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Ohio Department  
of Insurance

# News Release

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## **Taylor and Department of Insurance to Stop Agents from Using Misleading Practices**

*Department amends Administrative Code to incorporate suitability standards*

**COLUMBUS** — Ohio Lieutenant Governor and Director of the Department of Insurance Mary Taylor announced that the Insurance Department is intent on putting an end to misleading practices by insurance agents and brokers with regard to the sale of annuities.

The Department of Insurance amended the administrative code to incorporate standards that ensure the insurance needs and financial objectives of consumers are appropriately addressed at the time a transaction takes place.

Annuities are a contract with an insurance company where the consumer pays for the annuity in a single payment or multiple payments and the insurer promises to pay out money from the annuity to the consumer in a series of payments.

As a result of the amended language, insurers will be required to provide product specific training to their agents and establish a system to supervise recommendations made in the marketing and sale of annuities by July 1, 2011.

In addition, insurers and insurance producers, prior to recommending a particular annuity to a consumer, will be required to make a “reasonable effort” to obtain specific suitability information from a consumer. Such information includes a consumer’s: age, annual income, financial situation and need, financial resources being used to fund the annuity, financial experience, financial objectives, intended use of the annuity, financial time horizon, existing assets, liquidity needs, liquid net worth, risk tolerance, and tax status.

Based upon suitability information gathered, the producer, or insurer if no producer is involved, must have reasonable grounds to believe the transaction being recommended is suitable for the consumer.

In addition to product specific training, insurance agents who hold a life insurance or variable annuity line of authority on or before July 1, 2011, and have a desire to sell annuities, will be required to complete a four (4) hour annuity specific continuing education course on or before January 1, 2012.

Insurance agents who fail to complete the course by the January 1, 2012 deadline will not be permitted to engage in the sale of annuities until completing the annuity-specific training course. The training is required of both resident and nonresident agents, and is a one-time requirement. No follow-up training will be mandated. It will be left up to each insurer to verify that their appointed agents have completed the required training.

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Insurance agents issued a life or variable annuity license after July 1, 2011 will be required to complete the four (4) hour mandated training before they begin selling annuities in Ohio.

If an Ohio resident insurance agent completes an annuity suitability-specific training course that has been approved in another state with laws substantially similar to Ohio's, then that agent will be deemed to have complied with OAC Rule 3901-6-13(G)(2).

Similarly, if an Ohio resident insurance agent completes an annuity specific course approved by the Ohio Department of Insurance prior to July 1, 2011, then that agent shall also be deemed to have complied with OAC Rule 3901-6-13(G)(2).

For more information about the annuity-specific training course requirements, visit the Department of Insurance website at [www.insurance.ohio.gov](http://www.insurance.ohio.gov) or call the Licensing Division at (614) 644-2665.

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