

November 19, 1970

SUBJECT: INSURANCE

Circular Letter No. 14(1970)

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

Following are amendments to the Wholesale Life Insurance Standards previously transmitted by Circular Letter No. 1 (1965), and revised or amended by Circular Letter No. 4 (1965), Circular Letter No. 20 (1966) and Circular Letter No. 4 (1969). For your convenience, new material is underlined in the text and deleted material is bracketed.

Page 16. The first paragraph of Section V is amended to read:

V. WHOLESALE LIFE INSURANCE\*

The expression "wholesale life insurance" as used herein shall mean that form of term life insurance, distributed on a mass merchandising basis and administered by group methods, provided, with or without evidence of insurability, by (1) individual policies which are made available to persons under a plan sponsored by: (a) an employer, or (b) an association consisting of persons having the same or similar occupation or profession, or (c) a union, or (d) two or more employers under common control, or (e) an association of civil service employees, or (2) individual policies which are made available to (a) individuals supplying or delivering materials to a central point of collection [;] , or (b) individual depositors holding interest bearing savings accounts in the same bank or credit union; and under which the insured's right to renew his policy, with or without other permissible renewal conditions, may be contingent upon the continuing of such employment, membership, [or] supplier participation or savings deposit. Premium collection by payroll deduction shall not, in and of itself, cause a policy to be classified as wholesale life insurance. A plan may be administered by an agent or a trustee.

Page 19. Section V.B.1.a. is amended by the addition of (5) as follows:

(5) Groups of individuals maintaining interest bearing savings accounts in the same bank or credit union.

Page 19. Section V.B.1.b. is amended by the addition of (3) as follows:

(3) Not less than (a) 1,000 depositors or (b) thirty-five per cent of the first 1,000 eligible depositors plus ten per cent of the next 6,500 depositors, whichever is the lesser, unless the insurer individually underwrites all applicants on the basis of either medical examination or a questionnaire concerning the applicant's present health and medical history. However, in no event shall the number of insured persons be less than 250 in the case of banks and 25 in the case of credit unions.

Pages 19 and 20. Section V.B.2.a. is amended to read as follows:

2. POLICY PROVISIONS

a. The right to terminate or non-renew is limited to the following reasons:

- (1) Non-payment of premium
- (2) The insured has attained the age limit prescribed in the policy, which shall be not less than sixty-five nor more than seventy.
- (3) The insured retires, or ceases to be engaged in a profession or occupation with respect to which wholesale policies were issued, or ceases to be a member of the association or union, [or] a supplier [.], or a depositor.
- (4) The insurer terminates or non-renews the insurance on all members of the union or association or all suppliers or all depositors after sixty days' written notice.
- (5) If the plan is terminated by the sponsor, and the insurer terminates or non-renews all policies issued to all insured members of the association, union, [or] all suppliers [.], or all depositors.
- (6) Participation falls below any percentage or minimum number required by the policy, or 50 lives, whichever is the lesser, and the insurer terminates or non-renews all policies issued to all insured members of the association or union, [or] all suppliers [.], or all depositors.
- (7) Any other termination or non-renewal condition priorly approved by the Superintendent, provided that an appropriate approved conversion clause is offered. This reason is set forth herein only for the purpose of allowing an approved condition to be specifically set forth in the policy at issue, and is not intended for inclusion in the policy as a general termination or non-renewal provision.

Page 22. Section V.C.10 is amended as follows:

10. The amount of insurance provided shall be based upon a plan which will preclude selection of disproportionate amounts of insurance by certain individuals. The amount of insurance authorized to be written under V.B.1.a.(5) shall not exceed \$ 15,000 per life.

Please acknowledge receipt of this letter to Deputy Superintendent Robert Bertrand at 324 State Street, Albany, N. Y. 12210.

Very truly yours,

[SIGNATURE]

RICHARD E. STEWART

Superintendent of Insurance