

SUBSTITUTE FOR
SENATE BILL NO. 467

A bill to amend 1956 PA 218, entitled
"The insurance code of 1956,"
by amending sections 4151, 4153, 4155, and 4165 (MCL 500.4151,
500.4153, 500.4155, and 500.4165), as added by 2006 PA 399, and by
adding sections 4158, 4159, 4160, and 4161; and to repeal acts and
parts of acts.

THE PEOPLE OF THE STATE OF MICHIGAN ENACT:

1 Sec. 4151. As used in this chapter:

2 (a) "Annuity" means ~~a fixed annuity or variable~~ **AN** annuity
3 **THAT IS AN INSURANCE PRODUCT UNDER STATE LAW** that is individually
4 solicited, whether the product is classified as an individual or
5 group annuity.

6 (b) "Insurance producer" or "producer" means insurance
7 producer as defined in section 1201 and includes a business entity

1 described in section 1205(2) that is licensed as an insurance
2 producer under this act.

3 (c) "Recommendation" means advice provided by an insurance
4 producer, or an insurer ~~where~~ **IF** no producer is involved, to an
5 individual consumer that results in a purchase, ~~or~~ exchange, **OR**
6 **REPLACEMENT** of an annuity in accordance with that advice.

7 (D) **"REPLACEMENT" OR "REPLACE" MEANS A TRANSACTION IN WHICH A**
8 **NEW POLICY OR CONTRACT IS TO BE PURCHASED, AND IT IS KNOWN OR**
9 **SHOULD BE KNOWN TO THE PROPOSING PRODUCER, OR TO THE PROPOSING**
10 **INSURER IF THERE IS NO PRODUCER, THAT BY REASON OF THE TRANSACTION,**
11 **AN EXISTING POLICY OR CONTRACT HAS BEEN OR IS TO BE 1 OF THE**
12 **FOLLOWING:**

13 (i) **LAPSED, FORFEITED, SURRENDERED OR PARTIALLY SURRENDERED,**
14 **ASSIGNED TO THE REPLACING INSURER, OR OTHERWISE TERMINATED.**

15 (ii) **CONVERTED TO REDUCED PAID-UP INSURANCE, CONTINUED AS**
16 **EXTENDED TERM INSURANCE, OR OTHERWISE REDUCED IN VALUE BY THE USE**
17 **OF NONFORFEITURE BENEFITS OR OTHER POLICY VALUES.**

18 (iii) **AMENDED SO AS TO EFFECT EITHER A REDUCTION IN BENEFITS OR**
19 **IN THE TERM FOR WHICH COVERAGE WOULD OTHERWISE REMAIN IN FORCE OR**
20 **FOR WHICH BENEFITS WOULD BE PAID.**

21 (iv) **REISSUED WITH ANY REDUCTION IN CASH VALUE.**

22 (v) **USED IN A FINANCED PURCHASE.**

23 (E) **"SUITABILITY INFORMATION" MEANS INFORMATION THAT IS**
24 **REASONABLY APPROPRIATE TO DETERMINE THE SUITABILITY OF A**
25 **RECOMMENDATION, INCLUDING ALL OF THE FOLLOWING:**

26 (i) **AGE.**

27 (ii) **ANNUAL INCOME.**

1 (iii) FINANCIAL SITUATION AND NEEDS, INCLUDING THE FINANCIAL
2 RESOURCES USED FOR THE FUNDING OF THE ANNUITY.

3 (iv) FINANCIAL EXPERIENCE.

4 (v) FINANCIAL OBJECTIVES.

5 (vi) INTENDED USE OF THE ANNUITY.

6 (vii) FINANCIAL TIME HORIZON.

7 (viii) EXISTING ASSETS, INCLUDING INVESTMENT AND LIFE INSURANCE
8 HOLDINGS.

9 (ix) LIQUIDITY NEEDS.

10 (x) LIQUID NET WORTH.

11 (xi) RISK TOLERANCE.

12 (xii) TAX STATUS.

