

July 7, 1972

SUBJECT: INSURANCE

WITHDRAWN

Circular Letter No. 3 (1972)

TO ALL EMPLOYEE WELFARE FUNDS REGISTERED WITH THE NEW YORK STATE INSURANCE DEPARTMENT

LIQUIDATION OF EMPLOYEE WELFARE FUNDS

Employee welfare funds registered with the Insurance Department under Article III-A of the Insurance Law have shown a consistent record of growth both in the number of funds and in contributions received. However, from time to time, due to industry changes, benefit revisions, and so forth, funds may be terminated and the assets distributed to members. Questions have arisen about the procedure necessary to be followed in such cases of fund liquidation, and this Circular Letter is issued for the purpose of clarification.

Article XVI of the Insurance Law deals with the liquidation and rehabilitation of organizations covered by the Insurance Law and supervised by this Department. Accordingly, employee welfare funds registered under Article III-A of the Law are subject to the provisions of Article XVI.

Article XVI authorizes the Superintendent of Insurance to liquidate an employee welfare fund which, among other reasons, has commenced or attempted to commence voluntary liquidation or dissolution. Article XVI, however, does not require the Superintendent to liquidate each and every such fund.

An employee welfare fund will be permitted to voluntarily self-liquidate or dissolve itself where:

- the proposed plan of liquidation or dissolution appears proper on its face,
- no desire has been expressed on behalf of the fund or any of its beneficiaries or any other interested person for the Superintendent to be the Liquidator, and,