

January 8, 1982

SUBJECT: INSURANCE

CIRCULAR LETTER NO. 2 (1982)

TO: ALL AUTHORIZED LIFE INSURANCE COMPANIES AND FRATERNAL BENEFIT SOCIETIES

RE: AVAILABILITY OF SUPPLEMENTARY LIFE INSURANCE BENEFITS TO THE PHYSICALLY OR MENTALLY IMPAIRED

It has come to the attention of the Insurance Department that some life insurers who are willing to write life insurance coverage at standard or substandard rates for individuals physically or mentally impaired are not willing to make available certain supplementary benefits such as waiver of premium, due solely to the individuals' physical or mental impairment. Other life insurers make such supplementary benefits available at substandard premium rates or with the use of impairment riders which exclude from coverage the risk related to the physical or mental impairment.

The Department believes it is in the interest of the affected individuals to have the broadest life insurance coverage available. Supplementary benefits can be an important part of an individual's life insurance program. We encourage all insurers to issue supplemental benefits with life insurance at standard rates wherever possible. However, when insurers will not so issue supplementary benefits, we encourage them to adopt the use of substandard rating, or impairment waivers to enable more insureds to obtain the important and desired supplementary benefits.

The Insurance Department position to permit substandard rating and impairment riders for supplementary benefits as set forth in this circular letter is in response to those insurers who have advised the Department that they would be willing to write the physically and mentally impaired under these circumstances. It is requested that all life insurers review their underwriting practices and advise the Department of their intention with regard to availability of supplementary benefits to the physically and mentally impaired.

Please advise the Department within 60 days by writing to:

Raymond A. d'Amico
Chief, Health & Life Policy Bureau
Agency Building One
Governor Nelson A. Rockefeller
Empire State Plaza
Albany, New York 12257

Very truly yours,

[SIGNATURE]

Albert B. Lewis

Superintendent of Insurance