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LDI Adopts Annuity Best-Interest Standard

The Louisiana Department of Insurance recently adopted a measure to incorporate a “best-interest” standard of care for insurance professionals in recommending annuities to consumers.

The new regulation improves the standards for annuity transactions by requiring producers to collect comprehensive financial information from clients, put clients’ interests ahead of their own in selecting products, and disclose conflicts of interest during the transaction. The regulation ensures producers offer advice that best aligns with consumers seeking lifetime income through annuities.

The measure requires producers to do the following:

- Be aware of the consumer’s financial situation, insurance needs and financial objectives.
- Have knowledge of available recommendation options.
- Ensure the recommended options effectively address the consumers’ financial situation, insurance needs and financial objectives.
- Disclose their role in the transaction, compensation and potential conflicts of interest.
- Document recommendations and justifications for the recommendations.
- Communicate the basis of the recommendation.

The new regulation also prohibits producers from issuing annuities to consumers unless the annuity addresses the consumers’ insurance needs and financial objectives.

Louisiana joins 45 other states that have implemented “best interest of consumer enhancements” in accordance with the [National Association of Insurance Commissioners’ Suitability in Annuity Transactions Model Regulation](#).

About the Louisiana Department of Insurance: *The Louisiana Department of Insurance works to improve competition in the state’s insurance market while assisting individuals and businesses with the information and resources they need to be informed consumers of insurance. As a regulator, the LDI enforces the laws that provide a fair and stable marketplace and makes certain that insurers comply with the laws in place to protect policyholders. You can contact the LDI by calling 1-800-259-5300 or visiting www.lidi.la.gov.*