



MAY WE HAVE YOUR

ATTENTION PLEASE?

## IMPORTANT REGULATORY UPDATE & NEW YORK REG. 187

There have been several key events over the past year which have transitioned the industry's regulatory focus from a "fiduciary" standard to a "best interest" standard.

On the federal level, the Department of Labor's Fiduciary Rule was officially vacated in court, effective June 21, 2018. On the heels of that action, the SEC announced on June 5, 2019 the adoption of Regulation Best Interest (Reg. BI).

On the state level, there has also been significant regulatory activity, with one of the key developments being the approval by New York of the Suitability and Best Interest in Life Insurance and Annuity Transactions Regulation (Amended N.Y. Reg. 187) in July 2018. N.Y. Reg. 187 applies to all policies and contracts delivered or issued for delivery in New York.

N.Y. Reg. 187's scope and applicability are unprecedented and very broad, as it imposes a best interest standard for producers involved in any transaction or recommendation. It's effective August 1, 2019, for annuities, and February 1, 2020, for life insurance. The key components of the best interest standard for producers include:

- a) the use of care, skill, prudence, and diligence when recommending transactions,
- b) **only** the interests of the consumer can be considered,
- c) the customer must receive certain information regarding the transaction and/or the product recommended, and
- d) Producers must be adequately trained when making a recommendation

***This information below is exclusively focused on changes for Annuities going into effect on August 1, 2019. Specific changes for life insurance are going into effect on February 1, 2020 and will be communicated later this fall, along with a separate distribution/selling agreement amendment for your Transamerica Financial Life Insurance products broker dealer selling agreement, if applicable.***

### PRODUCER TRAINING REQUIREMENT

N.Y. Reg. 187 requires that producers are adequately trained when making a recommendation. Transamerica has implemented the following training requirements:

- **For solicitations of new policies:** Producers are required to complete a course through an approved vendor specific to the requirements of N.Y. Reg.187 prior to soliciting a sale

of an annuity in New York. This course should inform producers of their obligations under the regulation to act in the best interest of clients when recommending annuities or life insurance transactions. There are several course variations available (with or without CE credit) through various training vendors such as Kaplan, Quest CE, or RegEd. Transamerica does not require a specific course variation or vendor be used, however you can access our preferred vendor by visiting <https://secure.reged.com/trainingplatform/>. If completion of the course does not occur prior to solicitation, the application will be declined.

- **For an agent of record change on existing policies:** All producers who are an agent of record on a Transamerica Financial Life Insurance Company (TFLIC) policy must take the appropriate N.Y. Reg. 187 training through an approved vendor, regardless of the resident state of the policy owner. If completion of the course does not occur prior to an agent of record change, the request will be considered “not in good order” until the course is completed.

## **FEE-BASED VS COMMISSION-BASED COMPARISON**

When a Producer has the ability to offer for sale the Transamerica Variable Annuity I-Share (fee-based), and any of our commissioned-based variable annuities (B-Share, Axiom II, or Principium III), they must ensure the client understands the differences between the fee-based and commission-based annuity offerings by providing the customer a written disclosure highlighting such differences.

Transamerica has created a “Fee-Based vs Commission-Based Comparison” for these solicitations. If a producer has the ability to sell both the Variable Annuity I-Share and at least one commission-based variable annuity, the producer must provide the Comparison when recommending either type of product. This Comparison will be available on [www.transamerica.com](http://www.transamerica.com), as well as through our electronic order entry platforms.

**For electronic applications:** The Fee-Based vs Commission-Based Comparison will print on all new business cases unless customization has been arranged with a firm, along with a cover sheet explaining the scenario of when the comparison is required. If a Producer does not have the ability to sell both the Variable Annuity I-Share and a commission-based product, the comparison is not required and can be discarded.

## **PRODUCT GUIDES**

N.Y. Reg. 187 also requires that producers and clients are adequately informed of product features, both favorable and unfavorable, prior to the recommendation of a new sale (including replacement) or inforce transactions. As of August 1, 2019, Transamerica will have Product Guides available that summarize the features of each product we currently offer for sale. These guides are available under the specific product pages at [www.transamerica.com](http://www.transamerica.com), under the “Financial Professional” options for “What We Offer”, “Annuities”.

Over the next several months, we will continue to expand the library of Product Guides or Feature Summaries to include products from our closed block of business.

## **FIRM PROCEDURES**

Impacted firms have received a selling agreement amendment in the mail with regard to N.Y. Reg. 187. Transamerica expects firms to maintain policies and procedures that comply with N.Y. Reg.

187, including documentation and disclosure requirements. As part of Transamerica's ongoing monitoring and auditing process, we may periodically request such information from a firm.

We thank you for your business. If you have any questions or concerns with any of the changes we've outlined above, please contact your Transamerica representative.

Annuities issued in New York by Transamerica Financial Life Insurance Company, Harrison, New York. Annuities are underwritten and distributed by Transamerica Capital, Inc. 1801 California St. Suite 5200, Denver, CO 80202. FINRA member. References to Transamerica may pertain to one or all of these companies.

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