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Office of Consumer Affairs and Business Regulation
DIVISION OF INSURANCE

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BULLETIN 2008-20

TO: Licensees and Insurance Companies Licensed to Sell Variable Insurance Products and All Interested Parties

FROM: Nonnie S. Burnes, Commissioner of Insurance

DATE: December 2, 2008

RE: Licensing Requirements for Obtaining Variable Life/Variable Annuities Lines of Authority

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The Division of Insurance ("Division") has received inquiries regarding its licensing requirements for producers and companies who wish to market and sell variable products, including variable life and variable annuity products. Some of these inquiries pertain to whether the licensing requirements are different if a producer or a company intends to market and sell only group variable products rather than individual variable products. The purpose of this Bulletin is to inform all interested persons that the Division's licensing requirements are uniform with regard to all producers and companies who wish to market and sell any kind of variable life or annuity product, regardless of whether it is an individual or a group product.

Some producers and companies who market and sell group variable life or annuity products in the Commonwealth maintain that the requirements pertaining to the sale of such individual products should not apply to them. They assert that these requirements should not apply to them because, unlike individual variable products, group variable products are exempt from registration as securities with the Securities and Exchange Commission ("SEC"). Due to this exemption, the individuals who market and sell these group products are not required under the securities laws to be registered with the SEC, or affiliated with broker-dealers. Finally, these individuals are not required to take Financial Industry Regulatory Authority ("FINRA"), formerly known as National Association of Securities Dealers ("NASD"), examinations because they are exempt from registration with the SEC.

Notwithstanding that these individuals are not required by the federal securities laws to be registered with the SEC and that such group products are exempt from registration as securities with the SEC, the Division requires that they possess the necessary qualifications and knowledge to market such products in the Commonwealth. For that reason, in addition to fulfilling all other licensing requirements, all producers who wish to market and sell variable life and variable annuity products in the Commonwealth, including group variable products, must be licensed to do so. The licensing prerequisites for these lines of authority are: (1) the producer must have successfully passed a life insurance examination; (2) the producer must have successfully passed the FINRA (formerly NASD) Series 6 or Series 7 examinations; (3) the producer must be actively licensed and in good standing with FINRA; (4) the producer must possess a valid FINRA Central Registration Depository ("CRD") number; and (5) the producer must be affiliated with a registered broker/dealer who also is in good standing with FINRA.

Producers are required to identify their CRD numbers on their licensing applications. The identification of this number serves as the producer's attestation that he/she has met all of the five requirements detailed above. The producer has an ongoing obligation to ensure that all five of these requirements remain current and valid. If the Division determines that any of such requirements are no longer valid or active, or that the producer's attestation in the first instance was inaccurate, it will take immediate remedial action against such producer and, if applicable, against his/her company.

Inquiries concerning this Bulletin may be addressed to the Legal Division of the Division of Insurance at (617) 521-7309.