

New York Regulation 187 for Life Insurance

- Compliance date for this regulation is February 1, 2020.
- Suitability Review
 - Include a suitability form in the life insurance application package.
 - Current draft of the form is 14 questions.
 - Initial plan is to perform a suitability review of 100% of New York applications, this may change over time as we learn more about this process.
- Producer Training Requirements
 - Training must be completed prior to solicitation of business from the consumer, we will check training completion date against the date the application was signed.
 - If training was not completed or was completed after the application was signed, we will require a new application be submitted.
 - Best Interest Training
 - Preferred platform for completion of the Best Interest training will be LIMRA.
 - We will automate interface with LIMRA so we know when the Best Interest training is completed.
 - We will review other Best Interest training platforms (i.e. RegEd, Kaplan, etc.) and if approved by Principal, they can be used as well.
 - Product Training
 - At this time, we are not planning on a formal product training platform for the producer to complete in advance of solicitation.
 - We are planning to include an attestation for the producer to sign that will be a part of the suitability form noted above. This attestation will say that the producer acknowledges that they have been adequately trained and are knowledgeable about the product they are selling.
- Disclosure Requirements
 - Planning to include a product disclosure as a part of the application package. At this time, we don't know if this disclosure will be specific to the product being sold or if it will be a general product disclosure that summarizes all life insurance products offered by Principal.
 - We are not planning to include any compensation disclosure at this time since this is deemed to be a responsibility of the producer.

New York Cybersecurity Regulation for Life, Disability and Annuities

- Compliance date for this regulation is March 1, 2020.
- We are planning to require all independent Life, Disability and Annuity producers to comply with the Third Party Service Provider requirements of the regulation per the direction given by the state of New York.
- We are planning to utilize the questionnaire/attestation currently under development by LIMRA so that an independent producer can complete it once for all of carriers that they conduct business with.
- For producers that conduct their business through a Broker/Dealer, we will be requiring the Broker/Dealer to attest to their compliance with the Third Party Service Provider requirements for the regulation. Once we have this attestation from the Broker/Dealer, we will not require the registered representative to complete the questionnaire as well.
- For producers that conduct their business as a solicitor for a firm (i.e. bank, benefits firm, etc.), we will be requiring that the firm to attest to their compliance with the Third Party Service

Provider requirements for the regulation. Once we have this attestation from the firm, we will not require the producer/solicitor to complete the questionnaire as well.

- We do plan to require completion of the Third Party Service Provider questionnaire/attestation for all entities in the hierarchy of the producer (i.e. IMO, BGA, Sub-GA, Firm, etc.).
- We do not plan to hold up the underwriting or policy issue process if the producer/firm/institution have not completed the questionnaire/attestation. However, if we are not able to get this completed in a reasonable time or if there are concerns with specific answers to any question on the form, we will have to review how to proceed which may include the termination of any applicable contracts.

Please let me know if you have any questions or feedback.

Thanks

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