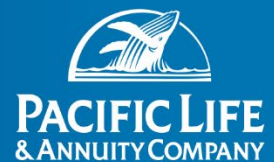


# BULLETIN

A Communication from  
the Life Insurance Division



**DATE:** January 24, 2020

**TO:** Life Insurance Producers, Management, Office Administrators,  
and Technical Staff

**SUBJECT:** N.Y. Regulation 187 - New Suitability and Best Interest Requirements

Category	
<input type="checkbox"/>	Administration
<input checked="" type="checkbox"/>	Compliance
<input type="checkbox"/>	Marketing
<input type="checkbox"/>	Product
<input type="checkbox"/>	Risk Selection
<input type="checkbox"/>	Miscellaneous

## New York Regulation 187: PL&A Administrative Updates

This is a follow-up to Pacific Life & Annuity Company's ("PL&A") December 18, 2019 bulletin describing New York State Department of Financial Service's First Amendment to Insurance Regulation 187 ("Amended Regulation 187" or the "Regulation"). [To view the December 18<sup>th</sup> bulletin, please click here.](#)

As a reminder, effective February 1, 2020, Amended Regulation 187 requires a producer soliciting life insurance or annuity products in New York to engage in a heightened suitability determination as outlined by the Regulation and to act in the consumer's best interest. Notably, these duties also extend to in-force or post-issuance transactions. Insurer responsibilities have also been redefined and include producer training, additional disclosures, form collection and auditing. This bulletin is intended to notify producers of new PL&A administrative requirements related to the Regulation; [for full text of the Regulation, please click to view here.](#)

### **Regulation 187 Training Requirements**

In order to comply with the Regulation, life insurance producers must now complete training on the requirements of the Regulation as well as training on PL&A products prior to soliciting new business or transacting on existing business.

- **Regulation Training:** training on the Regulation may be completed by taking RegEd Course #484\_NY. Other courses may be considered upon request. Please contact our Field Financial Coordinators at [FieldFinancialCoordinators@PacificLife.com](mailto:FieldFinancialCoordinators@PacificLife.com) or by calling 800-800-6416 ext. 3010.
  - Producers that have already completed this training may provide proof of completion to [DocCenterC&L@PacificLife.com](mailto:DocCenterC&L@PacificLife.com).
- **PL&A Product Training:** PL&A is offering an e-learning course on the product currently approved for sale in New York and a separate course on products previously available for sale in New York.
  - Both courses are required to be completed by all producers licensed in New York and contracted with PL&A. The course titles are listed below and may be accessed in [Lifeline Compliance area](#).
  - [eLearning – Versa Flex Pro 2-NY Mechanics](#)
  - [Versa Flex Pro 2-NY Mechanics Course Attestation](#) (Required for completion and course credit)
  - [eLearning – New York Not Available for Sale Life Insurance Products](#)

- [New York Not Available for Sale Life Insurance Products Course Attestation](#) (Required for completion and course credit)
- Producers will need to print and sign the Attestations provided at the conclusion of both courses and provide proof of completion by signed Attestation to [DocCenterC&L@PacificLife.com](mailto:DocCenterC&L@PacificLife.com).
- Producers that have questions about this training may contact PL&A Field Financial Coordinators at [FieldFinancialCoordinators@PacificLife.com](mailto:FieldFinancialCoordinators@PacificLife.com) or by calling 800-800-6416 ext. 3010.

### **Sales Recommendations: Suitability Form**

A sales recommendation is any recommendation made in connection with the purchase or replacement of a policy, or a modification or election of a contractual provision under an in-force policy *that generates new sales compensation*.

- For PL&A policies, examples of sales recommendations include an increase in coverage and a producer assisted conversion, among potential others.
- In order to ensure compliance with these requirements, PL&A will require producers to complete and submit a consumer suitability form when a sales recommendation is made.
  - **As of February 1, 2020, the only transaction requiring a producer to submit a suitability form to PL&A is a face amount increase in coverage.**
- The suitability form is titled “Life Insurance Suitability Questionnaire – Policy Change;” [to preview the form, please click here.](#)

### **Other Form Changes**

In order for PL&A to confirm a producer’s compliance with Amended Regulation 187, certifications have been added to certain forms requiring the policyowner/insured’s and producer’s signatures. Certifications apply to both policyowner/insured and the producer and affect forms such as the Application, Producer Report, Multilife Producer Report, Policy Delivery Receipt, Term Conversion Request and Term Rider Conversion Disclosure. Similar changes are expected to be incorporated into the Policy Change Application and Reinstatement Application.

### **Auditing, What to Expect**

PL&A will require producers to periodically submit other documentation as requested for auditing purposes including, but not limited to, all documents used to help make a recommendation, and to certify that in-force recommendations are in the consumer’s best interest. Producers are therefore encouraged to maintain all documents used in conjunction with the recommendation, as required by the Regulation.

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Pacific Life & Annuity Company's individual life insurance products are marketed exclusively through independent third-party life insurance producers, which may include bank affiliated entities. Some selling entities may limit availability of some optional riders based on their client's age and other factors. Your broker-dealer or firm can help you determine which optional riders and investment options are available and appropriate for your clients.

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