

June 6, 1986

SUBJECT: INSURANCE

WITHDRAWN

CIRCULAR LETTER NO. 4 (1986)

TO: ALL INSURERS WRITING PERSONAL PRIVATE PASSENGER AUTOMOBILE INSURANCE POLICIES IN NEW YORK.

RE: SPECIAL REPORT REQUIRED BY SECTION 3425, IN RELATION TO NEWLY ISSUED POLICIES AND NON RENEWALS.

NEW YORK INSURANCE LAW (CHAPTER 917 OF THE LAWS OF 1985)

Section 3425 (formerly § 167-aa) of the Insurance Law governs insurers' ability to non-renew or conditionally renew personal automobile insurance policies which have completed their required policy period. Section 3425 (f)(1) allows insurers annually to non-renew or conditionally renew in each rating territory up to a maximum of two percent of the territory's total number of in-force covered policies at the prior year's end. Excluded from this two percent limitation are cancellations made within the first sixty days of a newly issued policy and midterm terminations for such reasons as non-payment of premium, suspension or revocation of a driver's license, fraud in obtaining the policy or, fraud in the presentation of a claim. Where the number of policies in a territory is so low that any non-renewal would be in excess of the two percent limitation, insurers are permitted annually to non-renew one policy in such territory.

In addition, Section 3425 (f)(2) permits insurers to exceed the two percent limitation, i.e., for every two newly insured automobiles voluntarily written in a territory, insurers are permitted to non-renew or conditionally renew one additional automobile in such territory in excess of the two percent limitation.

An amendment to Section 3425 was enacted into law at the December 1985 Special Session which added the following reporting requirements:

The superintendent shall collect, analyze and compile such reports with regard to the number of new insureds, non-renewed insureds and business written by each insurer in each rating territory of each such insurer and, in each case, the class of insureds affected so that a statistical analysis of the results obtained pursuant to subsections (l) and (m) of this section shall be provided to each house of the legislature by March fifteenth, nineteen hundred eighty-seven."

WITHDRAWN

This Circular Letter is addressed to those insurers which, as of December 31, 1985, had in-force personal auto policies for New York insureds. In order to obtain the required statistical analysis, the Insurance Department needs the information described in Exhibit One (shown on page 3 of this letter), cumulated by quarters, including territory definitions and driver class definitions, commencing with first-quarter 1986. I am requesting that, until further notice, Exhibit One be filed with the Department every quarter no later than twenty (20) days after the last day of the quarter being reported, except the report deal in with first-quarter 1986 results should be included with the second quarter report, which will be due August 20, 1986.

A summary sheet, providing totals for all territories, should also be prepared.

The reports referred to in this Circular Letter should be accompanied by a Statement of Confirmation attesting to the fact that the data submitted is an accurate, properly prepared reflection of the insurer's direct private passenger automobile insurance writings in New York State. This Statement of Confirmation should be subscribed to by an officer of the company.

A copy of this Circular Letter should be distributed to appropriate personnel. Its receipt should be promptly acknowledged in writing, and quarterly reports should be mailed, to John J. Reynolds, Associate Insurance Examiner, Property & Casualty Insurance Bureau, at the above address. If you have any questions you may contact Mr. Reynolds at 212-602-0354.

Very truly yours,

JAMES P. CORCORAN

SUPERINTENDED OF INSURANCE

SECTION 3425(f) COMPLIANCE

EXHIBIT ONE

COMPANY NAME NAIC NUMBER

TERRITORY:[]*

ISO TERRITORIAL CODE

PRIVATE PASSENGER AUTOMOBILE

QUARTER 19

| Col. (A) | Col. (B) | Col. (C) | Col. (D) | Col. (E) | Col. (F) | Col. (G) |
|-------------|-------------|-------------|-------------|--------------|-------------|-------------|
| OPENING | NEW | CANCELED | NON-RENEWED | TERMINATIONS | ENDING | NO. OF NEW |
| IN-FORCE | BUSINESS | BY | BY | BY | IN-FORCE | AUTOS |
| | | COMPANY | COMPANY | INSUREDS | | |

*CLASSES (Primary)

- Adult
- Senior Citizen
- Youthful male
- Youthful female
- All other

1 %: (2% Limitation) Column D/Column A =

2. Total Additional Automobiles Column G/2 =

Allowable:

EXHIBIT NOTES:

A. OPENING IN-FORCE: Number of policies in effect as of January 1 of the current year.

B. NEW BUSINESS: Number of new policies which were not cancelled in the first sixty days, cumulated by quarters.

C. CANCELLED BY COMPANY: Number of policies cancelled by the insurer after the first sixty days, cumulated by quarters.

D. NON-RENEWED BY COMPANY: Number of policies non-released by action of the insurer, including conditional renewals, cumulated by quarters.

E. TERMINATIONS BY INSUREDS: Number of policies non-renewed or cancelled by the insured, cumulated by quarters.

F. ENDING IN-FORCE: Number of policies in effect at the end of the quarter, cumulated by quarters. G. NO. OF NEW AUTOS: Number of newly written automobiles which were not cancelled in the first sixty days, emulated by quarters.