13 Sec. 4153. (1) This chapter applies to any recommendation to
14 purchase, ~~or~~ exchange, **OR REPLACE** an annuity made to a consumer by
15 an insurance producer, or **BY** an insurer ~~where~~ **IF** no producer is
16 involved, that results in the purchase, ~~or~~ exchange, **OR REPLACEMENT**
17 recommended.

18 (2) This chapter does not apply to any recommendation to
19 purchase, ~~or~~ exchange, **OR REPLACE** an annuity involving any of the
20 following:

21 (a) Direct response solicitations ~~where~~ **IF** there is no
22 recommendation based on information collected from the consumer.

23 (b) Contracts used to fund any of the following:

24 (i) An employee pension or welfare benefit plan that is covered
25 by the employee retirement ~~and~~ income security act **OF 1974**, Public
26 Law 93-406.

27 (ii) A plan described by 26 USC 401(a), 26 USC 401(k), 26 USC

1 403(b), 26 USC 408(k), or 26 USC 408(p), if established or
2 maintained by an employer.

3 (iii) A ~~government~~**GOVERNMENTAL** or church plan defined in 26 USC
4 414, a government or church welfare benefit plan, or a deferred
5 compensation plan of a state or local government or tax exempt
6 organization under 26 USC 457.

7 (iv) A nonqualified deferred compensation arrangement
8 established or maintained by an employer or plan sponsor.

9 (v) Settlements of or assumptions of liabilities associated
10 with personal injury litigation or any dispute or claim resolution
11 process.

12 (vi) Formal prepaid funeral contracts.

13 Sec. 4155. (1) In recommending to a consumer the purchase of
14 an annuity or the exchange of an annuity that results in another
15 insurance transaction or series of insurance transactions, the
16 insurance producer, or the insurer ~~where~~**IF** no producer is
17 involved, shall have reasonable grounds for believing that the
18 recommendation is suitable for the consumer on the basis of the
19 facts disclosed by the consumer as to his or her investments and
20 other insurance products and as to his or her financial situation
21 and needs, ~~—~~**INCLUDING THE CONSUMER'S SUITABILITY INFORMATION, AND**
22 **THAT THERE IS A REASONABLE BASIS TO BELIEVE ALL OF THE FOLLOWING:**

23 (A) **THE CONSUMER HAS BEEN REASONABLY INFORMED OF VARIOUS**
24 **FEATURES OF THE ANNUITY, SUCH AS THE POTENTIAL SURRENDER PERIOD AND**
25 **SURRENDER CHARGE, POTENTIAL TAX PENALTY IF THE CONSUMER SELLS,**
26 **EXCHANGES, SURRENDERS, OR ANNUITIZES THE ANNUITY, MORTALITY AND**
27 **EXPENSE FEES, INVESTMENT ADVISORY FEES, POTENTIAL CHARGES FOR AND**

1 FEATURES OF RIDERS, LIMITATIONS ON INTEREST RETURNS, INSURANCE AND
2 INVESTMENT COMPONENTS, AND MARKET RISK.

3 (B) THE CONSUMER WOULD BENEFIT FROM CERTAIN FEATURES OF THE
4 ANNUITY, SUCH AS TAX-DEFERRED GROWTH, ANNUITIZATION, OR DEATH OR
5 LIVING BENEFIT.

6 (C) THE PARTICULAR ANNUITY AS A WHOLE, THE UNDERLYING
7 SUBACCOUNTS TO WHICH FUNDS ARE ALLOCATED AT THE TIME OF PURCHASE OR
8 EXCHANGE OF THE ANNUITY, AND RIDERS AND SIMILAR PRODUCT
9 ENHANCEMENTS, IF ANY, ARE SUITABLE AND, FOR AN EXCHANGE OR
10 REPLACEMENT, THE TRANSACTION AS A WHOLE IS SUITABLE, FOR THE
11 PARTICULAR CONSUMER BASED ON HIS OR HER SUITABILITY INFORMATION.

