



AIG Annuities
PO Box 15570
Suite 750
Amarillo, TX 79105-5570

June 11, 2019

New York Best Interest Rule for Annuities & Life Insurance

Dear Annuity Partner:

We're writing to ensure that you, our valued partner, are aware that **New York has important new requirements for sales of annuities and life insurance**, and that you know what this new rule means in the course of our doing business together.

The new **Suitability and Best Interests in Life Insurance and Annuity Transactions** rule (New York Reg 187 or "Best Interest Rule") amends the state's suitability requirements for annuities (effective August 1, 2019) and introduces suitability requirements for life insurance (effective February 1, 2020).

Today, we're communicating about annuity-related requirements. Our life insurance business is still developing requirements; if you sell our life products we will follow up with a subsequent communication.

New Requirement for Best Interest Rule Training

Agents must take training on the Best Interest Rule, and if not already completed, must also take the applicable product-specific training prior to any sale made on or after the August 1, 2019 effective date. Best Interest Rule training courses will be provided by the following vendors:

- Quest CE
- RegEd
- Kaplan
- Success CE

If you intend to use a vendor not listed above, please contact your AIG representative.

Annuity Suitability Supervision under the Amended Rule

We are supervising the suitability review conducted by your agents, and we want to make you aware of the updates we have made to AIG's supervision program to comply with New York Reg 187.

The rule requires that an agent's recommendation be based on the evaluation of the relevant suitability information, which has been amended to include additional suitability criteria. *Please see the enclosed Compliance Bulletin for details.*

We will add the new suitability and best interest elements to our client profile form for New York sales in time for the August 1, 2019 annuity effective date. The new form will be required for all applications dated on and after August 1, 2019.

Monitoring of New York Reg 187 Compliance

Under the new rule, agents are responsible for ensuring that sales transactions are in the client's best interest. For our part, after the effective date, we will perform risk-based post-issue audits of certain sales transactions. After the applicable effective date, we will begin auditing for compliance with New York Reg 187's requirements for agents



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recommending sales transactions, including a review of documentary evidence for the case file, which could comprise:

- evidence of the required commission disclosures
- documentation of the basis of the agent's recommendation
- verification of the methodology used to ensure that the transaction is in the best interest, including the output of any financial analysis software, proprietary software, or another strategy to determine the product was in the client's best interest

Compliance Bulletin for Agents/Brokers

The accompanying bulletin outlines the agent's responsibilities under New York Reg 187, including the new suitability information required. Please distribute this bulletin to your selling agents/brokers. We appreciate your assistance in helping educate your agents.

Thank you for your business and your cooperation in complying with this new regulation in the state of New York.

Sincerely,

A handwritten signature in blue ink that reads "J. Roth".

Jennifer Roth
Chief Compliance Officer, Individual Retirement