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Effective Date: April 1, 2009

The Ohio Annuity Disclosure Pilot Program for Fixed and Indexed Annuities

This Bulletin is to provide notice to all life insurance companies selling fixed or indexed annuities in Ohio that The Ohio Department of Insurance (Department) is launching an Annuity Disclosure Pilot Program (ADP Program), beginning April 1, 2009, and continuing for one year.

The ADP Program is the result of discussions among the Department, the American Council of Life Insurers (ACLI), and the Association of Ohio Life Insurance Companies (AOLIC), beginning in the early fall of last year. The pilot program will use annuity disclosure templates and instructions for their use developed by the ACLI in partnership with the Association of Insured Retirement Solutions (NAVA) and the National Association of Insurance and Financial Advisors (NAIFA). The associations' goal was to create annuity disclosures that would be uniform among the various states, and provide clear, consumer-friendly, and easy to understand information about annuity products.

After extensive review of the proposed annuity pilot program, including careful review of the annuity disclosure templates, as well as conferring with representatives from the Iowa Department of Insurance (which successfully piloted the disclosure program in 2008), and the life insurance industry, the Department has determined that it is in the best interests of Ohio consumers to pursue a means to provide more consumer friendly, plain-English annuity disclosures. Therefore, this Bulletin provides notice to all insurers marketing fixed or indexed annuities in Ohio that the Department is implementing an Annuity Disclosure Pilot Program (ADP Program) for a period of one year, beginning on April 1, 2009.

The following points provide more information about the ADP Program:

1. Participation in the ADP Program is voluntary.
2. To participate in the ADP Program, companies must provide written notification that they wish to participate to the Department. The notice must acknowledge that the company is voluntarily participating in the pilot program; identify the annuity disclosure template or templates it will be using; and identify by name and product form number the annuity product or products for which they will be using the disclosure templates. Please send the notice to: annuity.project@ins.state.oh.us.
3. Companies should not use any template in Ohio before providing the required notification to the Department.
4. Companies participating in the ADP Program must correctly follow the disclosure templates and the instructions for their use.
5. Companies providing annuity disclosures using one or more of the templates for the appropriate annuity product (fixed or indexed or both) will not be required to provide any other disclosures that may otherwise be required under Ohio law for that product to Ohio consumers except for *The Annuity Buyer's Guide.*

6. Participating companies will instruct and direct their insurance agents to provide the newly-developed annuity disclosures in conjunction with all sales of the annuity products covered by the templates.
7. Although the ADP Program will be launched as of April 1, 2009, companies that are unable to begin using the templates as of that date may delay implementation until such time as they are ready to use the annuity templates. Notice to the Department must be provided as set forth herein.
8. Companies not participating in the ADP Program must continue to use annuity disclosure forms that comply with Ohio's annuity disclosure rules in agency rules 3901-6-14 and 3901-1-47 of the Ohio Administrative Code.
9. If a company is participating in the Iowa Annuity Disclosure Pilot program, the company may use the Iowa templates in Ohio by notifying the Department as provided above and including information about its Iowa participation. Companies providing the required notice and using the Iowa templates in Ohio will be deemed to be participating in, and in compliance with, Ohio's ADP Program.
10. The Department's ADP Program is only testing the fixed and indexed annuity templates. The Department is not testing a variable annuity template at this time.
11. Companies can access the templates at http://www.acli.com/ACLI/Issues/GR09-120.htm?Issue=39.

The Department will continually evaluate the success of the ADP Program in Ohio during the coming months and will discuss possible and any necessary modifications to the templates with representatives of the ACLI and AOLIC. On or shortly after April 1, 2010, if the ADP Program proves to be successful, the Department will adopt a rule requiring the use of the annuity disclosure templates by all insurers marketing fixed or indexed annuities or both in this state.

Mary Jo Hudson
Superintendent of Insurance