



**DEPARTMENT OF BUSINESS & INDUSTRY  
DIVISION OF INSURANCE**

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**Bulletin 08-007**  
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**COMPLIANCE WITH REGULATION ON THE REPLACEMENT OF  
ANNUITY CONTRACTS**

On April 1, 2008, Regulation R109-07, concerning the replacement of annuity contracts, became effective. This Bulletin replaces Bulletin No. 07-004 and is intended to clarify the requirements of the regulation.

The regulation applies to all individual fixed and equity-indexed deferred annuities being replaced by another annuity. It requires an insurer or producer of insurance, who replaces, offers to replace or proposes to replace an existing individual fixed deferred annuity contract with a new annuity contract to provide to the prospective buyer:

1. A written statement (comparison statement) comparing the terms, conditions and benefits of the old and new annuity contracts.
2. A notice of annuity replacement (replacement notice) which must be in substantially the same form as specified in the regulation.

Replacement notices which meet the requirements of the regulation do not need to be filed for review by the Division. At a minimum, copies of the replacement notice for completed annuity transactions will be retained by the insurers.

The comparison statements are not be required to be filed for approval with the Division. At a minimum, insurers and producers must keep copies of all comparison statements for completed annuity replacement transactions and provide them to the Division upon request.

The replacement notice and comparison statement requirements of the new regulation may be fulfilled by either the insurer or the producer. Thus, insurers will be held responsible for the full compliance with the regulation and are expected to certify that they and their producers satisfy the notice and comparison requirements.

This certification may be in the form of a letter dated on or before July 15, 2008, attesting that the contents of the replacement notice and comparison statements used by the insurer and its

producers comply with the new regulation. The letter should also confirm that the required replacement notice and comparison statements shall be either: (1) directly provided to the applicant by the insurer, or (2) provided by the producer to applicants. The letter shall be signed by a company officer and sent to Annette James, Actuary, Nevada Division of Insurance, 788 Fairview Drive, Suite 300, Carson City, Nevada 89701-5491.

Direct Response programs are not exempt from the requirements of the regulation. However, companies may use a simplified comparison statement that complies with the intent of the regulation to provide meaningful information to consumers replacing annuity contracts.

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ALICE A. MOLASKY-ARMAN  
Commissioner of Insurance