

Currin Chronicles

Quarterly Newsletter

August 2018



President's Corner

What a busy summer this has been! Those of you who know me personally are probably not surprised to learn I like to be busy. I come from a long line of similarly hard-driving folks and it seems to be both a function of nature and nurture that I work hard. This summer is one of those times when I appreciate both my capacity and willingness to do so. I also appreciate the willingness of those who work with me here to do the same.



Luckily for me, my news is not all work-related. My daughter earned her MS from Northwestern University's Medill School of Journalism in June so there was a trip to Chicago/Evanston for that. It is so satisfying to see her do so well at something she is so passionate about. Who would have thought my introverted bookworm would grow up to be a dogged investigative reporter?

I have also been riding my bike quite a bit and I have a couple more things planned. Stay tuned and/or follow me on social media if you are interested. Our compliance hero will be experiencing the thrill (I hope!) of big descents and the grind of big climbs with me as I just completed a ride through the Adirondacks and will head to Oregon for a bucket list ride in September.

But work does keep me plenty busy too! NY DFS is doing its share to help in that regard. Reg 210 implementation has been a whirlwind and just as companies were settling in and getting a handle on those requirements, we were handed Reg 187, NY's new suitability regulation. Look for Pete Rock's article on this important regulation further on in this newsletter. And there are so many positions that are hardening and ways that it is becoming more and more difficult to do business here in the "great state of New York." I will be speaking on these topics at the Fall LHCA conference in Simsbury, CT, in October. That will be here in no time! Immediately after that I am heading north to our own advertising symposium in Bedford, NH, to support our lead advertising analyst, Glenda Bean (see more about this on the last page). As always, I look forward to seeing many of you at industry conferences this year, though unfortunately, I will have to miss AICP in Nashville this time around. Suzanne Seay and Tom Hartman will be representing us there and talking about all things NY in the way that only they can.

Enjoy the rest of your summer – I can't believe it is almost over and I am talking about fall events, but there it is. So, get outside, soak in the warm weather, and enjoy this wonderful season. ~ Cailie



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NY DFS Pulls the Trigger on Best Interest Suitability Regulation

Major Expansion in Annuity AND Life Insurance Suitability Requirements

By Pete Rock

On July 19th, Maria Vullo, New York's Financial Services superintendent, announced sweeping changes to the state's existing suitability regulation. While the new regulation won't take full effect for more than a year, they will require insurers, fraternal benefit organizations, and producers alike to make drastic changes in how they sell and service insurance and annuity products in New York.

Given the nature of this far-reaching amendment (find the full text of the regulation [here](#)), we will be publishing a series of articles and blog posts detailing the changes and new requirements during the next several months. A few of the more significant ones are highlighted here.

Life Insurance Has Been Added

While there are some limited exemptions, most individual life insurance policies, including term insurance, will be subject to the new suitability standards. This will include the collection of certain information to help establish that any recommendation made is in the best interest of the client. Understanding the differences between policy types, the regulation requires the information collected be based on the "materiality of the transaction", the "complexity of the transaction recommended," and whether the transaction is for a policy "solely providing term life insurance" or "any other policy."

The added requirements will likely result in changes to existing forms, and entirely new forms as well, to document the collection of the information and justification in moving

forward with the transaction. Insurers and fraternals are also tasked with "ensuring that every producer recommending any transaction with respect to the insurer's policies is adequately trained to make the recommendation in accordance with the provisions of" the rule. This means that insurers will need to ensure that producers are adequately trained in, among other things, assessing the situations where additional information would be required to make the suitability determination. This will likely require more in-depth product training, leading to a deeper understanding of the products producers are recommending.

In-Force Transactions Are Now Part of the Rule

The new version of the regulation requires due diligence, similar to that required in sales, related transactions, be taken for so-called 'in-force transactions'. As with many provisions in the rule, in-force transactions are defined rather broadly, encompassing "any modification or election of a contractual provision with respect to an in-force policy that does not generate new sales compensation". Such transactions that generate new sales compensation would fall under the sales transaction requirements.



**Department of
Financial Services**

Our mission at Currin Compliance Services, Inc. is to deliver an unparalleled combination of knowledge, creativity, and superior problem-solving skills to each compliance challenge faced by our clients in the insurance industry.

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While there are some differences in the information that needs to be gathered, producers and insurers are required to ensure that any recommendation made as part of an in-force transaction be deemed suitable and in the best interest of the client.

How is a Recommendation Defined?

