



STATE OF ALASKA
DEPARTMENT OF
COMMERCE
COMMUNITY AND
ECONOMIC DEVELOPMENT

Division of Insurance

Sean Parnell, Governor
Emil Notti, Commissioner
Linda S. Hall, Director

BULLETIN B 09-07

TO: ALL LICENSEES AND ADMITTED INSURERS IN THE STATE OF ALASKA AND OTHER INTERESTED PARTIES

RE: COMPLIANCE WITH RECORD REQUIREMENTS IN RELATION TO SUITABILITY IN ANNUITY TRANSACTIONS, LIFE INSURANCE AND ANNUITY REPLACEMENTS, AND ANNUITY DISCLOSURES

Regulations regarding suitability in annuity transactions, life insurance and annuity replacements, and annuity disclosures went into effect July 25, 2008 (3 AAC 26.750 - 3 AAC 26.819). All affected parties were required to comply with these regulations as of September 1, 2008 per Bulletin B 08-04. The regulations can be accessed through the Division of Insurance website at: <http://commerce.state.ak.us/insurance/newregulations.htm>. The requirements in these regulations are summarized in Bulletin B 08-04, which can be accessed through the Division of Insurance website at: <http://commerce.state.ak.us/insurance/bulletins/B08-04.pdf>

This bulletin puts all insurers and licensees that offer life insurance or annuity contracts subject to these regulations on notice that they should review the regulations in their entirety and assure that each requirement is documented in the insurer's or licensee's records in a manner that allows the director to determine that the insurer or licensee has complied with the regulations.

The Alaska record retention requirements are in AS 21.09.320 and AS 21.27.350. AS 21.09.320(a) states "An insurer domiciled in a jurisdiction other than this state shall keep at its principal place of business a complete record of its assets, transactions, and affairs in accordance with the methods and systems that are customary or suitable to the kind of insurance transacted."

AS 21.27.350(a) states in part "A licensee shall document each action taken in regard to an insurance transaction. The documentation must contain all notes, work papers, documents, and similar material, and be in sufficient detail that relevant events, the dates of those events, and all persons participating in those events can be identified...."

Of particular importance is that each licensee and insurer must include the following in the records relating to each applicable life insurance or annuity contract transaction:

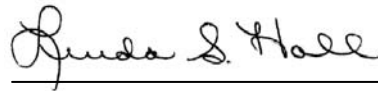
1. Detailed documentation of an insurer's and/or insurance producer's analysis and grounds for believing that a recommendation is suitable.
2. Detailed documentation that the insurer and/or producer have made reasonable efforts to obtain the necessary information to make a suitable recommendation.

3. Documentation that the required disclosures have been provided, such as the annuity disclosure document, the applicable annuity buyer's guide, replacement notice, copy of sales materials used in replacement, the right to receive information regarding existing life insurance policy or annuity contract values, and the required policy owner notice advising the owner that borrowing, surrendering, or withdrawing policy values may affect the guaranteed and non-guaranteed elements, face amount, or surrender value of the policy.

Failure to comply with Alaska laws and regulations including appropriate documentation as described above may result in administrative action.

If you have questions regarding the information in this bulletin, please contact the division at (907) 465-2515, insurance@alaska.gov, or Alaska Division of Insurance, P.O. Box 110805, Juneau AK 99811-0805.

DATED: August 6, 2009



Linda S. Hall
Director