

June 15, 1962

SUBJECT: INSURANCE

TO THE PRESIDENT OF EACH LIFE INSURANCE COMPANY AUTHORIZED TO DO BUSINESS IN THE STATE OF NEW YORK

The purpose of this letter is to set forth the views of the New York Insurance Department regarding a company's responsibilities in connection with liberalization of its contractual obligations under life insurance policies and to obtain information to ascertain compliance with Section 209 of the Insurance Law.

Unless contrary to public policy or otherwise detrimental to the interests of policyholders, this Department has not objected to an insurer's settlement of a terminating policy on a basis not required by the policy if such action was in accordance with duly adopted administrative rules which were in effect at the time of such settlement and were reasonable and uniformly applied. Such liberalization has been considered unexceptionable and in the interest of policyholders.

Where, however, a policyholder under a continuing policy is, without adequate additional consideration, granted a settlement option or other benefit or waiver not required by the policy, all policyholders of the same class should be given either the same benefit or notice of reasonable opportunity to obtain it. Any life insurer contemplating deviation from the foregoing rule should give the Life Bureau of this Department thirty days' advance notice of such intention and written justification thereof under Section 209 of the New York Insurance Law

Any life insurer which since December 31, 1958 has deviated from the rule set forth in the preceding paragraph should furnish the Life Bureau with a statement of each deviation.

You are requested to acknowledge receipt of this letter.

Very truly yours,

[SIGNATURE]

Superintendent of Insurance