



**FOR IMMEDIATE RELEASE**

**NAVA Launches Industry-Wide Initiative to Standardize an Automated Annuity Sales Process**

***STP Initiative Backed by Industry to Streamline Purchasing Process and Help Prevent Unsuitable Sales***

**Reston, VA**, [Feb. 12, 2007] – NAVA today announced an industry-backed initiative to establish a comprehensive set of standards for simplifying and improving the electronic annuity purchasing process for consumers, insurers, distributors, and regulators. The goal of NAVA's Straight-Through Processing Standards Initiative (STP Initiative) is to (1) create a set of operational standards for a process that is paper free, (2) garner regulatory acceptance of the process and (3) assist the industry in the implementation of the STP standards. In agreeing with these uniform processes and procedures, the industry intends to establish a means of delivering clearer information about annuities to better inform consumers.

There are twenty-four sets of STP standards which were developed in strict compliance with state and federal laws and regulations. If presented with different requirements, in most circumstances, the highest standard was chosen. These standards address a number of key areas, including:

- Suitability – minimum standards for suitability procedures, and provisions for pre-selection of appropriate annuity products and features
- Electronic Forms – standards that incorporate the use of electronic forms with an electronic signature at point-of-sale for ease of use
- Privacy – standards for the safekeeping of non-public information, including encryption of electronic transmissions
- Records Management – standards for robust record keeping and the requirement for clear audit capability of all records to ensure full compliance with all applicable requirements

The development of the STP Initiative was driven by a number of factors, including the increasingly intense regulatory environment, the expected exponential growth in the annuity

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market as the “boomer” generation enters retirement, and the broad recognition that the current manually-intensive and paper-constrained processes are inefficient.

The use of the STP standards is voluntary on the part of both insurers and distributors. Consumers also would have to elect to do business electronically to take advantage of the increased level of service, ease of access, and faster transaction time offered through an STP-compliant process.

There is a coalition of companies, representing more than 30 leading insurers and distributors, on the STP Executive Council that has led the development and approval of the STP standards. Companies participating in the Council include Allianz Life, Hartford Life, Merrill Lynch, Morgan Stanley, Pacific Life, Principal Financial, Prudential Financial, Raymond James, Transamerica Life, and Wachovia Securities. A complete list of the Council membership can be obtained by clicking on the link below.

“The STP Initiative is critically important to address the changing consumer environment,” said Pamela Schutz, executive vice president, Retirement & Protection, Genworth Financial, and NAVA chair. “Baby boomers are beginning to retire, traditional sources of guaranteed retirement income are diminishing and annuities are the only other source of guaranteed lifetime income. The challenge and opportunity facing the industry is lack of penetration. In the individual market it is materially more difficult and expensive to process transactions for annuities than for other financial products. STP is all about reducing redundancies and costs, and increasing efficiencies across the industry. It will allow us to spend less time focusing on paperwork, and more time focusing on what is more important: product innovation, market development and delivering the highest possible quality-of-service to consumers. STP will also provide greater transparency of compliance routines and information for regulators.”

The STP Initiative covers all types of annuities – deferred and immediate; qualified and non-qualified; and variable, fixed, and indexed annuities. In addition, the STP standards are technology and vendor neutral. Most of the required electronic processing technologies already exist – from electronic order entry to e-signature capabilities – and numerous vendors are currently providing partially automated solutions.

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“The next wave of Americans approaching retirement have certain expectations when it comes to financial planning transactions,” said Clifford Jack, chief distribution officer of Jackson National Life Insurance Company and NAVA vice-chair. “They want a simple process that provides transparency and comfort that they are making the right decision for their financial future. Without STP standards for the annuities industry, we will not be able to meet these expectations, which will almost certainly have a dramatic impact on our growth and consumer adoption rates. STP is a mission-critical initiative for the entire annuities sector and is the key to increasing our share of the retirement planning market.”

“The STP Initiative builds upon NAVA’s five-year effort to develop data conformity and technology standards to help the annuity industry improve business processes and enhance customer service,” said Mark Mackey, president and CEO of NAVA. “In addition to working with the STP Executive Council, NAVA is also in the process of working with other trade associations as well as federal and state regulators to secure wide-spread acceptance and approval of STP.”

### **About NAVA**

NAVA, Inc., the association for insured retirement solutions, is a non-profit trade association located in suburban Washington, D.C. NAVA provides a variety of services to the industry including educational forums, research, and conferences aimed at furthering the development and understanding of fixed and variable annuities, income annuities, and variable life insurance. NAVA also maintains and supports an educational website for consumers at [www.RetireOnYourTerms.com](http://www.RetireOnYourTerms.com).

Additional Documentation on NAVA’s STP Initiative:

[STP Initiative Process Flow Diagram](#)

[The STP Initiative Standards](#)

[STP Executive Council](#)

[Who Benefits?](#)

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