

April 28, 1982

SUBJECT: INSURANCE

WITHDRAWN

CIRCULAR LETTER NO. 10 (1982)

DATED: April 28, 1982

TO: ALL INSURERS LICENSED TO WRITE LIFE AND/OR ACCIDENT AND HEALTH INSURANCE

SUBJECT: Regulation No. 27A - Credit Life Insurance and Credit Accident and Health Insurance Single Premiums for Insurance in Excess of Three Years.

The press release dated 3/4/80 announcing the promulgation of a new Regulation 27A (11 NYCRR 185) stated in part:

"(5) The prior regulation allowed the debtor to pay a single premium for his insurance for a period not in excess of ten years . . . [T]he new regulation will preclude the debtor from paying a single premium in excess of three years. The regulation, however, requires that insurance be made available to the debtor for the full term of the loan. This provision will not take effect until the middle of 1982, so that methods and procedures for collecting premiums on loans for durations in excess of three years may be developed."

This requirement in Regulation 27A (11 NYCRR 185.7(f) (2) and (3)) had the latest mandatory implementation date of any part of the Regulation, namely, "the later of June 1, 1982 or the policy anniversary following March 1, 1982."

In view of the problems which have been expressed to the Department by various affected insurers concerning the implementation of the requirements of Regulation 27A (11 NYCRR 185.7(f) (2) and (3)), we have developed what we believe are procedures which would be acceptable in most circumstances, with the proper computer equipment. However, we feel that there may be other acceptable procedures for implementing this section of the regulation. Therefore I have decided to extend the June 1, 1982 effective date until March 1, 1983. Accordingly, insurers are directed to file their plans of procedure by November 1, 1982, so that the single premium requirements can be implemented by a date no later than March 1, 1983. It is intended that this will provide ample time for the Department to discuss with industry representatives procedures developed by the Department, as well as any alternative approaches which may be acceptable in limiting the maximum financed single premiums to three years for loans with longer durations, and meet the scheduled filing date of November 1, 1982.

The Department will arrange in the very near future to meet with various industry representatives to discuss the above. The result of this discussion will be conveyed to industry in ample time to meet the November 1, 1982 filing date.

Please acknowledge receipt of this letter to:

Mr. Robert J. Callahan
Chief, Actuarial Valuation Bureau
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Agency Building 1
The Governor Nelson A. Rockefeller
Empire State Plaza
Albany, New York 12257

Very truly yours,

[SIGNATURE]

ALBERT B. LEWIS

Superintendent of Insurance