

AGENT ALERT: CHANGES TO NY REGULATION 60 FORMS AND CLARIFICATION OF THE STEPS WITHIN THE PROCESS

The forms and instructions used to comply with New York Regulation 60 have been updated to reflect minor changes required by the New York State Department of Financial Services. The step-by-step instructions are outlined in the attached Field Bulletin. A marked copy of the Field Bulletin showing the changes made can be accessed in Librarian on SecurityLink at https://www.smlnyagent.com/agent/Librarian/0013180XX_092015_Marked Copy.

The following forms were also revised effective 09/2015:

Definition of Replacement	0013717XX
Disclosure Statement (use for life-to-life, annuity-to-life, life-to-annuity)	0013720XX
Important Notice Regarding Replacement	0013718XX

Effective immediately, please begin using the revised Regulation 60 forms (Replacement of Life Insurance Policies and Annuity Contracts), and destroy any prior editions. Prior editions of the above forms will not be accepted after October 15, 2015. The current versions of the forms are available from Librarian.

Questions can be directed to 800-927-8846 or email Group@smlny.com.



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Field Bulletin



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Procedures for New York Regulation 60 Group Procedures

Regulation 60 rules apply to Group Term Life only when an insurance agent, broker, or insurer directly solicits the certificateholder for the new coverage, and all or a portion of the premium is paid or borne, directly, or indirectly, by the certificateholder. In general, for Security Mutual group business this occurs only when Group Optional Life Insurance (Voluntary or Supplemental) Benefits are sold on a face to face basis with other benefits (both Group and Individual) via an electronic enrollment platform or with paper enrollment forms. For any other situation where Regulation 60 applies to a Group Sale, obtain paper forms from Librarian or from your Group Regional Director and follow the procedures outlined below.

For Group Cases to which Regulation 60 applies:

1. The "Definition of Replacement" form (0013717XX) is required by the Regulation. This form will be built into the electronic enrollment system. When a paper enrollment is done, a supply of forms will be supplied to the agent or broker. A nominal supply of additional related forms will also be supplied to the agent or broker.
2. **The agent or broker MUST complete the "Definition of Replacement" form by asking and explaining each question on the form and having the proposed enrollee sign and date the form. The agent or broker must provide a copy of the completed and signed "Definition of Replacement" form to the proposed enrollee.**

The agent or broker must also sign and date this form. Note that each question pertains to ANY existing coverage which may be replaced as part of the new purchase.

3. If no replacement is indicated, submit the "Definition of Replacement" form with the enrollment form.
4. If replacement is indicated, by any "YES" answer on the "Definition of Replacement" form:
 - A. Agent/broker must review with the enrollee the "Important Notice Regarding Replacement" form 0013718XX and have the enrollee sign and date the Form. Submit the original with the enrollment form, retain a copy for your records and leave a copy with the enrollee.
 - B. Agent/broker must obtain the following and submit to the Home Office to the attention of the Benefits Division, Group Administration:
 - Enrollment Form signed by the enrollee
 - "Definition of Replacement" form (0013717XX) signed by the enrollee and agent/broker
 - "Important Notice Regarding Replacement or Change of Life Insurance Policies or Annuity Contracts" form (0013718XX) signed by the enrollee
 - "Replacement Notification/Authorization" form (0010357XX) signed by the owner of the existing policy or certificate
 - List of all existing life insurance policies or certificates proposed to be replaced
 - Copies of any sales material, including any proposal used in the sale of the certificate.

- C. A copy of the “Definition of Replacement” and “Important Notice Regarding Replacement or Change of Life Insurance Policies or Annuity Contracts” must be left with the enrollee.
- D. Agent/broker shall provide the replaced company with the completed “Replacement Notification/Authorization” form (0010357XX) signed by the enrollee with a list of policies/contracts or certificates to be replaced.

The replaced company (companies) is required by Regulation 60 to supply you with the specific information needed to complete the “Disclosure Statement” form (0013720XX) within 20 calendar days of its receipt of your request for this information (0010357XX).

Note: The “Replacement Notification/Authorization” form must be sent to the appropriate contact person as shown on the Department of Financial Services of the State of New York’s website. Contact Information can be found at [http:// www.dfs.ny.gov/insurance/reg60/reg60contacts.htm](http://www.dfs.ny.gov/insurance/reg60/reg60contacts.htm).

In situations where our company is to be the replaced company, a copy of “Replacement Notification/Authorization” form 0010357XX should be faxed to the attention of GROUP Administration at 607-723-8665 or emailed to Group@smlny.com.

Group Administration will supply you with the information which you will need to complete the “Disclosure Statement” form (0013720XX) with respect to our company’s policy.

In order for us to supply you with this information, **YOU** will need to supply the following information with respect to the proposed insured:

- Name
- Date of Birth
- Age Last Birthday (as of policy issue date)
- Plan of Insurance
- Face Amount of Coverage
- Benefits or Riders
- Premium Amount
- Dividend Option (if applicable)

We will supply you with the needed information within 10 calendar days of receipt of the copy of the “Replacement Notification/Authorization” form (0010357XX).

- E. If you do not receive the necessary information within approximately 26 days after mailing your request, you may proceed on a “good-faith” basis using available data to complete the Form. **Note:** On the “Disclosure Statement” form, indicate whether the information on the existing coverage was obtained from the replaced company(s) or whether approximations were used because the replaced company(s) failed to provide the information in the prescribed time.

By this point, the other company will have notified its agent or broker of record of the possible replacement and provided to that agent or broker a copy of the same information sent to you.

- F. If, after reviewing the premium values and the data sent by the other company, or—after 26 days—your “good-faith” approximations based on available information, you and the proposed enrollee determine a replacement is appropriate—now complete the full “Disclosure Statement” form. Instructions for completing the Disclosure Statement can be found at <http://www.dfs.ny.gov/insurance/ilife.htm#r60>.

You must provide the “Disclosure Statement” form (signed by the Agent or Broker) to Security Mutual prior to the delivery of the certificate. The “Disclosure Statement” form must be delivered to the enrollee, and signed by the enrollee, not later than at the time of delivery of the certificate.

If an initial Disclosure Statement was provided to the enrollee prior to delivery of the certificate, and the certificate issued differs from that shown in the previous Disclosure Statement, the Home Office will provide a revised Disclosure Statement that conforms to the certificate issued at the time of the delivery of the certificate.

If a spouse's coverage is to be replaced, the spouse must also sign the form.

Submit the "Disclosure Statement" form signed by the enrollee to Security Mutual by mail, email or fax within 5 days after certificate delivery, retain a copy for your records and leave a copy with the enrollee.

PROHIBITED ACTS

New York Regulation 60 provides that:

(a) No insurer or insurance agent or broker shall:

- (1) make or give any deceptive or misleading information in the 'Disclosure Statement' or the sales material, including any proposal used in the sale of the life insurance policy or annuity contract;
- (2) in completing the application, fail to ask the enrollee the pertinent questions relating to the probability of replacement;
- (3) incorrectly record an answer;
- (4) counsel an enrollee to answer the questions with respect to replacement negatively in order to prevent notice to the insurer to be replaced; or
- (5) counsel an enrollee to write directly to the insurer in such a way as to attempt to bypass such insurer's agency representation or obscure the identity of the insurance agent or broker replacing the life insurance policy or annuity contract."

Should you have any questions related to this bulletin or the New York Replacement Regulation in general, please contact Group Underwriting or the undersigned.



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