

1 AN ACT

2 To enact R.S. 22:1576, relative to insurance producers; to require certain training for
3 insurance producers in order to sell annuity products; to provide for the registration
4 of annuity training course providers as continuing education providers; to require
5 insurers to verify that a producer who sells annuities has satisfied annuity training
6 requirements; and to provide for related matters.

7 Be it enacted by the Legislature of Louisiana:

8 Section 1. R.S. 22:1576 is hereby enacted to read as follows:

9 §1576. Producer training requirements to sell annuity products

10 A. An insurance producer shall not solicit the sale of an annuity product
11 unless the insurance producer has adequate knowledge of such annuity product to
12 make a recommendation and the insurance producer is in compliance with the
13 insurer's standards for product training. An insurance producer may rely on insurer-
14 provided product-specific training standards and materials to comply with the
15 requirements of this Subsection.

16 B.(1)(a) An insurance producer who engages in the sale of annuity products
17 shall complete a one-time four-credit training course approved by the Department
18 of Insurance and provided by an educator who has been approved by the Department
19 of Insurance.

1 (b) Insurance producers who hold a life insurance line of authority on August
2 15, 2012, and who desire to sell annuities shall complete the requirement of this
3 Subsection no later than January 1, 2013. Individuals who obtain a life insurance
4 line of authority on or after August 15, 2012, may not engage in the sale of annuities
5 until the annuity training course required pursuant to this Subsection has been
6 completed.

7 (2) The minimum length of the training required pursuant to this Subsection
8 shall be sufficient to qualify for at least four continuing education credits, but may
9 be longer.

10 (3) The training required pursuant to this Subsection shall include
11 information on the following topics:

12 (a) The types of annuities and various classifications of annuities.

13 (b) Identification of the parties to an annuity.

14 (c) A description of how fixed, variable, and indexed annuity contract
15 provisions affect consumers.

16 (d) The application of income taxation of qualified and nonqualified
17 annuities.

18 (e) The primary use of annuities.

19 (f) Appropriate sales practices, replacement, and disclosure requirements.

20 (4) Providers of courses intended to comply with this Subsection shall cover
21 all topics listed in Paragraph (3) of this Subsection and shall not present any
22 marketing information or provide training on sales techniques or specific information
23 about a particular insurer's products. Additional topics may be offered in addition to
24 the topics required by this Subsection.

25 (5) A provider of an annuity training course intended to comply with this
26 Subsection shall register as a continuing education provider in this state and shall
27 comply with the rules and guidelines applicable to insurance producer continuing
28 education courses pursuant to LAC 37:XI.701 et seq.

1 (6) Annuity training courses may be conducted and completed by classroom
2 or by verifiable self-study methods pursuant to LAC 37:XI.701 et seq.

3 (7) Providers of annuity training shall comply with the reporting requirements
4 and shall issue certificates of completion pursuant to LAC 37:XI.701 et seq.

5 (8) The satisfaction of the training requirements of another state which has
6 standards which are substantially similar to the provisions of this Subsection shall
7 be deemed to satisfy the training requirements of this Subsection in this state.

8 (9) An insurer shall verify that an insurance producer has completed the
9 annuity training course required by this Subsection before allowing the insurance
10 producer to sell an annuity product for that insurer. An insurer may satisfy its
11 responsibility under this Paragraph by obtaining certificates of completion of the
12 training course by the insurance producer or by obtaining reports provided by
13 commissioner database systems.

DIGEST

The digest printed below was prepared by House Legislative Services. It constitutes no part of the legislative instrument. The keyword, one-liner, abstract, and digest do not constitute part of the law or proof or indicia of legislative intent. [R.S. 1:13(B) and 24:177(E)]

Harrison

HB No. 1177

Abstract: Requires training of insurance producers who seek to sell annuity products.

Present law defines an "annuity" as a contract sold by insurance companies that pays an income benefit for the life of a person, for the lives of two or more persons, or for a specified period of time, or a contract that may provide for a series of payments to be made or received at regular intervals at the direction of the contract holder.

Proposed law prohibits insurance producers from engaging in the sale of annuity products without having adequate knowledge to recommend the product. Requires the insurance producer to complete a one-time, four-hour training course that has been approved by the Dept. of Insurance prior to engaging in the sale of annuity products.

Proposed law allows insurance producers who already hold a life insurance line of authority as of Aug. 15, 2012, to complete the requisite training course no later than Jan. 1, 2013. Further provides that any insurance producer who obtains a life insurance line of authority after Aug. 15, 2012, must complete the requisite training before engaging in the sale of annuities.

Proposed law provides a list of topics which must be taught in an annuity training course.

Proposed law requires annuity training course providers to register as continuing education providers in this state. Further requires annuity training course providers to comply with the

reporting requirements of present law and to issue certificates of completion to insurance producers who complete the course.

Proposed law requires insurers, prior to allowing insurance producers to sell annuity products on behalf of the insurer, to verify that the producers have completed the requisite annuity training course by obtaining a certificate of completion or reports provided by commissioner database systems.

(Adds R.S. 22:1576)