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New York State Releases Final Best Interest Regulation

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Yesterday afternoon, the New York Department of Financial Services issued a final best interest rule. As expected, the final rule applies to both life insurance and annuity products, including in-force life insurance policies. While there were positive changes to the rule—for example, it limits the scope on in-force policies to transactions generating new sales compensation—it retains the general scope of previous proposals and continues to pose a number of challenges for producers in New York State.

In response to comment letters from AALU and our industry partners that the rule failed to satisfy the NY Administrative Procedures Act with a lack of economic analysis of the impact of the rule on small businesses, New York State added explanatory language that it believes costs are minimal and the benefits will be great, without adding additional analysis.

Below is a link to the full text of the final rule, as well as a high-level summary of key changes to the final rule from the previous draft. Analysis of this final rule is ongoing, and we will be providing a more detailed report on the impacts of the rule shortly.

[NY DFS Press Release](#)

[NY DFS Final Rule - Full Text](#)

[NY Best Interest Final Rule - Summary of Key Changes](#)

[AALU NY Best Interest Comment Letter](#)

Questions?

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