

OCTOBER 21, 2019



LIFE ESSENTIALS

Important Update: NY Reg 187 for Life Insurance

As many of you are aware, New York Insurance Regulation 187, also known as the Suitability and Best Interest in Life Insurance and Annuity Transactions, becomes effective Feb. 1, 2020, for Life Insurance. It became effective for Annuities on Aug. 1, 2019.

Outlined below are key items about the regulation, what it means for you and Prudential, and next steps regarding training and communicating.

Reg 187

Reg 187 was recently amended to increase the scope of both suitability standards and consumer disclosures, and producer and insurer accountability in the sale of both life insurance and annuities. Reg 187 includes enhanced definitions for customer best interests practices, as well as product recommendations made both during the sales process and after a policy is in force, and requires insurers to create internal procedures to recognize and prevent the financial exploitation of senior consumers.

Prudential is in the process of working toward compliance with the New York Department of Financial Services' (NYDFS) Regulation 187 requirements for life insurance, in advance of the February 1, 2020, effective date, as well as the requirements of the U.S. Securities and Exchange Commission's (SEC) Regulation Best Interest (BI), in advance of its June 30, 2020, compliance date. Prudential also continues to engage with industry trades and various national and state regulators regarding other standard of care rulemaking being proposed or contemplated.

Training

With respect to training on the requirements of the regulation, Prudential anticipates accepting training that is provided by recognized industry training organizations (e.g., RegEd, Kaplan). Training records will be sent to Prudential through the DTCC portal.

Currently, Prudential will accept NY approved Suitability and Best Interest in Life Insurance training courses from the following vendors:

RegEd

- 484_NY (Long Course)

- 485_NY (Short Course)

Kaplan

- NYCS-261147 (New York Suitability and Best Interests in Life Insurance Transactions)
- NYCS-261233 (New York Suitability and Best Interests in Life Insurance and Annuity Transactions)

Quest

- NYCS-261350

Success CE

- NYCS-261313 (Suitability & Best Practices in Life Ins. & Annuity Transactions)

Product training on the Prudential products will also be required. This training can be conducted through recognized industry training organization portals (e.g., RegEd, Kaplan). Training records will be sent to Prudential through the DTCC portal. The training will be required for new and existing NY appointments prior to a recommendation being made. Prudential product training is anticipated to be available in 4Q 2019.

Next steps

As we progress toward the Feb. 1, 2020, deadline, we will continue to share key updates and next steps.

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