

December 20, 1948

SUBJECT: INSURANCE

TO: ALL AUTHORIZED INSURERS WRITING GROUP LIFE INSURANCE IN THE STATE OF NEW YORK

Gentlemen:

Re: Extended Death Benefit

The attention of this Department has been called to a conditional requirement appearing in the so-called "Extended Death Benefit" provision contained in master group life contracts. A specimen clause in use by one company is quoted below:

"If due proof is furnished to the Company on its prescribed forms that the employment of the employee terminated with the employer on account of total disability from bodily injury or disease, which prevented the employee from engaging in any business or occupation and from performing any work for compensation or profit and that, such disability was continuous until the death of the employee and that such death occurred before the employee attained age sixty-five and while this Policy is in full force and within a period dating from such termination of employment not longer ....".

The conditional requirement which is questioned is underlined. In our opinion, it is manifestly unfair to promise a prospective extended death benefit to the beneficiaries of employees who die within one year of termination of employment and who have been totally and continuously disabled from the cessation of employment to the date of death and then to take away that benefit by making such provision ineffective by the condition that the master group life contract shall be in force at the time of death. Normally it is assumed that the cost of such extended death benefit would be met through the premiums collected while the master group policy is in force. Certain other authorized, group companies have not found it necessary to impose such a conditional requirement.

It is the view of this Department that group life forms currently being used which contain a conditional requirement corresponding to the above, should be revised and resubmitted to the Department not later than March 31, 1949. Your company is requested to acknowledge receipt of this letter.

Yours very truly

[SIGNATURE]

Deputy Superintendent and Counsel