



DEPARTMENT OF COMMERCE AND INSURANCE

P.O. Box 690, Jefferson City, Mo. 65102-0690

INSURANCE BULLETIN 24-07

Suitability in Annuity Transactions – 20 CSR 400-5.900

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To: All producers and insurers offering or selling annuity products in the State of Missouri

From: Chlora Lindley-Myers, Director

Re: Suitability in Annuity Transactions – 20 CSR 400-5.900

The Department of Commerce and Insurance (DCI) recently adopted amendments to the Suitability in Annuity Transactions rule (20 CSR 400-5.900), which became effective August 30, 2024. These amendments incorporate the “Best Interests” standard adopted by the National Association of Insurance Commissioners in Model Regulation #275. The amendments require producers to act in the best interests of the consumer when making a recommendation of an annuity product, under the circumstances known at the time the recommendation is made, and without putting the producer’s or insurer’s financial interest ahead of the consumer’s interest. The rule also requires insurers to have a system in place that ensures the insurance needs and financial objectives of consumers are addressed.

The Department has received several inquiries regarding the producer training requirements included in the amended 20 CSR 400-5.900. The rule states that a producer may not engage in the sale of annuity products unless the producer has adequate knowledge of the product to recommend the annuity and complies with the insurer’s standards for product training. Producer

training requirements under the rule apply to resident and non-resident producers and to all types of annuity products.

The Department directs insurers and producers to 20 CSR 400-5.900(5)(B)1. B. This subsection provides that producers licensed on or before August 30, 2024 have six (6) months after the August 30, 2024 effective date in which to complete the training requirements. In other words, producers licensed as of August 30, 2024, have until February 28, 2025 to complete the annuity suitability training. As noted in 20 CSR 400-5.900 (5)(G), producers licensed as of August 30, 2024 may satisfy the training requirement by either completing a new four-credit training course approved by the Department after August 30, 2024, or an additional one-time, one-credit training course approved by the Department.

The Department next directs insurers and producers to 20 CSR 400-5.900 (5)(B)1 and (C), which requires producers who engage in the sale of annuity products to complete a one-time four-credit training course. Any individual seeking to become a licensed producer after August 30, 2024 must complete the annuity suitability training before they sell, solicit, or negotiate annuities in Missouri.

The Department next directs insurers and producers to 20 CSR 400-5.900 (5)(B)8. This paragraph states that satisfaction of training requirements of another state that are substantially similar to Missouri's training requirements shall be deemed to satisfy the training requirements of this State. To further clarify, if a producer (resident or non-resident) has met another state's annuity suitability training requirements, and those requirements are substantially similar to Missouri's there is no additional training required to sell, solicit, or negotiate annuities in Missouri. This provision applies even if the training was completed prior to the adoption of the amendments to 20 CSR 400-5.900.

Finally, the Department directs insurers and producers to 20 CSR 400-5.900(5)(L). This paragraph details the obligations of an insurer to ensure all of its insurance producers have completed the annuity suitability training course. This paragraph further details the manner in which an insurer may document its compliance and provides a few examples of how to do so.

Insurers with questions regarding this Bulletin or needing other assistance may contact the Licensing Section by email at licensing@insurance.mo.gov or by phone at 573-751-3518.

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