**Section 1551.90 Licensing of Producers for Variable Contracts**

a) No producer shall be eligible to sell or offer for sale a variable contract unless, prior to making any solicitation or sale of such a contract, the producer also is licensed as a variable contract producer. No agent of a fraternal benefit company that operates on a legal reserve basis shall be eligible to be licensed as a variable contract producer unless the producer also is licensed as a life insurance producer.

b) Any producer who participates only in the sale or offering for sale of variable contracts that are not registered under the Federal Securities Act of 1933 (15 USC 77(a) et seq.) need not be licensed as a variable contract producer.

c) Any producer applying for a license as a variable contract producer shall do so by obtaining a life insurance producer license pursuant to 50 Ill. Adm. Code 3119 and filing with this Department proof of passing the Securities Examination. Upon completion of these requirements, the Director shall issue a variable contract license to the individual.

d) Any person licensed in this State as a variable contract producer shall immediately report to the Director:

1) any suspension or revocation of the variable contract producer's license or life insurance producer's license in any other State or Territory of the United States;

2) the imposition of any disciplinary sanction (including suspension or expulsion from membership, suspension or revocation of or denial of registration) imposed by any national securities exchange, or national securities association, or any federal, or state or territorial agency with jurisdiction over securities or variable contracts;

3) any judgement or injunction entered against the producer on the basis of conduct deemed to have involved fraud, deceit, misrepresentation, or violation of any insurance or securities law or regulation.

e) The Director may reject any application or suspend or revoke or refuse to renew any variable contract producer's license upon any ground that would bar the applicant or producer from being licensed to sell life insurance contracts in this State. The rules governing any proceeding relating to the suspension or revocation of a life insurance producer's license shall also govern any proceeding for suspension or revocation of a variable contract producer's license.

f) Renewal of a variable contract producer's license shall follow the same procedure established for renewal of a producer's license to sell life insurance contracts in this State.

g) No recommendation shall be made by an insurance producer, or insurer when no producer is involved, to an applicant to purchase a variable life insurance policy, on an individual basis, in the absence of reasonable grounds to believe that the purchase of the policy is not unsuitable for the applicant on the basis of information furnished after reasonable inquiry of the applicant concerning the applicant's age, insurance and investment objectives, financial situation, needs and tax status, and any other information known to the insurer or producer making the recommendation.

1) For purposes of this subsection (g), "recommendation" means advice provided by an insurance producer, or an insurer when no producer is involved, to an individual consumer that results in a purchase or exchange of a variable life insurance contract in accordance with that advice.

2) Compliance with the Financial Industry Regulatory Authority rules pertaining to suitability (1735 K Street, N.W., Washington DC 20006) (amended by SR-FINRA-2014-016, effective May 2, 2014; no later editions or amendments are included) shall satisfy the requirements under this Section for the recommendation of variable life insurance policies. However, nothing in this Section shall limit the Director's ability to enforce this requirement.

3) Violation of the requirements of this Part shall be an unfair trade practice and evidence of incompetence or untrustworthiness in the conduct of business under Section 500-70(a)(7) and (8) of the Code.

(Source: Amended at 44 Ill. Reg. 3896, effective March 2, 2020)