

November 1, 1934

SUBJECT: INSURANCE

WITHDRAWN

At a conference at the New York City office of the Insurance Department in November 1934, with all group life insurance companies, it was agreed that each company would notify the Department of its decision to hold a 2% contingency reserve for group life insurance. The following acknowledgment essentially was sent to each company in the name of George S. Van Schaik, Superintendent of Insurance. The Insurance Department considers the contingency reserve as a segregation of surplus and not as a liability. It is currently in effect.

November 1934

Re: Contingency Reserve for Group Life Insurance

We note from your letter . . . the proposal and plan of your company to build up, as conditions permit, a contingency reserve for group life insurance, your final aim being to accumulate a reserve of one-half of the net aggregate premiums received. To accomplish this, you state that you will endeavor to set aside in 1934 and annually thereafter 2% of the net group premiums (i.e., group premiums less dividends thereon) except where the claim experience of your company is abnormally high. Such a reserve will be in addition to the true unearned premium liability already carried.

The Department has already indicated its agreement with such a step and your proposal accordingly has our approval.