

BEFORE THE COMMISSIONER OF INSURANCE

STATE OF GEORGIA

IN THE MATTER OF:)	
)	
REGULATION 120-2-3-.12)	DOCKET NUMBER
REGULATION 120-2-3-.15)	
)	1-15-1-6
ANNUITY SUITABILITY)	
COURSE REQUIREMENT)	

ORDER

I. STATEMENT OF PROCEEDINGS

On June 25, 2015, A *Notice of Intent to Adopt Rule Changes and Notice of Hearing* was issued regarding the proposed amendments to Regulation Section 120-2-3-.12 entitled "Continuing Education Courses and Provider Approval" and 120-2-3-.15 entitled "Resident Continuing Education Requirements." (Record, Exhibit 1). The purpose of the proposed regulatory actions is to update this Office's insurance agent continuing education requirements for agents engaged in or interested in becoming engaged in the sale of annuity products. The proposed amendments incorporate the NAIC's most recent model regulation concerning suitability in annuity transactions. By letter dated July 31, 2015, the Office of the Attorney General opined that the proposed regulations were within this Office's scope of authority. (Record, Exhibit 5). Pursuant to O.C.G.A. §50-13-4(e), the proposed regulations were transmitted to Wayne R. Allen, Legislative Counsel for the General Assembly, for assignment to the appropriate standing committees of the Senate and House of Representatives. (Record, Exhibit 6). The proposed regulations were assigned accordingly. (Record, Exhibit 7).

Interested persons were given the opportunity to participate in the proposed rulemaking by submitting their written comments by August 3, 2015, and by making oral comments at the

public hearing held on August 6, 2015. Two comment letters were submitted on August 5, 2015. The first was from David Elliott, a senior compliance specialist with RegEd. (Record, Exhibit 8). The second was from Curt Leonard, Regional Vice President of State Relations for the American Council of Life Insurers ("ACLI"). (Record, Exhibit 9). No additional written comments were received by this Office.

Tammy Holmes, Director of the Agents Licensing Division of this Office, spoke in favor of the proposed amendments and was the only person to offer oral comments at the hearing. (Transcript, pp. 8-12) According to Ms. Holmes, the proposed amendments are necessary to implement the NAIC's model one-time four-hour training course concerning annuity sales and the related requirements. The proposed amendments to Regulation 120-2-3-.12 concern the continuing education course and provider approval process. The proposed amendments to Regulation 120-2-3-.15 concern the new one-time four-hour course requirement placed on agents.

II. CONSIDERATION OF INTERESTED PARTY COMMENTS

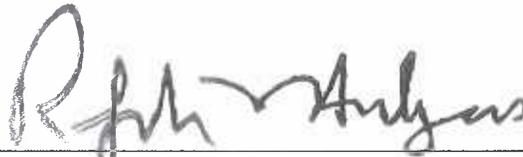
Messrs. Elliott and Leonard noted that with the promulgation of the proposed regulation, the annuity sales course would be referenced at two separate sections of this Office's regulations (120-2-94-.07(1)(a)(iii) and proposed Regulation 120-2-3-.12(1)(d)). Mr. Elliott noted that the proposed Regulation 120-2-3-.12(1)(d) indicates that the relevant education course shall cover "[h]ow fixed, variable and indexed annuity contract provisions affect consumers," whereas Regulation 120-2-94-.07(1)(a)(iii) simply provides that the education course shall cover "[h]ow product specific annuity contract provisions affect consumers." The Commissioner concludes that this minor variation in wording does not merit amending the proposed regulation and holding another public hearing. Mr. Leonard requested assurances on behalf of one or more of

ACLI's members that the dual references do not create an eight-hour course requirement. ACLI is provided that assurance.

III. DECISION

WHEREAS, the Commissioner finds persuasive the comments offered by Ms. Holmes, **IT IS HEREBY ORDERED** that Regulation 120-2-3-.12 entitled "Continuing Education Courses and Provider Approval" and Regulation 120-2-2-.15 entitled "Resident Continuing Education Requirements," copies of which are attached hereto and made a part hereof by reference, are **HEREBY ADOPTED**.

Given under my Hand and Official Seal this 21st day of September, 2015.



RALPH T. HUDGENS
INSURANCE AND SAFETY FIRE COMMISSIONER
STATE OF GEORGIA

