

# Up, Up, and Away for RILA Regulation: SEC Adopts Long-Awaited Framework

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On July 1, 2024, pursuant to congressional mandate, the SEC adopted a new registration framework for registered index-linked annuities (RILAs). In addition, the SEC has extended the ambit of this framework to include market-value adjustment annuities (MVAs). See [“New SEC RILA Rules: Implementation Issues and Practical Considerations”](#) and [“A Sea Change in RILA Regulation: Navigating the New Waters.”](#) Among other things, the framework adopted by the SEC will allow RILA and MVA issuers to use the same registration form, Form N-4, that is used to register variable annuities and, in most but regrettably not all respects, to enjoy the same regulatory treatment in registering and marketing these products as do issuers of variable annuity contracts. Insurers will be able to register RILAs and MVAs using the new form as early as September 23, as well as take advantage of the more favorable filing and fee payment rules discussed below. This applies both to new issuers and to those RILA issuers who wish to update their existing registration statements using Form N-4. In addition, May 1, 2026, is the latest effectiveness date by which all post-effective amendments to registration statements for existing RILAs and/or MVAs must comply with the requirements of Form N-4, as well as the date after which all initial registration statements for RILAs and/or MVAs must comply with Form N-4. The following is a summary of important elements of the new framework:

- **Significant Amendments to Form N-4.** While Form N-4 is designed to elicit insurance-related disclosure relevant to annuity investors generally, the form has been significantly amended — primarily to address the investment-related features, operations, and risks of investing in RILAs and MVAs. Many of the requirements codify past practices on disclosure for RILAs and MVAs, but there is a strong focus in the amended form on strengthened, and somewhat repetitive, risk disclosure. Importantly, *there also are new disclosure requirements that apply to all Form N-4 filers, regardless of whether a RILA or an MVA is being registered.*

- **Ability to Satisfy Prospectus Delivery Obligations Through the Use of a Summary Prospectus.** The SEC has amended Rule 498A under the Securities Act of 1933 (Securities Act), the variable product “summary prospectus” rule, to allow insurers to include RILA and MVA information in summary prospectuses.
- **Payment of Registration Fees in the Same Manner as Variable Annuities.** RILA and MVA issuers will be able to pay registration fees in arrears, as is the case with variable annuities. In addition, the new fee payment rules will permit registrants to net redemptions against new sales and pay registration fees just on net sales (or carry forward credit for net redemptions). This netting provision also means that rollovers of amounts from prior periods will be effectively treated as having a net zero effect on registration fees.
- **Parity With Variable Annuities on Related Filing Rules.** To provide RILA issuers with the same streamlined filing rules as are used by variable annuity issuers, related filing rules have been amended to, among other things, allow post-effective amendments — including annual updates and “off-cycle” amendments — to become effective immediately, as well as eliminate the current requirement to file new “refresh” registration statements every three years.
- **Allowing Changes in Limits on Index Gains for New Periods to Be Posted Online.** In a change from the proposal, the SEC agreed to allow RILA issuers to disclose current limits on index gains by including a website address where those limits could be found and incorporating by reference the information on the website into the prospectus, as opposed to having to file a multitude of prospectus supplements for those changes.
- **Use of SAP Financial Statements in RILA Registration Statements.** Registration statements for RILAs and MVAs generally will be allowed to include financial statements prepared in accordance with state statutory accounting principles (SAP) for insurance companies instead of generally accepted accounting principles (GAAP), subject to the same conditions and limitations as variable annuities, without having to obtain SEC staff permission.
- **Significant Changes in How RILA and MVA Sales Materials Are Regulated.** Sales materials for RILAs and MVAs are now subject to the fair and balanced disclosure requirements of Rule 156 under the Securities Act, as is the case with sales materials for variable products. Nonetheless, with one exception, the SEC did not amend Rules 482 or 433 under the Securities Act to cover RILAs or MVAs. Therefore, distribution of RILA sales materials is restricted to those preceded or accompanied by a prospectus filed with the SEC. The exception, which represents a change from what was proposed, is that the few RILA and MVA issuers who are “seasoned issuers,” and so would have qualified to disseminate these materials without a prospectus delivery requirement, may continue to do so.

- **Expanded Disclosure Requirements for Fixed Investment Options in a Combination Contract.** More disclosure will be required regarding non-registered fixed investment options in annuity contracts with variable, MVA, and/or RILA investment options, notwithstanding concerns raised by several commenters regarding the jurisdictional foundation for the disclosure requirements imposed on such non-securities.
- **Non-Variable Insurance Products That Remain Subject to the Existing Registration Regime.** Other registered non-variable insurance products, such as indexed-linked life insurance policies and contingent deferred annuities, will still be registered on an “S-form” and be subject to the disclosure requirements on those forms. In addition, these products will remain subject to existing rules on amendments, registration fee payments, and financial statement preparation.

There remains a host of outstanding interpretive questions and implementation challenges ahead, not the least of which is the requirement that RILA and MVA sales materials comply with the content requirements of Rule 156 by September 23, regardless of whether the registration statements for these products have been updated to comply with Form N-4. Nonetheless, the new registration framework for RILAs and MVAs is a win-win for investors and the industry. To take advantage of the benefits of the new framework, however, much work lies ahead, and registrants interested in taking advantage of those benefits in time for the next update season will have to move quickly.

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