

**DEPARTMENT OF INSURANCE**

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**NOTICE**

**TO:** All Admitted Insurers, Business Entities, Life Agents, Education Providers, and Other Interested Parties

**DATE:** March 1, 2010

**SUBJECT:** FOUR HOUR ANNUITY TRAINING REQUIREMENT

**Background**

On July 1, 2004, the California Department of Insurance (CDI) sent a notice to all insurers to explain the annuity training requirement that resulted from the signing of SB 620 (Scott, Chapter 547, Statutes of 2003). SB 620 added Section 1749.8 to the California Insurance Code (CIC).

Specifically, the notice stated that effective January 1, 2005, all California resident and non-resident life agents who sell annuity products must satisfactorily complete eight hours of annuity training prior to soliciting individual consumers to sell annuities. In addition, the notice explained that upon completing the eight-hour training, the law also requires life agents who sell annuity products to satisfactorily complete an additional four hours of annuity training every two years prior to their license renewal. For resident agents, this requirement is a part of, and not in addition to, their continuing education requirements.

The Notice also clarified that as defined in Section 1749.8 (d) of the CIC, the training requirement does not apply to non-resident agents who represent a direct response provider.

To this date, CDI continues to receive several inquiries regarding the annuity training requirement. Most of the questions we currently receive are specific to the four-hour training. In response to these questions, CDI continues to update the Annuity Training Question and Answers webpage on its Website at [www.insurance.ca.gov](http://www.insurance.ca.gov).

**Frequently Asked Questions**

However, despite this effort, many agents and insurers continue to be confused as to when the four-hour training must be completed. In an effort to clarify this confusion, six scenarios reflecting the most commonly asked questions, including CDI's responses, are presented in this notice.

### **Scenario 1**

During his first license term, Bob, a new life agent, completes the initial eight-hour annuity training course allowing him to transact annuities. During Bob's second license term, he continues to work for the same insurer but determines that he will no longer sell annuities. Consequently, Bob does not complete a four-hour annuity training course during his second license term. However, during his third license term, Bob, who continues to be employed with the same insurer, decides that he wants to start selling annuity products.

**Question:** When is Bob required to complete the four-hour annuity training?

**Response:** Bob is required to complete the four-hour annuity training at any time during his third license term. Section 1749.8(b) of the CIC states, in part, that every life agent who sells annuities shall satisfactorily complete four hours of annuity training every two years prior to license renewal. Because Bob did not sell annuities during his second license term, he did not need to complete the four-hour annuity training course during that term.

### **Scenario 2**

During her first license term, Nancy, a new life agent, completes the initial eight-hour annuity training course allowing her to transact annuities. During her second license term, Nancy continues to sell annuity products, but has not yet completed the four-hour annuity training since she has until the end of her second license term to do so. Later during her second license term, Nancy subsequently leaves her employer to join another insurer, for whom she will also be selling annuities.

**Question:** Is Nancy's original employer responsible to ensure that she completed the four-hour annuity training or is her new employer responsible? Also, when is Nancy required to complete the four-hour annuity training?

**Response:** Nancy's original employer is not responsible to ensure that she completed the four-hour annuity training even though the licensee sold annuities for her original employer. However, Nancy's new employer must ensure that she completes the four-hour annuity training prior to the expiration date of her second license term.

### **Scenario 3**

Victor completes the initial eight-hour annuity training course two months prior to CDI issuing him a life agent license.

**Question:** Will the training that was completed before Victor received his license satisfy the initial eight-hour annuity training requirement?

**Response:** The initial eight-hour annuity training requirement will be met if the training was completed no more than one year prior to the issuance of the license. It is Victor's responsibility to make arrangements with the Education Provider that issued him a certificate to notify CDI that he completed the eight-hour annuity training. Since Victor completed the course prior to being issued his license, his Education Provider will need to re-submit the course roster that included his name to CDI to allow the eight-hour annuity course to be reflected in Victor's license record.

#### **Scenario 4**

Stephanie has just been issued a non-resident license in California. Prior to obtaining her California license, Stephanie was licensed in Nevada as a resident where she sold annuities.

**Question:** How many hours and when does Stephanie have to complete her annuity training?

**Response:** If Stephanie does not represent an insurer that is a direct response provider, she is required to complete the initial eight-hour annuity training prior to soliciting individual consumers in California. Thereafter, the four-hour annuity training is required every two years prior to her license renewal beginning with Stephanie's second California license term.

Also, pursuant to Section 1749.8(c) of the CIC, the annuity courses that Stephanie completes must be approved by CDI to satisfy her annuity training requirement. A listing of the courses approved by CDI can be accessed through CDI's Web site at [www.insurance.ca.gov](http://www.insurance.ca.gov). Once at the CDI Web site, insert "education provider/course search" in the Search box on the main page. On the education provider/course search Web page at <http://interactive.web.insurance.ca.gov/providercourselookup/index.jsp>, select "Life-Only Agent" as the License Type, "Continuing Education" as the Education Type, and "2004 Annuity" as the Category Type.

#### **Scenario 5**

Corey let his license lapse for more than one year after his renewal date. He now decides that he wants to transact insurance again. Corey must first reapply as a new applicant, meeting all the licensing requirements (i.e. prelicensing education, successfully passing the qualifying examination, fingerprints). Before Corey's license expired, he completed the initial eight-hour annuity training and sold annuities. Once he obtains his license, Corey is planning to once again sell annuity products.

**Question:** How many hours and when does Corey have to complete the annuity training before he may begin selling annuities again?

**Response:** Although Corey let his license lapse for more than one year and must reapply as a new applicant, he does not need to retake the eight-hour annuity training since he previously completed the course. Corey will be required to complete the four-hour annuity training prior to the end of his first license term under his newly issued license.

### **Scenario 6**

During his current license term, Thor, a life agent, completes the initial eight-hour annuity training course allowing him to transact annuities. After renewing his license, Thor is contacted by his appointed insurer who informs him that they will not accept any further annuity business from Thor until he completes a four-hour annuity training class.

**Question:** Can Thor's appointed insurer require him to complete a four-hour annuity course prior to allowing him to continue to sell annuities even though Section 1749.8(b) of the CIC states that life agents who sell annuity products must satisfactorily complete four hours of training every two years prior to their license renewal date?

**Response:** As a condition of his employment, Thor's appointed insurer may require him to complete the four-hour training requirement prior to Thor's license renewal date.

If you have any questions regarding this notice, please e-mail the Producer Licensing Bureau at <https://interactive.web.insurance.ca.gov/pli/servlet/InformationRequest> or call the CDI's Producer Licensing Bureau at (800) 967-9331 or (916) 322-3555. Please be sure to include your name, telephone number, license number and e-mail address in all correspondence with the CDI.