

January 6, 1944

SUBJECT: INSURANCE

WITHDRAWN

TO ALL COMPANIES ISSUING INDIVIDUAL HOSPITALIZATION CONTRACTS

Gentlemen:

This is in reference to any maternity benefits which may be provided in your outstanding hospitalization contracts.

Inasmuch as it is generally accepted that maternity benefits are in effect deferred benefits for which a company becomes potentially obligated at the inception of pregnancy, it is requested that each company include among the liabilities reported in its 1943 annual statement a reserve representing the estimated amount of maternity benefits payable during the nine months subsequent to the date of the annual statement. Such estimate should be based upon the experience of your company. If it is not possible or feasible for your company to set up the above full reserve in the 1943 statement, a reasonable period of time such as three or four years will be allowed for the accumulation of such reserve.

Very truly yours

[SIGNATURE]

Superintendent of Insurance