12 (D) FOR AN EXCHANGE OR REPLACEMENT OF AN ANNUITY, THE EXCHANGE
13 OR REPLACEMENT IS SUITABLE INCLUDING TAKING INTO CONSIDERATION ALL
14 OF THE FOLLOWING:

15 (i) WHETHER THE CONSUMER WILL INCUR A SURRENDER CHARGE, BE
16 SUBJECT TO THE COMMENCEMENT OF A NEW SURRENDER PERIOD, LOSE
17 EXISTING BENEFITS SUCH AS DEATH, LIVING, OR OTHER CONTRACTUAL
18 BENEFITS, OR BE SUBJECT TO INCREASED FEES, INVESTMENT ADVISORY
19 FEES, OR CHARGES FOR RIDERS AND SIMILAR PRODUCT ENHANCEMENTS.

20 (ii) WHETHER THE CONSUMER WOULD BENEFIT FROM PRODUCT
21 ENHANCEMENTS AND IMPROVEMENTS.

22 (iii) WHETHER THE CONSUMER HAS HAD ANOTHER ANNUITY EXCHANGE OR
23 REPLACEMENT AND, IN PARTICULAR, AN EXCHANGE OR REPLACEMENT WITHIN
24 THE PRECEDING 36 MONTHS.

25 (2) ~~Prior to~~ BEFORE the execution of a purchase, ~~or~~ exchange,
26 OR REPLACEMENT of an annuity resulting from a recommendation, an
27 insurance producer, or an insurer ~~where~~ IF no producer is involved,

1 shall make reasonable efforts to obtain all of the following
 2 information: **THE CONSUMER'S SUITABILITY INFORMATION.**

3 ~~—— (a) The consumer's financial status.~~

4 ~~—— (b) The consumer's tax status.~~

5 ~~—— (c) The consumer's investment objectives.~~

6 ~~—— (d) Such other information used or considered to be reasonable
 7 by the insurance producer, or the insurer where no producer is
 8 involved, in making recommendations to the consumer.~~

9 ~~—— (3) Except as provided under subsection (4), neither an
 10 insurance producer, nor an insurer where no producer is involved,
 11 shall have any obligation to a consumer under subsection (1)
 12 related to any recommendation if a consumer does any of the
 13 following:~~

14 ~~—— (a) Refuses to provide relevant information requested by the
 15 insurer or insurance producer.~~

16 ~~—— (b) Decides to enter into an insurance transaction that is not
 17 based on a recommendation of the insurer or insurance producer.~~

18 ~~—— (c) Fails to provide complete or accurate information.~~

19 ~~—— (4) An insurer or insurance producer's recommendation subject
 20 to subsection (1) shall be reasonable under all the circumstances
 21 actually known to the insurer or insurance producer at the time of
 22 the recommendation.~~

23 **(3) EXCEPT AS PERMITTED UNDER SUBSECTION (4), AN INSURER SHALL**
 24 **NOT ISSUE AN ANNUITY RECOMMENDED TO A CONSUMER UNLESS THERE IS A**
 25 **REASONABLE BASIS TO BELIEVE THAT THE ANNUITY IS SUITABLE BASED ON**
 26 **THE CONSUMER'S SUITABILITY INFORMATION.**

27 **(4) AN INSURER'S ISSUANCE OF AN ANNUITY SHALL BE REASONABLE**

1 UNDER ALL OF THE CIRCUMSTANCES ACTUALLY KNOWN TO THE INSURER AT THE
2 TIME THE ANNUITY IS ISSUED. HOWEVER, NEITHER A PRODUCER NOR AN
3 INSURER HAS ANY OBLIGATION TO A CONSUMER UNDER SUBSECTION (1) OR
4 (3) RELATED TO ANY ANNUITY TRANSACTION IF ANY OF THE FOLLOWING
5 APPLY:

6 (A) A RECOMMENDATION IS NOT MADE.

7 (B) A RECOMMENDATION WAS MADE AND WAS LATER FOUND TO HAVE BEEN
8 PREPARED BASED ON MATERIALLY INACCURATE INFORMATION PROVIDED BY THE
9 CONSUMER.

10 (C) A CONSUMER REFUSES TO PROVIDE RELEVANT SUITABILITY
11 INFORMATION AND THE ANNUITY TRANSACTION IS NOT RECOMMENDED.

