

March 29, 1984

SUBJECT: INSURANCE

WITHDRAWN

CIRCULAR LETTER NO. 8 (1984)

MARCH 29, 1984

TO: ALL INSURERS AUTHORIZED TO TRANSACT FIRE, MARINE, CASUALTY OR SURETY INSURANCE  
IN THIS STATE.

RE: RESTRICTION ON SALE OF "RESIDUAL VALUE INSURANCE"

This is to advise the captioned insurers that "residual value insurance", whereby an insurer agrees to pay a party with a financial interest in certain types of real or personal property the difference between the future anticipated value and the future actual value of such property resulting from depreciation, deterioration or breakage, comes within the definition of "insurance of life of property" as set forth in Section 400 of the Insurance Law. This kind of insurance may only be written by an insurer organized pursuant to the provisions of Section 401 of the Insurance Law. No insurer has ever been licensed to write insurance of life of property in New York.

Section 168-d of the Insurance Law and Insurance Department Regulation Number 86 (11 NYCRR 16), which created the Free Trade Zone for special risks, exempt insurers from filing requirements with respect to rates and policy forms in certain instances but only when the insurer is otherwise licensed to write such special risks. An insurer writing through the Free Trade Zone does not have authority to write "insurance of life of property" unless specifically licensed to do so.

You are also advised that neither Section 425-a of the Insurance Law nor Insurance Department Regulation Number 89 (11 NYCRR 18) gives an underwriting member of the New York Insurance Exchange, Inc. authority to write "insurance of life of property".

Any licensed insurer writing "insurance of life of property", as defined in Section 400 of the Insurance Law, shall cease writing new business as of April 15, 1984 and all present policies in force shall not be renewed upon expiration. In no event, shall any such policy remain in force after April 14, 1985.

Kindly acknowledge receipt of this letter to Henry L. Lauer, Chief, Property and Casualty Insurance Bureau, New York State Insurance Department, Two World Trade Center, New York, N.Y. 10047.

Very truly yours,

[SIGNATURE]

JAMES P. CORCORAN

Superintendent of Insurance