



# HOUSE BILL 784: Suitability in Annuity.

2017-2018 General Assembly

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<b>Committee:</b>	House Insurance	<b>Date:</b>	April 25, 2017
<b>Introduced by:</b>	Reps. Collins, Corbin	<b>Prepared by:</b>	Jeremy Ray
<b>Analysis of:</b>	First Edition		Kristen L. Harris Committee Co-Counsel

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**OVERVIEW:** *House Bill 784 would require the Department of Insurance (DOI) to adopt rules substantially similar to the most recent model regulation on suitability in annuity transactions issued by the National Association of Insurance Commissioners (NAIC).*

**CURRENT LAW:** Part 4 of Article 60 of Chapter 58 of the General Statutes sets forth standards and procedures for recommendations to consumers that result in a transaction involving annuity products so that insurance needs and financial objectives of consumers at the time of the transaction are appropriately addressed.

**BILL ANALYSIS:** **Section 1** would require DOI to adopt rules substantially similar to the most recent model regulation on suitability in annuity transactions issued by NAIC. These model regulations set standards and procedures for suitable annuity recommendations and require insurers to establish a system to supervise recommendations so that the insurance needs and financial objectives of consumers are appropriately addressed. These rules would not require review by the Rules Review Commission.

**Section 2** would repeal Part 4 of Article 60 of Chapter 58 of the General Statutes, which sets forth standards and procedures for recommendations to consumers that result in a transaction involving annuity products, once rules are adopted in accordance with **Section 1**.

**EFFECTIVE DATE:** Section 2 of this act becomes effective on the date that rules adopted pursuant to Section 1 of this act become effective. The remainder of this act is effective when it becomes law. The Codifier of Rules shall notify the Revisor of Statutes of the effective date of rules adopted as required by this act.

**BACKGROUND:** The National Association of Insurance Commissioners is the U.S. standard-setting and regulatory support organization created and governed by the chief insurance regulators from the 50 states, the District of Columbia, and the five U.S. territories. The formal certification program began in June 1990. North Carolina has been accredited since 1991. All fifty states, the District of Columbia, and Puerto Rico are currently accredited.

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