12 (D) A CONSUMER DECIDES TO ENTER INTO AN ANNUITY TRANSACTION
13 THAT IS NOT BASED ON A RECOMMENDATION OF THE INSURER OR THE
14 INSURANCE PRODUCER.

15 (5) A PRODUCER OR, IF NO PRODUCER IS INVOLVED, THE RESPONSIBLE
16 INSURER REPRESENTATIVE, SHALL AT THE TIME OF SALE DO ALL OF THE
17 FOLLOWING:

18 (A) MAKE A RECORD OF ANY RECOMMENDATION SUBJECT TO SUBSECTION
19 (1).

20 (B) OBTAIN A CUSTOMER-SIGNED STATEMENT DOCUMENTING A
21 CUSTOMER'S REFUSAL TO PROVIDE SUITABILITY INFORMATION, IF ANY.

22 (C) OBTAIN A CUSTOMER-SIGNED STATEMENT ACKNOWLEDGING THAT AN
23 ANNUITY TRANSACTION IS NOT RECOMMENDED IF A CUSTOMER DECIDES TO
24 ENTER INTO AN ANNUITY TRANSACTION THAT IS NOT BASED ON THE
25 PRODUCER'S OR INSURER'S RECOMMENDATION.

26 SEC. 4158. (1) AN INSURER SHALL ESTABLISH A SUPERVISION SYSTEM
27 THAT IS REASONABLY DESIGNED TO ACHIEVE THE INSURER'S AND ITS

1 PRODUCERS' COMPLIANCE WITH THIS CHAPTER, INCLUDING, BUT NOT LIMITED
2 TO, ALL OF THE FOLLOWING:

3 (A) MAINTAIN REASONABLE PROCEDURES TO INFORM ITS PRODUCERS OF
4 THE REQUIREMENTS OF THIS CHAPTER AND INCORPORATE THE REQUIREMENTS
5 OF THIS CHAPTER INTO RELEVANT PRODUCER TRAINING MANUALS.

6 (B) ESTABLISH STANDARDS FOR PRODUCER PRODUCT TRAINING AND
7 MAINTAIN REASONABLE PROCEDURES TO REQUIRE ITS PRODUCERS TO COMPLY
8 WITH SECTION 4160.

9 (C) PROVIDE PRODUCT-SPECIFIC TRAINING AND TRAINING MATERIALS
10 THAT EXPLAIN ALL MATERIAL FEATURES OF ITS ANNUITY PRODUCTS TO ITS
11 PRODUCERS.

12 (D) MAINTAIN PROCEDURES FOR REVIEW OF EACH RECOMMENDATION
13 BEFORE ISSUANCE OF AN ANNUITY THAT ARE DESIGNED TO ENSURE THAT
14 THERE IS A REASONABLE BASIS TO DETERMINE THAT A RECOMMENDATION IS
15 SUITABLE. REVIEW PROCEDURES MAY APPLY A SCREENING SYSTEM FOR THE
16 PURPOSE OF IDENTIFYING SELECTED TRANSACTIONS FOR ADDITIONAL REVIEW
17 AND MAY BE ACCOMPLISHED ELECTRONICALLY OR THROUGH OTHER MEANS,
18 INCLUDING, BUT NOT LIMITED TO, PHYSICAL REVIEW. AN ELECTRONIC OR
19 OTHER SYSTEM MAY BE DESIGNED TO REQUIRE ADDITIONAL REVIEW ONLY OF
20 THOSE TRANSACTIONS IDENTIFIED FOR ADDITIONAL REVIEW BY THE
21 SELECTION CRITERIA.

