

August 23, 1984

SUBJECT: INSURANCE

WITHDRAWN

SUPPLEMENT NO. 2 TO CIRCULAR LETTER NO. 8 (1984)

DATED: August 23, 1984

TO: ALL INSURERS AUTHORIZED TO TRANSACT FIRE, MARINE, CASUALTY OR SURETY INSURANCE  
IN NEW YORK STATE

RE: "RESIDUAL VALUE INSURANCE"

Chapter 585 of the Laws of 1984, signed into law on July 27, 1984, amends paragraph 22 of Section 46 of the Insurance Law, to provide for "residual value insurance".

Such insurance is defined as "meaning insurance issued in connection with a lease or contract which sets forth a specific termination value at the end of the term of the lease or contract for the property covered by such lease or contract, and which insures against loss of economic value of tangible personal property or real property or improvements thereto except loss due to physical damage to property."

Simultaneously, Article XI-C of the Insurance Law, which dealt with "insurance of life of property" was repealed.

"Residual value insurance" may now be written by all stock and mutual fire, marine, casualty, surety or advance premium co-operative insurance companies, reciprocal insurers and underwriting members of the New York Insurance Exchange, Inc. Any such insurance company or reciprocal insurer desiring to write "residual value insurance" must amend its charter and license to include the kind of insurance authorized by paragraph 22 of Section 46. Furthermore, the additional capital and/or surplus requirements as set forth in amended Sections 311 and 316 of the Insurance Law must be met. Each insurer contemplating writing "residual value insurance" should carefully review these sections to determine if they meet the new financial requirements. Such requirements are also applicable to an underwriting member of the New York Insurance Exchange, Inc., which desires to write this kind of insurance.

Insurers having currently in-force "residual value insurance" policies must meet the foregoing requirements prior to issuing any new or renewal policies.

It should be noted that this legislation did not take into account the enactment of the recodified Insurance Law, effective September 1, 1984, and did not integrate the provisions of this legislation into the recodified Insurance Law. However, in this regard, we call to your attention the provisions of Section 2 of Chapter 367 of the Laws of 1984 which provides that any amendment enacted in 1984 to the former Insurance Law shall be deemed and construed to have been inserted in the recodified Law in juxtaposition to and as modifying the effect of the corresponding provision of the recodified Law.

Very truly yours,

[SIGNATURE]

James P. Corcoran

Superintendent of Insurance