

Company Position on Suitability



NASSAU

Nassau has a strong commitment to adhere to the suitability guidelines set forth in the NAIC Suitability in Annuity Transactions Model Regulation and applicable state laws. Nassau has developed guidelines and forms for you to use to ensure that every sale and replacement of an annuity product is suitable. Nassau relies on your insight and personal knowledge of your client and their financial situation to identify facts and information that may not be obvious to the individual reviewing the forms or application. Nassau expects you to know and understand our products and our suitability standards and apply this knowledge in your every day practice of soliciting Nassau products.

Producer Responsibilities

You must have reasonable grounds for believing that the recommendation to purchase or replace an annuity is suitable for the client based on the information provided by the client.

Training

- Review and fully understand the features of the products you are selling.
- Review and complete all product training materials available on the LIMRA website, accessed via www.salesnet.nsre.com, prior to solicitation.
- Complete the State Continuing Education Annuity Training, where required, on the LIMRA website.
- Review the Suitability Frequently Asked Questions document to ensure you understand our expectations of your participation in the suitability process.

Solicitation

- Make a reasonable effort to obtain your client's suitability information and ensure the information is accurate.
- Do not solicit an individual who resides in a nursing home, has any form of cognitive impairment or has been diagnosed with a terminal illness.
- Assess the various features of our annuities to make a reasonable determination if any product is suitable for your client based on the suitability information provided.
- Fully explain to your client the various features, risks, benefits and charges of the annuity and any rider(s) you are recommending.
- Fully document your rationale for recommending the purchase of the product and any rider(s) in your records as well as on the Annuity Suitability Questionnaire. Be specific.

- Review the applicable Buyer's Guide, Product Disclosure, Rider Disclosure and Privacy Commitment Policy and any other disclosures required by law with your client throughout the application process.
- Ensure that both you and your client sign the signature pages of Product Disclosure and Rider Disclosure and provide copies of each to Nassau with the completed application.
- Leave copies of the Buyer's Guide, Privacy Commitment and applicable disclosure documents with your client.

Maintaining Records

- Nassau requires that written records of discussions held with your client be maintained for future reference. This includes written records of any disclosures provided to your client, including written summaries of oral disclosures.
- Your records should include any information that may have been used in making or justifying a recommendation, including information collected from your client pertaining to their current financial circumstances and objectives.
- Your records should include how the annuity you recommended meets your client's needs and objectives based on the information gathered during your meeting(s) and disclosed on the Annuity Suitability Questionnaire.
- It is recommended that these records be maintained for at least the length of the contract plus seven years (or longer if required by state law).

2020 NAIC Suitability in Annuity Transactions Model Regulation

In Spring of 2020, the NAIC approved revisions to the **Suitability in Annuity Transactions Model Regulation #275** requiring producers to use “reasonable diligence, care and skill” in making recommendations and to act in the “best interest” of consumers.

In states which have adopted the new NAIC model regulation or similar regulations, all recommendations or sales must be in the best interest of the client. Under this new model regulation, in addition to existing suitability requirements:

- The client’s interest must be prioritized
- Recommendations and sales must effectively address the client’s unique financial situation, insurance needs and financial objectives
- Producers must meet specific “best interest” obligations regarding care, disclosure, conflict of interest and documentation

The following is a summary of new producer responsibilities under the 2020 NAIC Suitability in Annuity Transactions model regulation:*

- Complete new training credits prior to any state deadline
- Obtain a signed “Insurance Agent (Producer) Disclosure for Annuities” form at the time of recommendation or sale
- Obtain additional signed forms if a consumer refuses to provide certain information or is making a purchasing decision against a producer’s recommendation**
- Avoid and disclose any material conflict of interest
- If requested by the client, disclose any cash and non-cash compensation in the form of a range or percentage
- Communicate the basis or bases of any recommendation to the client and make a written record of any recommendation, the basis for the recommendation and any disclosures provided (including oral disclosures)

Nassau Responsibilities

- Provide you with the required training, forms and certifications.
- Closely review your signed applications, Annuity Suitability Questionnaire, Client Identification Form and any other forms or information you submit with an application for completeness and

to ensure the sale meets our suitability standards.

- Contact clients to validate certain information provided on the Annuity Suitability Questionnaire.
- Periodically contact clients to verify they received their contracts, are aware of relevant product information and are satisfied with their purchase.
- Nassau may conduct random reviews of your sales to verify the appropriateness of sales and/or sales practices.
- Periodically review and revise our policies and procedures and keep you apprised of these revisions.

Nassau will not:

- Provide legal or tax advice to you or your client.
- Issue a contract if you have not completed the required product and state training.
- Issue a contract with an incomplete Annuity Suitability Questionnaire.
- Issue a contract where the source of premium is from a mortgage, reverse mortgage or home equity line of credit, or personal loan.
- Issue a contract that you have not recommended.
- Issue a replacement contract where the existing contract has been in force for less than 24 months.
- Issue a replacement contract where the existing contract being replaced is less than 36 months old and the same producer who sold the existing contract is also selling the replacement contract.
- Issue a replacement contract where the client will incur excessive surrender charges.
- Issue a replacement contract where the client is above age 80 and there are surrender charges or penalties (MVA, bonus recapture).
- Issue a replacement contract where the client is above age 80 and the contract being replaced has a Minimum Guaranteed Interest Rate (MGIR) greater than the MGIR on the new contract.
- Accept any application for a deferred annuity if the purchase is intended to qualify an individual for Medicaid, VA benefits, or any other similar state or federal aid program.
- Permit the sale of its products in connection with a Personal Service Contract.
- Issue a contract to a client who resides in a nursing home, has any form of cognitive impairment or has been diagnosed with a terminal illness.

*This is only a summary. You are required to comply with all the regulations that are applicable in the state in which you are selling or recommending the purchase of an annuity.

**Nassau will not issue a contract if the Annuity Suitability Questionnaire is not completed or if the sale was not recommended by the producer.

Nassau position on sales of fixed indexed annuities to consumers age 81 and over

Nassau recognizes that consumers in their 80s, or later stages of retirement are confronted with unique financial circumstances, needs and objectives. Age is one of many important considerations when exploring financial options for seniors and is a critical component of a comprehensive evaluation of financial objectives for your senior clients. Along with regulatory bodies, Nassau has a heightened sensitivity for consumers over age 80 and requires that any recommendation to replace an existing policy demonstrate a substantial financial benefit over the life of the contract. Please refer to Nassau's Suitability FAQ located on our website (<https://salesnet.nsre.com/compliance>) for more information regarding these types of sales.

For Producer Use Only. Not for use with the general public as sales literature.

Lifetime payments and guarantees are based on the claims-paying ability of the issuing company.

Annuities issued by Nassau Life and Annuity Company (Hartford, CT) except in New York where annuities are issued by Nassau Life Insurance Company (East Greenbush, NY). In California, Nassau Life and Annuity Company does business as "Nassau Life and Annuity Insurance Company." Nassau Life and Annuity Company is not authorized to conduct business in MA, ME and NY, but that is subject to change. Please visit the State/Product Availability page on salesnet.nsre.com for current state-specific issuing company information. Nassau Life and Annuity Company and Nassau Life Insurance Company are subsidiaries of Nassau Financial Group. The insurers are separate entities and each is responsible only for its own financial condition and contractual obligations.