

## New York Regulation 187: Suitability and Best Interests in Life Insurance and Annuity Transactions

The new Suitability and Best Interests in Life Insurance and Annuity Transaction regulation (New York Reg 187, or “Best Interest Rules”) amends the state’s existing suitability requirements to add life insurance effective **February 1, 2020**. It also introduces important producer requirements with respect to best interest recommendations.

This bulletin outlines changes related to life insurance recommendations and the producer’s responsibilities under the Best Interest Rules.

On and after February 1, 2020, when recommending the sale of life insurance, the producer will need to act in the best interests of the client as defined by the regulation. By definition, only the client's interests can be considered in making the recommendation; the producer’s receipt of compensation or other incentives must not influence the recommendation. The producer will need to attest that certain parts of the recommendation met the standards as defined by New York for all life insurance contracts issued as of the application signed date. In addition, state specific forms will be required at time of submission. Structured settlements under section 224.2(5) are exempt from this rule.

**It is your responsibility as a New York Licensed producer to comply with the requirements under New York Reg 187.**

## New York Reg 187 Requirements

### Training Requirements

You must take training on the [Best Interest Rule](#) and the applicable carrier specific [product training](#). Both trainings must be completed prior to making a recommendation and the application sign date for Term Life Insurance, Term Conversions, Guaranteed Universal Life Insurance, and Index Universal Life Insurance. If you are involved with the recommendation of a rider add or face increase transaction you must complete Best Interest Rule training prior to making the recommendation and the inforce policy change form sign date.

### New York State Department of Financial Services

- [Full Regulation](#)

### AIG will accept Best Interest Rule Training from the following Vendors\*:

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

### Carrier Specific Product Training Available at\*:

- [AIG Product Training](#)
- [Kaplan AIG Life Portal](#)

\*Unless your agency requires you to use another, in which case we are working to support those requests.

Please follow the directions of your agency on where to take training, but be aware AIG and our issuing life insurance companies are working with the following vendors:

#### **Best Interest Rule Training**

- [Kaplan AIG Life Portal](#)
- Quest CE
- Success CE
- RegEd

#### **Carrier Specific Training**

- [AIG Product Training](#)
- [Kaplan AIG Life Portal](#)

If you previously completed Best Interest Rules Training with one of our approved vendors we will work with the vendor to obtain proof of training completion but in some cases we may require a copy of your training certificate. If you have not been mandated a vendor for product training we encourage you to visit the [AIG Product Training](#) site to complete carrier specific product training.

If you have not completed Best Interest Rule Training and have not been mandated a training vendor, we encourage you to visit the [Kaplan AIG Life Portal](#) where you can take both Best Interest Rules training and our carrier specific product training at one convenient location.

## **Disclosures**

**Product Disclosures** You are required to inform the client of various features of different life insurance products. We have a number of resources available to assist in understanding our products and conveying this information to clients.

**Compensation Disclosures** You are required to disclose the manner in which you are compensated for the sale of any life insurance contract. 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 contract, but less than 30 days after issuance, you must provide your client the State of New York Additional Compensation Disclosure Form.

## **Monitoring of New York Reg 187**

We will perform post-issue audits of certain sales transactions. After the applicable effective date, we will begin auditing for Compliance with the New York Reg 187's best interest requirement for producers recommending sales transactions, including a review of documentary evidence for the case file, which could include:

- 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 best interest, including any financial analysis software, proprietary software, or another strategy to determine the product was in the client's best interest.
- Auditing of Best Interest analysis for 'Other Than Applied For' (OTAF) cases

If you are audited, you will be required to provide written evidence of meeting these producer obligations to us.

