

Reminder/training update regarding NY Regulation 187: Suitability and Best Interests in Life Insurance and Annuity Transactions

With New York Regulation 187 being over 2 years old, it is a good time for a refresher and some important reminders concerning obligations of financial professionals who sell USL life insurance policies in New York State.

This Best Interest rule has several requirements, including training, disclosures and monitoring. It is the responsibility of all New York-licensed financial professionals to comply with the requirements under New York Reg 187.

Training requirements

As a reminder, you must take training on the **Best Interest Rule**, as well as applicable **carrier-specific product training**. **Our carrier-specific product training is offered through Kaplan**. Access the training via the link at right .

- **New policies:** Both of the trainings noted above must be completed prior to making a recommendation and the application signature date for Term Life Insurance, Term Conversions, and Universal Life Insurance.
- **Inforce policies:** If you are involved with the recommendation of a rider addition or face-increase transaction, you must complete **Best Interest Rule training** prior to making the recommendation and the inforce policy change form signature date.

Approved training vendors include Kaplan, Success CE, Quest CE and RegEd.

Required disclosures and documenting the basis for recommendation

You have an obligation to disclose to clients the basis for your recommendation and the manner that you will be compensated for the sale of the life insurance policy.

To demonstrate compliance with the disclosure of the basis for the recommendation, any client discussions should be reasonably and reliably documented and retained. Use the applicable fields in the Agent's Report to document your basis for the recommendation, being sure to include the facts and analysis to support your recommendation.

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Important update note (Oct. 25, 2022):

This bulletin was updated to clarify the approved vendor for carrier-specific training.

Our carrier-specific product training is offered through Kaplan. Access the training via the link below.

We will accept Best Interest Rule Training from the following vendors*:

- [Kaplan](#)
- Success CE
- Quest CE
- RegEd

Carrier-specific product training is available at*:

[Kaplan AIG Life Portal](#)

* If your agency requires you to use another training provider, we are working to support those requests.

More resources

For additional information and resources, please see the **NY Reg 187** tab on our [New York Products Playbook](#).

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Reminder regarding New York Regulation 187 (cont.)

As a continued requirement under New York Regulation 194, you are required to provide a State of New York Compensation Disclosure Form to the client at or prior to the time of the application. If the client requests additional information about your compensation after the issuance of the policy, but less than 30 days after issuance, you must provide your client the State of New York Additional Compensation Disclosure Form.

In all cases, if you have oral discussions with your clients, be sure to retain any audio recordings or subsequent correspondence between you and the client confirming your recommendations and compensation disclosures.

Monitoring

We will perform post-issue audits of certain sales transactions to ensure full Compliance with New York's Reg 187 Best Interest requirements. **You have an obligation to respond to such audits in a full and timely manner.** Documentation we may request could include, but not be limited to:

- Evidence of the required compensation disclosures
- Documentation of all relevant suitability considerations, including basis for recommendation
- Verification of the methodology used to ensure that the transaction is in the client's best interest, including any financial analysis software, proprietary software, or other strategy to determine the product was in the client's best interest.
- Auditing of Best Interest analysis for Other Than Applied For (OTAF) cases
- Any documentary evidence of any oral discussions around these matters

Failure to meet these requirements, including failure to respond to Company inquiries, may lead to possible enforcement actions by the Company, up to and including termination.

Questions?

If you have questions, please reach out to your Company Representative.