22 (E) MAINTAIN REASONABLE PROCEDURES TO DETECT RECOMMENDATIONS
23 THAT ARE NOT SUITABLE. THIS MAY INCLUDE, BUT IS NOT LIMITED TO,
24 CONFIRMATION OF CONSUMER SUITABILITY INFORMATION, SYSTEMATIC
25 CUSTOMER SURVEYS, INTERVIEWS, CONFIRMATION LETTERS, AND PROGRAMS OF
26 INTERNAL MONITORING. THIS SUBDIVISION DOES NOT PREVENT AN INSURER
27 FROM COMPLYING WITH THIS SUBDIVISION BY APPLYING SAMPLING

1 PROCEDURES OR BY CONFIRMING SUITABILITY INFORMATION AFTER ISSUANCE
2 OR DELIVERY OF THE ANNUITY.

3 (F) ANNUALLY PROVIDE A REPORT TO SENIOR MANAGEMENT, INCLUDING
4 TO THE SENIOR MANAGER RESPONSIBLE FOR AUDIT FUNCTIONS, THAT DETAILS
5 A REVIEW, WITH APPROPRIATE TESTING, REASONABLY DESIGNED TO
6 DETERMINE THE EFFECTIVENESS OF THE SUPERVISION SYSTEM, THE
7 EXCEPTIONS FOUND, AND CORRECTIVE ACTION TAKEN OR RECOMMENDED, IF
8 ANY.

9 (2) THIS SECTION DOES NOT RESTRICT AN INSURER FROM CONTRACTING
10 FOR PERFORMANCE OF A FUNCTION, INCLUDING MAINTENANCE OF PROCEDURES,
11 REQUIRED UNDER SUBSECTION (1). AN INSURER SHALL TAKE APPROPRIATE
12 CORRECTIVE ACTION AND MAY BE SUBJECT TO SANCTIONS AND PENALTIES
13 UNDER THIS ACT REGARDLESS OF WHETHER THE INSURER CONTRACTS FOR
14 PERFORMANCE OF A FUNCTION AND REGARDLESS OF THE INSURER'S
15 COMPLIANCE WITH SUBSECTION (3).

16 (3) AN INSURER'S SUPERVISION SYSTEM UNDER THIS SECTION SHALL
17 INCLUDE SUPERVISION OF CONTRACTUAL PERFORMANCE. THIS INCLUDES, BUT
18 IS NOT LIMITED TO, THE FOLLOWING:

19 (A) MONITORING AND, AS APPROPRIATE, CONDUCTING AUDITS TO
20 ASSURE THAT THE CONTRACTED FUNCTION IS PROPERLY PERFORMED.

21 (B) ANNUALLY OBTAINING A CERTIFICATION FROM A SENIOR MANAGER
22 WHO HAS RESPONSIBILITY FOR THE CONTRACTED FUNCTION THAT THE MANAGER
23 HAS A REASONABLE BASIS TO REPRESENT, AND DOES REPRESENT, THAT THE
24 FUNCTION IS PROPERLY PERFORMED.

25 (4) AN INSURER IS NOT REQUIRED TO INCLUDE IN ITS SYSTEM OF
26 SUPERVISION A PRODUCER'S RECOMMENDATIONS TO CONSUMERS OF PRODUCTS
27 OTHER THAN THE ANNUITIES OFFERED BY THE INSURER.

1 SEC. 4159. A PRODUCER SHALL NOT DISSUADE, OR ATTEMPT TO
2 DISSUADE, A CONSUMER FROM ANY OF THE FOLLOWING:

3 (A) TRUTHFULLY RESPONDING TO AN INSURER'S REQUEST FOR
4 CONFIRMATION OF SUITABILITY INFORMATION.

5 (B) FILING A COMPLAINT.

6 (C) COOPERATING WITH THE INVESTIGATION OF A COMPLAINT.

7 SEC. 4160. (1) A PRODUCER SHALL NOT SOLICIT THE SALE OF AN
8 ANNUITY UNLESS THE PRODUCER HAS ADEQUATE KNOWLEDGE OF THE PRODUCT
9 TO RECOMMEND THE ANNUITY AND THE PRODUCER IS IN COMPLIANCE WITH THE
10 INSURER'S STANDARDS FOR PRODUCT TRAINING. A PRODUCER MAY RELY ON
11 INSURER-PROVIDED PRODUCT-SPECIFIC TRAINING STANDARDS AND MATERIALS
12 TO COMPLY WITH THIS SUBSECTION.

