



The State of New Hampshire Insurance Department

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FOR IMMEDIATE RELEASE

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New Hampshire Insurance Department Announces Adoption of Enhanced Consumer Protections in Annuity Transactions

CONCORD, NH (February 28, 2024) – The New Hampshire Insurance Department announced today the adoption of the National Association of Insurance Commissioners' (NAIC) revised Model 275 for Suitability in Annuity Transactions, marking a significant step toward bolstering consumer safeguards in the state's insurance market. Through revisions to INS 305, New Hampshire reaffirms its commitment to prioritizing consumer interests and aligning with best practices established by other states and becomes the 42nd state to adopt this language.

Model 275 establishes a robust set of guidelines to govern the conduct of insurance producers when recommending annuity products to consumers. Central to the model is the imposition of a best interest standard, mandating that producers act in the utmost good faith and with undivided loyalty to the consumer's interests. This standard requires producers to exercise diligence, care, and skill in assessing a consumer's financial situation, understanding available recommendation options, and communicating the basis of their recommendations. By placing consumer interests ahead of financial gain, the model aims to instill greater trust and confidence in annuity transactions.

Key provisions of Model 275 include requirements related to care, disclosure, conflict of interest management, and documentation. Producers are obligated to gather comprehensive consumer profile information, analyze available annuity options, and ensure that recommended products effectively address the consumer's financial needs and objectives. Additionally, stringent disclosure requirements mandate clear and transparent communication of compensation arrangements, potential conflicts of interest, and product features to consumers. Through robust documentation procedures, producers are required to maintain records of

recommendations and consumer acknowledgments, enhancing accountability and facilitating regulatory oversight.

“The adoption of the NAIC's revised Model 275 underscores our unwavering commitment to protecting Granite State consumers,” said Insurance Commissioner DJ Bettencourt. “By implementing a best interest standard, we are setting a higher bar for the industry and providing greater assurance to consumers that their financial well-being is our top priority.”

“We recognize the importance of harmonizing our regulations with those of other states to promote consistency and facilitate compliance for insurers and producers operating across state lines,” said Deputy Insurance Commissioner Keith Nyhan. “These enhancements represent a significant step forward in safeguarding consumer interests and promoting integrity within the annuity market.”

Relative to the rule's new training requirements, the Department provides the following clarification and guidance:

Life insurance producers, licensed on or after 02/16/2024, must complete an annuity training course which meets the requirements of the newly adopted INS 305 prior to selling any annuity products.

However, life insurance producers, licensed prior to 02/16/2024 and who completed annuity training prior to 01/01/2024, have until 08/16/2024 to complete an annuity training course which meets the requirements of the newly adopted INS 305.

In contrast, life insurance producers, licensed prior to 02/16/2024 and who completed an annuity training course which meets the requirements of the newly adopted INS 305 on or after 01/01/2024, will be deemed by the Department to be compliant with the rule's new training requirements.

Lastly, the Department is granting carriers a 60-day grace period (from 02/16/2024 - 04/17/2024) to become compliant with the new requirements of INS 305. During this grace period, the Department shall not take enforcement action against carriers for non-compliance with the new requirements of INS 305. This transitional period allows stakeholders to acclimate to the new requirements and ensure full compliance moving forward.

The adoption of the NAIC's revised Model 275 reflects New Hampshire's ongoing efforts to enhance consumer protections, promote market integrity, and uphold the highest standards of professionalism within the insurance industry.

The New Hampshire Insurance Department Can Help

The New Hampshire Insurance Department's mission is to promote and protect the public good by ensuring the existence of a safe and competitive insurance marketplace through the development and enforcement of the insurance laws of the State of New Hampshire. Contact us with any questions or concerns you may have regarding your insurance coverage at 1-800- 852-3416 or (603) 271-2261, or by

email at consumerservices@ins.nh.gov. For more information, visit <https://www.nh.gov/insurance>.

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