

Reg 187 action plan

Compliance requirements and processes for serving NY customers



Understanding the new regulation

The New York Department of Financial Services (NYDFS) issued the **Suitability and Best Interests in Life Insurance and Annuity Transactions** regulation to adopt a best interest standard. It was made effective for Annuities in Aug. 2019 and will take effect Feb. 1, 2020 for life insurance written in New York—whether it’s new or existing business.

How it affects advisors

Beginning on Feb. 1, 2020, there are two requirements advisors need to meet and two changes to the application process that you can expect.

Requirement— Best interest training	<ul style="list-style-type: none"> • Approved vendors <ul style="list-style-type: none"> ○ RegED is the preferred platform. <ul style="list-style-type: none"> ▪ They’ll notify us when you’ve completed the course. ▪ Two options—one with CE credits and one without. Both meet the requirement, and only one is needed. ○ LIMRA and Kaplan are also approved. <ul style="list-style-type: none"> ▪ Provide your certificate of completion with the first app submitted with a signed date of Feb. 1 or after. ○ Select a course that includes life insurance (some offer multiple types). • Training completion date must be before the date the app was signed. <ul style="list-style-type: none"> ○ Otherwise we must reject the app and require a new one to be re-signed after training is complete. • Already took a course? <ul style="list-style-type: none"> ○ RegED—you’re covered, and we’ll automatically be informed. ○ LIMRA—you’re covered, but you need to submit your certificate. ○ Kaplan’s life insurance and annuities course—you’re covered but you need to submit your certificate. ○ Kaplan’s annuities course—life insurance training is still needed. ○ Any other vendor—request course approval in advance by contacting New Business.
Requirement— Life insurance product education	<ul style="list-style-type: none"> • You’ll need to make sure you’re up-to-speed on the products you can sell. • principal.com/LearnLifeProductsNY is your source for NY-approved product information, all in one place for easy reference. • All product details are still available on the Advisor website as well.
Changes to the app— suitability questionnaire	<ul style="list-style-type: none"> • New Life Insurance Needs Analysis will be added to the NY formal app package. • Answer questions about the clients’ investment goals, financial obligations, net worth, and objectives. • Confirm you’re knowledgeable about the product sold (signature required). • Reviewed simultaneously with underwriting, preventing processing delays. • Some inforce transactions, like term conversions and other contractual provisions, will likely require compliance with the regulation.
Changes to the app— product disclosures	<ul style="list-style-type: none"> • To keep your process easy, disclosures for all available products will be included in a single package for formal NY apps.



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