13 (2) A PRODUCER WHO ENGAGES IN THE SALE OF ANNUITIES SHALL
14 COMPLETE A 1-TIME 4-CREDIT TRAINING COURSE APPROVED BY THE
15 COMMISSIONER AND PROVIDED BY AN INSURANCE PRODUCER PROGRAM OF STUDY
16 REGISTERED UNDER CHAPTER 12. INSURANCE PRODUCERS WHO HOLD A LIFE
17 INSURANCE LINE OF AUTHORITY ON THE EFFECTIVE DATE OF THE AMENDATORY
18 ACT THAT ADDED THIS SECTION AND WHO DESIRE TO SELL ANNUITIES SHALL
19 COMPLETE THE REQUIREMENTS OF THIS SUBSECTION WITHIN 6 MONTHS AFTER
20 THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED THIS SECTION.
21 INDIVIDUALS WHO OBTAIN A LIFE INSURANCE LINE OF AUTHORITY ON OR
22 AFTER THE EFFECTIVE DATE OF THE AMENDATORY ACT THAT ADDED THIS
23 SECTION SHALL NOT ENGAGE IN THE SALE OF ANNUITIES UNTIL THE ANNUITY
24 TRAINING COURSE REQUIRED UNDER THIS SUBSECTION HAS BEEN COMPLETED.

25 (3) THE MINIMUM LENGTH OF THE TRAINING REQUIRED UNDER
26 SUBSECTION (2) SHALL BE NOT LESS THAN 4 HOURS, AS DEFINED IN
27 SECTION 1204C, AND MAY BE LONGER.

1 (4) THE TRAINING REQUIRED UNDER SUBSECTION (2) SHALL INCLUDE
2 INFORMATION ON ALL OF THE FOLLOWING:

3 (A) THE TYPES OF ANNUITIES AND VARIOUS CLASSIFICATIONS OF
4 ANNUITIES.

5 (B) IDENTIFICATION OF THE PARTIES TO AN ANNUITY.

6 (C) HOW FIXED, VARIABLE, AND INDEXED ANNUITY CONTRACT
7 PROVISIONS AFFECT CONSUMERS.

8 (D) THE INCOME TAXATION OF QUALIFIED AND NONQUALIFIED
9 ANNUITIES.

10 (E) THE PRIMARY USES OF ANNUITIES.

11 (F) APPROPRIATE SALES PRACTICES AND REPLACEMENT AND DISCLOSURE
12 REQUIREMENTS.

13 (5) REGISTERED INSURANCE PRODUCER PROGRAMS OF STUDY SHALL
14 COVER ALL TOPICS UNDER SUBSECTION (4) AND SHALL NOT PRESENT ANY
15 MARKETING INFORMATION OR PROVIDE TRAINING ON SALES TECHNIQUES OR
16 PROVIDE SPECIFIC INFORMATION ABOUT A PARTICULAR INSURER'S PRODUCTS.
17 ADDITIONAL TOPICS MAY BE OFFERED IN CONJUNCTION WITH AND IN
18 ADDITION TO THE TOPICS UNDER SUBSECTION (4).

19 (6) A PROVIDER OF AN ANNUITY TRAINING COURSE INTENDED TO
20 COMPLY WITH THIS SECTION SHALL REGISTER WITH THE COMMISSIONER AS A
21 CONTINUING EDUCATION PROVIDER IN THIS STATE AND COMPLY WITH ANY
22 REQUIREMENTS OF THE COMMISSIONER APPLICABLE TO INSURANCE PRODUCER
23 CONTINUING EDUCATION.

24 (7) ANNUITY TRAINING COURSES MAY BE CONDUCTED AND COMPLETED BY
25 CLASSROOM OR SELF-STUDY METHODS IN ACCORDANCE WITH REQUIREMENTS OF
26 THE COMMISSIONER.

27 (8) PROVIDERS OF ANNUITY TRAINING SHALL COMPLY WITH ANY

1 REPORTING REQUIREMENTS IMPOSED BY THE COMMISSIONER AND SHALL ISSUE
2 CERTIFICATES OF COMPLETION IN ACCORDANCE WITH ANY REQUIREMENTS OF
3 THE COMMISSIONER.

