

# National City Insurance Group

Troy M. Huth

Senior Vice President, Annuities and  
Insurance

# Rule 2821

- Three main areas
  - Producing Financial Advisor
    - For suitability of initial purchase or exchange including all riders and initial sub-account allocations
    - Inform client of surrender period/charge, tax penalty, fees, rider charges, description of insurance and investment components, market risk
    - How client will benefit from tax deferral, annuitization, death benefit, living benefit

# Rule 2821

- Three main areas (continued)
  - Training
    - Must have and maintain specific written supervisory procedures reasonably designed to comply with rule
    - Train to specifics of the rule
    - Train to understand the material features of variable annuities

# Rule 2821

- Three main areas (continued)
  - Principal Review
    - Must approve within 7 days of customer signing application
    - Implementation of surveillance procedures to monitor frequency of exchanges
    - Policies and procedures to discipline inappropriate conduct of financial advisors

# Rule 2821

- Automation will help comply with rule
  - Produce documentation to inform client of features, fees, etc with sign-off.
  - Document benefits to client of policy and selected features/riders
  - Identify when a transfer is being processed and provide side-by-side comparison with documentation
  - Provide workflow to ensure supervisory review within stated timeframe
  - Supervisory procedures supported by system workflow
  - Produce reports on transfer activity down to rep level

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- What we are doing to comply
  - Updating our firm specific forms, training procedures, etc.
  - Implementing the AnnuityNet system
  - Providing reporting on ongoing sales for monitoring purposes