

**DEPARTMENT OF INSURANCE**

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**NOTICE**

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

**DATE:** December 6, 2011

**SUBJECT:** California's Annuity Training Requirements

**Background**

Section 1749.8 of the California Insurance Code (CIC) requires that every insurance producer who sells annuities shall satisfactorily complete eight hours of training prior to soliciting consumers to sell annuities. This section further requires insurance producers to complete four hours of training every two years prior to their license renewal. The four-hour training does not have to be repeated if the insurance producer has already completed it for that license term even if the insurance producer is appointed by different insurers during the license term.

**Recent law Changes**

To provide clarification to the four hour annuity training requirement, AB 1416 (Stats of 2011 – Committee on Insurance) included an amendment to Section 1749.8 to state that the four hours of annuity training is to be completed prior to each license renewal. This amendment that takes effect on January 1, 2012 was only made for clarification purposes and does not change the existing annuity training requirements.

Additionally, AB 689 (Stats of 2011 - Blumenfeld) will also become law effective January 1, 2012. AB 689 adopts several of the provisions of the recently adopted National Association of Insurance Commissioners (NAIC) Suitability in Annuity Transactions model regulations. Similar to AB 1416, the changes in AB 689 do not change the existing annuity training requirements.

**Annuity Product-Specific Training**

However, AB 689 does add Section 10509.915(a) to the CIC which states that an insurance producer shall not solicit the sale of an annuity product unless the insurance producer has adequate knowledge of the product to recommend the annuity and the insurance producer is in compliance with the insurer's standards for product training. Insurance producers may rely on insurer-provided product-specific training standards and materials to comply with the product-specific training requirement. The annuity product-specific training is a separate requirement from the eight and four-hour annuity training noted above.

Consequently, insurance producers that sell annuity products must complete the insurer's product-specific training prior to January 1, 2012. Any insurance producer who has not completed the insurer's annuity product-specific training before January 1, 2012 is precluded from selling those annuity products until the product-specific training is completed. The California Department of Insurance (CDI) encourages all insurance producers who sell annuity products to complete the product-specific training as soon as possible.

**Questions**

To obtain further information regarding the annuity product-specific training, you may review AB 689 at the following link: [http://www.leginfo.ca.gov/pub/11-12/bill/asm/ab\\_0651-0700/ab\\_689\\_bill\\_20110921\\_chaptered.pdf](http://www.leginfo.ca.gov/pub/11-12/bill/asm/ab_0651-0700/ab_689_bill_20110921_chaptered.pdf)

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