4 (9) THE SATISFACTION OF THE TRAINING REQUIREMENTS OF ANOTHER
5 STATE THAT THE COMMISSIONER DETERMINES TO BE SUBSTANTIALLY SIMILAR
6 TO THIS SECTION SATISFIES THE TRAINING REQUIREMENTS OF THIS
7 SECTION.

8 (10) AN INSURER SHALL VERIFY THAT AN INSURANCE PRODUCER HAS
9 COMPLETED THE ANNUITY TRAINING COURSE REQUIRED UNDER THIS SECTION
10 BEFORE ALLOWING THE PRODUCER TO SELL AN ANNUITY FOR THAT INSURER.
11 AN INSURER MAY SATISFY ITS RESPONSIBILITY UNDER THIS SECTION BY
12 OBTAINING CERTIFICATES OF COMPLETION OF THE TRAINING COURSE OR
13 OBTAINING REPORTS PROVIDED BY COMMISSIONER-SPONSORED DATABASE
14 SYSTEMS OR VENDORS OR FROM A REASONABLY RELIABLE COMMERCIAL
15 DATABASE VENDOR THAT HAS A REPORTING ARRANGEMENT WITH A REGISTERED
16 INSURANCE PRODUCER PROGRAM OF STUDY.

17 SEC. 4161. FOR A CONSUMER PURCHASING AN INDIVIDUAL ANNUITY,
18 THE CONSUMER SHALL BE GIVEN A COPY OF THE ANNUITY POLICY WITHIN A
19 REASONABLE TIME AFTER THE ANNUITY IS ACCEPTED AND ISSUED.

20 Sec. 4165. (1) ~~An insurer or insurance producer that complies~~
21 ~~with the national association of securities dealers rules "NASD~~
22 ~~Manual, Conduct Rules section 2310 (CCH, 1966)" or rules at least~~
23 ~~as stringent as section 2310 pertaining to suitability satisfies~~
24 ~~this chapter's requirements for the recommendation of variable~~
25 ~~annuities.~~ SUBJECT TO SUBSECTION (2), A SALE MADE IN COMPLIANCE
26 WITH FINANCIAL INDUSTRY REGULATORY AUTHORITY REQUIREMENTS
27 PERTAINING TO SUITABILITY AND SUPERVISION OF ANNUITY TRANSACTIONS

Senate Bill No. 467 as amended December 11, 2012

1 SATISFIES THE REQUIREMENTS OF THIS CHAPTER. THIS SUBSECTION APPLIES
2 TO A FINANCIAL INDUSTRY REGULATORY AUTHORITY BROKER-DEALER SALE OF
3 A VARIABLE ANNUITY OR FIXED ANNUITY IF THE SUITABILITY AND
4 SUPERVISION ARE SIMILAR TO THOSE APPLIED TO VARIABLE ANNUITY SALES.
5 HOWEVER, THIS SUBSECTION DOES NOT LIMIT THE COMMISSIONER'S ABILITY
6 TO ENFORCE AND INVESTIGATE THIS CHAPTER.

7 (2) SUBSECTION (1) APPLIES IF THE INSURER DOES BOTH OF THE
8 FOLLOWING:

9 (A) MONITORS THE FINANCIAL INDUSTRY REGULATORY AUTHORITY
10 MEMBER BROKER-DEALER USING INFORMATION COLLECTED IN THE NORMAL
11 COURSE OF THE INSURER'S BUSINESS.

12 (B) PROVIDES TO THE FINANCIAL INDUSTRY REGULATORY AUTHORITY
13 MEMBER BROKER-DEALER INFORMATION AND REPORTS THAT ARE REASONABLY
14 APPROPRIATE TO ASSIST THE FINANCIAL INDUSTRY REGULATORY AUTHORITY
15 MEMBER BROKER-DEALER TO MAINTAIN ITS SUPERVISION SYSTEM.

16 Enacting section 1. Section 4157 of the insurance code of
17 1956, 1956 PA 218, MCL 500.4157, is repealed.

18 [Enacting section 2. This amendatory act takes effect June 1,
19 2013.]