



Department of
Insurance



**Ohio Department of Insurance
Continuing Education Services**

Notice to Continuing Education Providers

February 14, 2011

Effective February 13, 2011, Ohio insurance agents will need to comply with Ohio's new rule titled "Suitability in Annuity Transactions" (Ohio Administrative Code ("OAC") 3901-6-13). This rule states that insurance agents shall not sell, solicit or negotiate the sale of an annuity product unless the insurance agent has adequate knowledge of the product to recommend the annuity and the insurance agent is in compliance with the insurer's standards for product training. An insurance agent may rely on insurer-provided product-specific training standards and materials to comply with the agent training requirements.

In addition to the above requirements, insurance agents subject to OAC 3901-6-13 shall comply with the following continuing education requirements:

- An insurance agent who engages in the sale, solicitation or negotiation of annuity products shall complete a one-time four (4) credit training course provided by a department of insurance approved continuing education provider.
 - (i) Insurance agents who hold a life insurance or variable annuity line of authority on the effective date of OAC 3901-6-13 and who desire to sell annuities shall complete the annuity training course within six (6) months after the effective date of OAC 3901-6-13.
 - (ii) Insurance agents who hold a life insurance or variable annuity line of authority on the effective date of OAC 3901-6-13, but did not complete the annuity training course requirements within six (6) months after the effective date of OAC 3901-6-13 may not engage in the sale of annuities until the annuity training course has been completed.
 - (iii) Individuals who obtain a life insurance or variable annuity line of authority after the effective date of OAC 3901-6-13 may not engage in the sale of annuities until the annuity training course has been completed.
- The minimum length of the training required shall be sufficient to qualify for at least four (4) CE credits, but may be longer.
- The training required under OAC 3901-6-13 shall include information on the following topics:

- (i) The types of annuities and various classifications of annuities;
 - (ii) Identification of the parties to an annuity;
 - (iii) How fixed, variable and indexed annuity contract provisions affect consumers;
 - (iv) The application of income taxation of qualified and non-qualified annuities;
 - (v) The primary uses of annuities; and
 - (vi) Appropriate sales practices, replacement and disclosure requirements.
- Providers of courses intended to comply with OAC 3901-6-13 shall cover all topics listed above and shall not present any marketing information or provide training on sales techniques or provide specific information about a particular insurer's products. Additional topics may be offered in conjunction with and in addition to the required outline.
 - Providers of an annuity training course intended to comply with OAC 3901-6-13 shall register as a CE provider in this state and comply with the rules and guidelines applicable to insurance agent and continuing education courses as set forth in OAC 3901-5-02.
 - Annuity training courses may be conducted and completed by classroom or self-study methods in accordance with OAC 3901-5-04
 - Providers of annuity training shall comply with the reporting requirements and shall issue certificates of completion in accordance with OAC 3901-5-04.
 - For Ohio non-resident agents, the satisfaction of the training requirements of another state that are substantially similar to the provisions of OAC 3901-6-13 shall be deemed to satisfy the training requirements of this state.
 - An insurer shall verify that an insurance agent has completed the four (4) hour annuity training course required under OAC 3901-6-13 before allowing the agent to sell an annuity product for that insurer. An insurer may satisfy its responsibility under OAC 3901-6-13 by obtaining certificates of completion of the training course or obtaining reports provided by superintendent-sponsored database systems or vendors or from a reasonably reliable commercial database vendor that has a reporting arrangement with approved insurance education providers.

In light of the above-noted changes, Prometric will permit continuing education providers to request a re-categorization of any course currently approved for use as an annuities specific course. In order to qualify as an annuities course, **all course content** must focus on annuities related subjects/topics. Courses will **not** be approved under two separate course categories.

If a provider would like to have a portion of a course or an entire course re-classified under the annuities category, the below noted steps, based upon the situation identified, should be followed:

Situation 1. The current course content and/or outline does not need to be amended.

- A provider should submit a request in writing to have the course reviewed for re-categorization. The request must include your provider and course information and a timed outline.
- No course application fee will be required for course re-categorization under this option.
- If re-categorization is approved, the course ID number, effective date and number of approved hours will remain the same, however the course category will change.
- Agent CE records will reflect the course category on file at the time the course was completed. There will be no retroactive changes made to an agent's licensing record if the course is later re-categorized as an annuities specific course.

Situation 2. The current course content and/or outline will need to be changed for the course to qualify as an annuities specific course.

- A provider should submit a new course application. The course application must include the course application fee, timed outline and course material.
- If the course is approved, the existing course number will no longer be valid and a new course number will be issued.

Situation 3. The annuities component is only part of the course content and the course needs to be split into two separate courses (Example: An 8-hour course contains a 2-hour component of annuities):

- A provider should submit a new course application for each course category (i.e. one application for the General, Title, or Surety Bail Bond category and a separate application for the Annuities category). The course applications must include the appropriate course application fees, timed outlines and course materials.
- If the courses are approved, the existing course number will no longer be valid and new course numbers will be issued.

In order to have a course considered for reclassification, providers should forward a formal request, and all required documentation, to the below noted address by April 29, 2011.

Prometric
Attn: Laurie Sadowski – Ohio Annuities Re-categorization
1260 Energy Lane
St. Paul, MN 55108

E-mail: pro.ce-services@prometric.com
Web site: www.prometric.com
Phone: 800.532-2170

Please be advised that requests received after April 29, 2011 will not be accepted.

Providers interested in submitting **new** annuities related courses for consideration should continue with the current course application procedures outlined in the Sponsor Information Packet.