

## [NAIC to Address Stranger-Owned Annuities in Public Hearing](#)

Posted on April 20, 2010 by [Ophir Johna](#)

One month from today, the National Association of Insurance Commissioners (“NAIC”) will hold a meeting to address Stranger Originated/Owned Annuities (“STOA”). Similar to Stranger Originated/Owned Life Insurance (“STOLI”), STOA transactions often involve seniors and terminally ill individuals who were induced to purchase annuities largely for the benefit of an investor. The NAIC is “determined to address how individuals are being affected by these new transactions and whether new or modified current laws or regulations are necessary to protect consumers,” stated Thomas R. Sullivan, NAIC’s Life Insurance and Annuities Committee Chairman and Connecticut’s Insurance Commissioner. The May 20th public hearing in Washington, D.C. is expected to include testimony from consumers, state regulators and industry representatives.

State legislatures across the country have focused in recent years on the enactment of STOLI regulations. For example, [California enacted its first legislation in October 2009](#), classifying the underlying transactions as fraudulent. Experts report that STOA could be the subject of similar legislation in the near future. However, the NAIC’s investigation and possible regulation of STOA would be limited to transactions involving insurance, because transactions involving variable annuities are outside the state insurance commissioners’ regulatory authority; they are instead regulated by the Securities and Exchange Commission and the Financial Industry Regulatory Authority.