



Illinois Department of Insurance

PAT QUINN
Governor

ANDREW BORON
Director

TO: All Insurers
FROM: Andrew Boron, Director of Insurance *AEB*
DATE: June 3, 2014
RE: Revised Company Bulletin CB 2014 - 09
Review of Life Insurance and Annuity Products for Suitability

The purpose of this Company Bulletin is to remind insurers issuing Life Insurance and Annuity Products in Illinois of the suitability standards set out in sections 50 IAC 3117 and 3120 of the Illinois Administrative Code. It also advises such issuers that the Department reviews suitability issues during the policy forms review process and that Market Conduct examinations include a review of compliance by issuers with the pertinent suitability regulations.

Pursuant to 50 IAC 3117 and 50 IAC 3120, insurance producers and insurance companies must comply with the rules when selling a variable life or annuity. The rules require insurance producers and insurance companies to make reasonable efforts to obtain information concerning the following:

- The customer's financial status, such as income, situation and needs, liquidity and Risk tolerance;
- The customer's tax status;
- The customer's investment objectives; and
- Such other information used or considered to be reasonable by the insurance producer or insurance company in making recommendations to the customer.

During the policy form review and approval process, the Department may question the company regarding its marketing plan for the contract when the forms are submitted for review and approval by the Department. For example, the Department may ask if the product is to be sold to persons with a certain income, in a certain age range, what percentage of income is required to support the contract or other factors. The company can then be required to produce documentation showing it is complying with suitability regulations. Please note that the regulations do not set specific suitability criteria which must be met prior to selling a variable life policy or an annuity insurance policy to an individual.

The Department has updated the life and annuity checklists providing the factors relating to suitability for review by issuers during the policy form review and approval process. If you have any questions, please contact Cindy Colonius at cindy.colonius@illinois.gov.

Related Documents

- “Annuities and Senior Citizens” Fact Sheet
<http://insurance.illinois.gov/Main/AnnuitiesandSeniorCitizens.asp>
- See applicable product Review Requirements Checklist for suitability requirements
http://insurance.illinois.gov/LAH_HMO_IS3_Checklists/IS3_Checklists.asp