

June 20, 1988

SUBJECT: INSURANCE

WITHDRAWN

Circular Letter No. 17 (1988)

TO: ALL INSURERS LICENSED TO WRITE LIFE INSURANCE IN NEW YORK STATE

SUBJECT: ANNUITY CONTRACTS ISSUED TO FUND INTERNAL REVENUE CODE SECTION 457 PUBLIC EMPLOYEE DEFERRED COMPENSATION. PROGRAMS IN NEW YORK STATE

The New York State Deferred Compensation Board has revised its Rules and Regulations for public employee deferred compensation plans (Parts 9000-9006 of Title 9 NYCRR), effective June 1, 1988. Of particular note is revised Section 9003.5 (a) which extends the maximum contract term from three to five years and prohibits the imposition of penalty payments or surrender charges at the end of the five year contract term, whereas formerly reasonable termination charges appeared to be permitted. It is the Board's position that each contract must now provide for a specific termination date so as to satisfy the rebidding requirements of the Board's Rules and Regulations.

We believe that many annuity contracts, both group and individual, currently being offered in this market will need revision in order to comply with the Board's revised Rules and Regulations.

The Health and Life Policy Bureau will assist in this process by expediting its review of annuity contracts or funding agreements intended for sale to Internal Revenue Code Section 457 public employee deferred compensation plans. An insurer submitting policy forms for approval for use, in this market should so indicate in its submission letter.

Very truly yours,

[SIGNATURE]

James Corcoran

Superintendent of Insurance