

February 21, 1933

SUBJECT: INSURANCE

WITHDRAWN

To All Authorized Life Insurance Companies:

Dear Sirs:

Re: Advance Announcement of Dividends to Policyholders

In this Department's circular letter of January 10, 1930, it was held that an announcement of dividends could not be made more than two months in advance of the commencement of the dividend year. The primary purpose of this ruling was to prevent agents using the declaration of dividends many months in advance as an argument in the solicitation of insurance. The situation was that some companies were receiving a considerable competitive advantage in being able to practically guarantee first year dividends. Where such first year dividends, either contingent or otherwise, are not paid, the above condition or situation does not arise. Accordingly, I have decided to hold that, in the case of the companies which allow no surplus return whatsoever at the end of the first policy year, the Department's former ruling of January 10, 1930, limiting the advance announcement period to two months, does not apply.

Very truly yours,

(Signed) GEORGE S. VAN SCHAICK

Superintendent of Insurance