Importantly, the regulation's requirements are only applicable in situations where a recommendation is being made as part of the transaction. However, again, the regulation seems to very broadly define just what a 'recommendation' is:

Recommendation means one or more statements or acts by a producer, or by an insurer where no producer is involved, to a consumer that:

- (1) *reasonably may be interpreted by a consumer to be advice and that results in a consumer entering into or refraining from entering into a transaction in accordance with that advice; or*
- (2) *is intended by the producer, or an insurer where no producer is involved, to result in a consumer entering into or refraining from entering into a transaction.*

A recommendation does not include general factual information to consumers, such as advertisements, marketing materials, general education information regarding insurance or other financial products and general administrative services to the consumer. A recommendation also does not include use of an interactive tool that solely provides a prospective consumer with the means to estimate insurance, future income, or other financial needs or compare different types of products...

Based on the definition, with some limited exceptions, most sales and many in-force transactions will likely involve a recommendation and therefore be subject to the rule.

New Supervisory Requirements

The amended rule's supervisory requirements will be covered more extensively in later discussions, but insurers will now have significantly greater responsibility in not only ensuring producer compliance with the elements of the regulation, but also in monitoring, auditing and training those activities.

Importantly, the final version of the amendment does allow for third parties, such as broker-dealers and compliance consultancies, to act on behalf of the insurer in these areas. Earlier versions of the proposed amendment seemed to exclude such third-party involvement.

Important Dates

The Department expects full compliance to be in place by August 1, 2019, for all annuity transactions, and by February 1, 2020, for all life insurance transactions. While this may seem like a long time to comply, considering the many changes to procedures, forms, and supervision required by the amended rule, it would be prudent for insurers and producers alike to start preparing for the changes immediately.

Our next blog in the series will further detail producer and insurer requirements in sales, related transactions, and how the rule defines acting in the best interest of the consumer.

Are you unsure where advertising must be filed?

By Glenda Bean

Our [50-State Survey: Advertising Filing Requirements for Non-Variable Life & Annuities, Long Term Care, and Medicare Supplement](#) provides guidance on which products' advertising need to be filed, as well as what filing type is required. Our survey also contains links to applicable insurance codes, regulations, bulletins, and filing checklists, where available.

Click [here](#) to download a FREE sample!

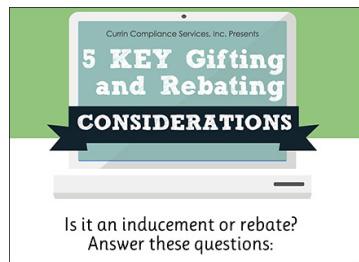
We maintain this information for you, so if there are changes, we will update the guidance and issue a new version via e-mail. It

will also be available directly from our online portal so if you can't remember where you saved it – it's still only a mouse-click away!

Our online education platform has several tools for you to explore and assist in your compliance work, including our [free webinar series](#), or click [here](#) to explore our full insurance compliance education portal.

Want more? Check out the following FREE infographics, white papers, and 50-State Survey samples! (Click images and titles to download.)

Infographics



White Papers

[Understanding Concepts of Rebates, Gifts, and Inducements](#)

[Common Drafting Issues - NY Annuities](#)

50-State Survey Samples

[Free-Look Individual Life Insurance](#)

[Rebates, Gifts, and Inducements](#)

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Join us for CICS and Fall Foliage at the Bedford Village Inn in New Hampshire

October 25, 2018



If you are interested in learning about insurance advertising compliance in the digital era, sharing your challenges, and looking at solutions as a group, join us on THURSDAY, OCTOBER 25, 2018, in Bedford, NH. We're hosting another one-day Currin Insurance Compliance Symposium and will be exploring some of the unique challenges digital advertising presents compliance professionals and best practices for reviewing content for digital channels.

This day will be full of information with the opportunity to share and discuss your experiences. You will walk away with ways to approach your digital advertising review process, as well as an increased knowledge about how to review ads for the digital channel.

We want to tailor this event to your needs and challenges. We encourage attendees to [email questions for discussion in advance to Glenda Bean](#).

SPACE IS LIMITED!

We are intentionally keeping this group small to have real discussions on these important issues. Don't hesitate...register now and secure your spot. [Read more here](#).

The Bedford Village Inn (BVI) is New England at its finest...where "the beauty of nature blends seamlessly with sophisticated New England style." BVI is located 10 miles from the Manchester-Boston Regional Airport with complimentary shuttle service to and from. New England is known for its spectacular foliage this time of year so we hope you're able to stay and enjoy the surrounding area. CICS attendees are eligible for a discounted room rate (Wednesday 10/24 until Sunday 10/28). Attendees are responsible for booking their own transportation and accommodations.

The link below will take you directly to the hotel group reservation page (simply change the dates as needed). If you call the hotel directly for reservations, our group code is: CUR19GB5.

[The Grand at Bedford Village Inn Rooms for Currin Compliance.](#)

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Register Now!