

# Commissioner of Securities and Insurance

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Commissioner



Office of the  
Montana State Auditor

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## INFORMATIONAL BULLETIN

To: ALL INTERESTED PERSONS

From: TROY DOWNING  
Commissioner of Securities and Insurance, Montana State Auditor

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### NEW TRAINING REQUIREMENTS FOR COMPANIES AND PRODUCERS SELLING ANNUITIES, EFFECTIVE OCTOBER 1, 2021

The 2021 Legislature considered and passed, as [Senate Bill 363](#) (SB 363), amendments to the [Montana Suitability in Annuity Transactions Act](#), Mont. Code Ann. § 33-20-801 through 807. SB 363 substantially adopted the National Association of Insurance Commissioners (NAIC) Model Regulation [No. 275](#), Suitability in Annuity Transactions, published Spring 2020. The amendments were **effective October 1, 2021**.

The Insurance Department has adopted new administrative rules to implement certain aspects of SB 363. See MAR Notice No. 6-264, at [Proposal Notice](#), 2021 MAR Issue No. 15, at 971-975 (Aug. 6, 2021). The new ARMS took effect with the statutory amendments on October 1, 2021. See *id.*, at [Adoption Notice](#), MAR Issue No. 18, at 1206-07 (Sept. 24, 2021).

This bulletin is intended to first, highlight and summarize the training requirements for insurers offering, and producers who solicit the sale of, an annuity product, and then second, to provide a reference chart of the new requirements. This bulletin is informational in nature, does not cover every amendment made by SB 363, and is not a substitute for reviewing the applicable law and administrative rules which would control in the event of any inconsistency.

#### *Training Requirements*

The new law **retained all existing training provisions** while adding certain requirements to them. SB 363 did not eliminate the requirement that producers who solicit the sale of an annuity product must be knowledgeable about the product and follow insurer standards on product training,<sup>1</sup> it retained in large part the mandated (and prohibited) content for such training,<sup>2</sup> and continued the existing requirement that the insurer is responsible for verifying a producer has completed the required training before allowing the producer to sell an annuity product for that insurer.<sup>3</sup>

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<sup>1</sup> Compare § 33-20-807(1), MCA (2019) with § 33-20-807(1), MCA (2021).

<sup>2</sup> Compare § 33-20-807(2)-(3), MCA (2019) with § 33-20-807(2)(c)-(d), MCA (2021).

<sup>3</sup> Compare § 33-20-807(4), MCA (2019) with § 33-20-807(2)(e), MCA (2021).

To the existing law and consistent with the NAIC Model, SB 363 **added several key provisions** which included allowing the producer to rely on insurer-provided information,<sup>4</sup> making training mandatory, creating a grace period for existing licensees to complete it, setting a minimum length of that training with an alternative minimum length for existing licensees, and providing for an alternative satisfaction of the training requirements.<sup>5</sup> These new provisions are summarized below.

In maintaining the requirement that producers comply with the insurer's standards for product training, SB 363 also contemplates that **companies will provide certain training** by permitting the producer to "rely on insurer-provided product-specific training standards and materials[.]"<sup>6</sup> However, companies and producers should note that it remains the case that the one-time training course, discussed next, still **may not include** any information on marketing, sales techniques, or product-specific features.<sup>7</sup>

SB 363 adopted a new requirement that a producer who engages in the sale of annuity products must complete a **one-time, 4-credit training course** approved by CSI.<sup>8</sup> Further, the law adopted an option for producers with an existing license and who had taken a similar training course under the prior model act (from 2017) to take an **alternative one-time, 1-credit course** approved by CSI.<sup>9</sup> CSI will review and approve these training courses using its regular process for continuing education courses.<sup>10</sup>

**Existing licensees** will have a **six-month grace period** to complete the training requirements.<sup>11</sup> **New licensees**, however, are prohibited from engaging in the sale of annuities until the required training course is completed.<sup>12</sup> Companies must still verify training has been done before allowing a producer to sell its annuity products.<sup>13</sup>

The training requirement can also be satisfied by course(s) with **substantially similar content** to the topic areas set forth in the statute.<sup>14</sup> CSI adopted an administrative rule to facilitate submission of requests for approval under this alternative method for satisfying the mandatory training.<sup>15</sup>

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<sup>4</sup> See § 33-22-807(1), MCA (2021).

<sup>5</sup> See § 33-22-807(2), MCA (2021) ((a)(i)–mandatory training, approved by CSI; (a)(ii)–grace period and sales limitation; (b)–minimum length; (f)(ii)–alternative minimum length for licensees who already completed training; and (g)–alternative satisfaction).

<sup>6</sup> See n. 4.

<sup>7</sup> See § 33-22-807(2)(d), MCA (2021).

<sup>8</sup> See § 33-22-807(2)(a)(i), MCA (2021).

<sup>9</sup> See § 33-22-807(2)(f)(ii), MCA (2021).

<sup>10</sup> See Admin. R. Mont. [6.6.812](#).

<sup>11</sup> See §§ 33-20-807(2)(a)(ii), (f), MCA (2021).

<sup>12</sup> See § 33-20-807(2)(a)(ii), MCA (2021).

<sup>13</sup> See § 33-20-807(2)(e), MCA (2021); *see also* Admin. R. Mont. [6.6.813](#).

<sup>14</sup> See § 33-20-807(2)(c)–(d), (g), MCA (2021).

<sup>15</sup> See Admin. R. Mont. [6.6.814](#).

*Training Requirements Reference Chart*

The following chart is based on the training requirements, grace-period, and alternative option set forth in § 33-20-807(2)(a)(ii) and (2)(f), MCA (2021).

<b>Producer's life insurance line of authority initial effective date:</b>	<b>4-credit training required?</b>	<b>Alternative 1-credit training allowed?*</b>	<b>Producer must complete training by when?</b>	<b>Can producer sell annuity products in the interim?</b>
On or before 9/30/21	Yes.	Yes.	April 1, 2022	Yes.
On 10/1/21**	Yes.	Yes.	April 1, 2022	Yes.
On or after 10/2/21	Yes.	No.	Before engaging in the sale of any annuity product	No.

\*The alternative option to take a 1-credit training course is *only* available to producers who, on or before September 30, 2021, completed an annuity training course approved by CSI. *See* § 33-20-807(2)(f), MCA (2021).

\*\*Both the NAIC Model and SB 363 contain conflicting language in the provision concerning the 6-month grace period (*see* § 33-20-807(2)(a)(ii), MCA (2021)) and how it would apply to the small group of individuals who obtain a life insurance line of authority actually on October 1, 2021. In an exercise of its regulatory discretion, and construing the provision in favor of this small class of individuals, CSI has determined that for purposes of the training requirements, producers who were issued a life insurance line of authority that was initially effective on Friday, October 1, 2021, will be treated the same as those who held such a line of authority on September 30, 2021.

Questions regarding these training requirements can be directed to Insurance Licensing at [producerlicensing@mt.gov](mailto:producerlicensing@mt.gov), or by calling 800-332-6148 or 406-444-2040.

*\*\*\*\*This bulletin is informational only and is not a substitute for reviewing the applicable law and administrative rules which would control in the event of any inconsistency.\*\*\*\**