

Brighthouse Life Insurance Company of NY and New England Life Insurance Company New York Standard of Conduct Producer Training

This document is intended to provide training on the standard of conduct in New York in accordance with Section 224.6(e) of New York Insurance Regulation 187 (the “Regulation”) for producers, as such term is defined in the Regulation, who are appointed with Brighthouse Life Insurance Company of NY or New England Life Insurance Company (together, “Brighthouse”).

The Regulation

The Regulation, which became effective for annuity transactions on August 1, 2019, and will be effective for life insurance transactions on February 1, 2020, establishes a standard of conduct for producers. Producers are required to act in a competent and trustworthy manner, and act in their client’s “best interest” when making recommendations for life insurance policies and annuity contracts (“Policies”) issued for delivery in New York.

The Regulation does not apply to recommendations involving the following products:

- Qualified pension or welfare benefit plans under ERISA
- Tax qualified plans if established or maintained by an employer (401(k) or 403(b) plans)
- Government or church plans or 457 plans
- Nonqualified deferred compensation plans

What is a recommendation?

A **recommendation** is one or more statements that reasonably may be interpreted by a consumer to be advice. The statement must cause the consumer to enter or refrain from entering into a sales or in-force transaction on a Policy, or there must be intention by the producer to cause the consumer to enter or refrain from entering into a transaction.

A **sales transaction** is a purchase or issuance of a Policy, or any replacement as defined in New York Insurance Regulation 60. A sales transaction is also any conversion, modification, or election of a contractual provision with respect to an in-force Policy that generates new sales compensation.

An ***in-force transaction*** is a modification or election of contractual provisions with respect to an in-force Policy that does not generate new sales compensation.

The Regulation applies to recommendations involving sales and in-force transactions. In addition, the Regulation applies to every producer who materially participates in a recommendation, and in the case of a sales transaction, receives compensation. Recommendations to engage in certain transactions involving in-force Brighthouse Policies may result in new compensation and could be treated as sales transactions under the Regulation.

With respect to annuity contracts, these transactions include submitting subsequent purchase payments, annuitization requests, and certain death claims that result in a new contract being issued, such as a beneficiary stretch contract.

With respect to life insurance policies, these transactions include face amount increases and exercising certain riders.

Duties of producers when recommending a sales transaction

When recommending a sales transaction to a consumer, a producer must act in the best interest of the consumer. The producer acts in the best interest of the consumer when the recommendation is based on an evaluation of the relevant suitability information and reflects care, skill, prudence, and diligence. In addition, only the interests of the consumer may be considered when making the recommendation.

To be in the best interest of the consumer, the Policy, and if applicable, the underlying subaccounts and riders must be suitable. This means that they must further the consumer's objectives under the circumstances, based on the suitability information¹ provided by the consumer and all the products, services, and transactions available to the Producer.

Brighthouse would like to emphasize that producers should not be unduly influenced by the compensation paid for the sale of one product over another. We expect that producers will review each consumer's financial needs; suitability information; all the financial products and services that the producer may offer, including Brighthouse policies; and recommend a product that is in the best interest of the consumer.

Brighthouse offers life insurance and annuity products designed to meet consumers' financial needs and objectives. You may have relationships with other insurers, mutual fund providers, and other financial services providers that could potentially meet a consumer's needs and objectives.

When considering a recommendation of a Brighthouse annuity product, Producers should consider the following additional factors:

- How long the consumer intends to remain in the annuity and how that timeframe compares to any surrender period on the contract?

¹ Information that is reasonably appropriate to determine the suitability of a recommendation, including some or all of the following, as relevant to the consumer: age; annual income; financial situation and needs, including financial resources funding the policy; financial experience; financial objectives; intended use of the policy and riders; financial time horizon, including duration of existing liabilities; existing assets; liquidity needs; liquid net worth; risk tolerance; willingness to accept non-guaranteed elements; and tax status.

- Whether the consumer will require withdrawals during the life of the contract and does he or she have sufficient liquid assets to meet existing obligations?
- Is an annuity appropriate for the consumer given his or her age, income needs, and risk tolerance?

When considering a recommendation of a life insurance product, producers should consider the following:

- How does the proposed life insurance policy and its riders further the consumer's financial goals and objectives (e.g., estate planning, family protection and income replacement, business and key man planning, etc.)?
- Is the planned premium reasonable and affordable for the consumer given existing liabilities and obligations?

There must also be a reasonable basis to believe that the consumer has been reasonably informed of the various favorable and unfavorable features and limitations of the Policy. You may use the life insurance and annuity fact cards provided by Brighthouse to disclose these features. These fact cards are available in sales kits, if applicable, or can be provided by calling the Brighthouse Annuity Sales Desk at 800-848-3854 or the Brighthouse Life Insurance Sales Desk at 855-861-5300. The fact cards are also available on brighthousefinancialpro.com.

When a sales transaction involves a replacement, producers must consider whether the consumer will incur a surrender charge, pay increased fees, or end up with a decreased death benefit or income amount. The producer should document why the replacement, despite any surrender charges, increased fees, or a decreased death benefit will benefit the consumer. Brighthouse recognizes that consumers' financial needs and goals change, and therefore, it may be in their best interest to modify their income or protection strategies over time. Brighthouse expects that a consumer will benefit from any recommended replacement of insurance products. Producers may not engage in replacements as a method of doing business and must have a reasonable basis to believe that a recommended replacement is in the best interest of the client. Producers should consider whether:

- The recommended Policy meets the consumer's financial needs and objectives in a way that cannot be reasonably accomplished by the existing product.
- The benefits of the recommended Policy outweigh the consequences of replacing the existing Policy. This should be evident to the consumer and documented in any replacement forms submitted to Brighthouse.

Finally, a producer must disclose to the consumer, at the time of a recommendation, all relevant suitability considerations, analysis, and product information that provide the basis for the recommendation. This disclosure must be in a reasonable summary format.

Duties of producers when recommending an in-force transaction

When recommending an in-force transaction to a consumer, a producer must act in the best interest of the consumer. The producer acts in the best interest of the consumer when the recommendation reflects care, skill, prudence, and diligence, and there is a reasonable basis to believe the consumer has been informed of the potential consequences of the in-force transaction, both favorable and unfavorable.

Use of titles

Producers should not use a title or designation of financial planner, financial advisor, or a similar title

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when recommending any Policy unless the producer is properly licensed or certified. Check with your firm or general agent for more details.

Producers may state that a recommendation is a component of a financial plan but should not state or imply that a recommendation is part of comprehensive financial planning, comprehensive financial advice, investment management, or related services unless the producer has a specific license, registration, certification or professional designation in that area. Check with your firm for more details.

Financial exploitation and abuse

Brighthouse has policies, procedures, and controls in place to detect and prevent financial exploitation and abuse. Producers should consult with their firm if they suspect financial exploitation or abuse involving a Brighthouse Policy. If warranted, you may report suspected financial exploitation or abuse to Brighthouse by emailing investigations@brighthousefinancial.com or by calling (844) 474-8372.