

May 23, 1950

SUBJECT: INSURANCE

WITHDRAWN

TO ALL INSURANCE COMPANIES LICENSED TO WRITE BENEFITS UNDER THE DISABILITY BENEFITS LAW (CHAPTER 600, LAWS OF 1949).

Under date of April 19, 1950 Advisory Form J, which was devised for use with existing policies, was forwarded to all companies licensed to write benefits under the Disability Benefits Law. Consideration has been given to an additional rider for use on existing policies, namely, Advisory Form F which is hereto attached, together with explanatory memorandum.

(Signed) ROBERT E. DINEEN

Superintendent of Insurance

ATTACHMENT

May 23, 1950

MEMORANDUM

ADVISORY INSURANCE POLICY FORMS UNDER THE DISABILITY BENEFITS LAW

The types of insured benefits programs now in existence are many and varied and frequently cover employees in a number of states. Flexibility of the Disability Benefits Law makes possible the qualification of such existing programs in the manner best suited to the interest of employers and employees.

Advisory Form J, which has been heretofore forwarded to carriers, was designed as a rider for existing policies to qualify benefit programs which meet the "at least as favorable" test required by the Disability Benefits Law. Advisory Form F has now been developed as a rider to qualify existing policies by providing that every disabled employee will receive benefits at least equal to those provided by Section 204 of the Law. In the case of some existing policies the cash benefits fall below the statutory level. Advisory Form F raises the benefits to the statutory level in every case under which the policy might fall below that level.

It will be noted that the cancellation clause of the attached form is worded exactly as is the cancellation clause contained in Advisory Form B heretofore sent to insurance carriers. Attention of all carriers is therefore directed to the memorandum dated March 14, 1950 in which the Department advised that if premiums are payable less frequently than quarterly the provision must be changed to give the policyholder the right to effect cancellation at the end of any quarter during the policy year. This same rule is made applicable to attached Advisory Form F.

GENERAL

Attention is directed to the memorandum dated February 27, 1950, and more particularly to the last paragraph on page 7 of the said memorandum, wherein carriers were requested to refrain from inquiring as to the status of approval

after forms are submitted. Personnel at the Policy Examining Bureau have received innumerable telephone calls as well as personal visits which have caused delays in the work of the bureau. It will expedite approval for carriers if they will please refrain from communicating with the Department.

Advisory Form
5-23-50

For use with group accident and health policy which provides benefits for loss of time due to disability.

This rider is issued as the provision of benefits made under the Disability Benefits Law of the State of New York by the Employer of an employee to whom this rider applies, which provision is to assure that for any disability the disability benefits payable under the policy to which this rider is attached (hereinafter referred to as "this policy") as to such an employee shall be at least those which are provided under Section 204 of said Law, all as hereinafter fully set forth. In any instance in which any of the provisions of this rider are in conflict with the provisions of this policy, the provisions of this rider shall prevail as to the benefits payable in accordance with such provision of benefits. This rider applies only as to disability benefits for loss of time and only with respect to such of the employees in the following classes as are eligible for benefits under Section 204 of the Disability Benefits Law of the State of New York. The term Disability Benefits Law shall be deemed to include any laws amendatory thereof or supplementary thereto which are or may become effective during the continuance of this rider.

(Classes of Employees)

COMPLIANCE WITH DISABILITY BENEFITS LAW OF THE STATE OF NEW YORK

If (1) disability of an employee of an Employer [named in this policy] commence while the employee is within the classes of employees specified above, and the disability is such that the employee would be eligible for disability benefits for such disability under Section 204 of the Disability Benefits Law of the State of New York, and (2) at the end of any week for which disability benefits are payable under said Section 204 for such disability the total of the disability benefits which the employee is entitled to receive for such disability under said Section 204 up to the end of such week because of employment with such Employer within any such class exceeds the total of the disability benefits payable under [Part ____ of] this policy to the employee for such disability up to the end of such week, the [Insurance Company] shall pay the amount of such excess to the employee.

All of the provisions of the Disability Benefits Law of the State of New York shall be and remain a part of this rider as fully and completely as if written herein, so far as they apply to disability benefits provided by this rider.

The provisions of the two preceding paragraphs apply only

- (a) to a disability which commences during the continuance of this rider, or,
- (b) with respect to any employee whose employment with an Employer [named in this policy] terminates during the continuance of this rider, to a disability which commences within four weeks after such termination of employment and prior to the first day after such termination on which the employee performs any work for remuneration or profit.

Note: Throughout this rider, matter in brackets should be conformed to the requirements and practices of the Company.

In no event shall this rider apply to disability of an employee unless such employee is eligible for benefits with respect to such disability under the Disability Benefits Law of the State of New York because of employment with an Employer [named in this policy] within any of the classes specified above while such class is covered by this rider.

Any provision of this policy for the issuance of certificates shall not apply with respect to this rider.

[The Policyholder may act for and on behalf of any and all Employers named in this policy in all matters pertaining to this rider, and every act done by, agreement made with, or notice (other than a notice of cancellation of this rider required to be given to an Employer by the other terms of this rider) given to the Policyholder shall be binding on all such Employers.]

PAYMENT OF BENEFITS

The first payment of disability benefits with respect to any disability shall be due on the fourteenth day of disability and disability benefits for that period shall be paid directly to the employee within four business days thereafter or within four business days after the filing of required proof of claim, whichever is the later. Thereafter, disability benefits shall be due and payable every t weeks in like manner. The Chairman of the Workmen's Compensation Board of the State of New York may determine that disability benefits may be paid monthly or semi-monthly if wages were so paid, and may authorize deviation from the requirements to facilitate prompt payment of disability benefits. In the ever of such a determination or authorization, payment of disability benefits may be made in accordance therewith.

If any disability benefits remain unpaid at the death of the employee, such benefits shall be payable to the estate of the employee or, at the option of the [Insurance Company], may be paid to the surviving spouse, parent, child or children of the deceased employee. Payment made in accordance with the terms of this paragraph shall be a complete discharge of the [Insurance Company's] obligation to the extent of such payment, and the [Insurance Company] shall not be obliged to see to the application of any payment so made.

PROVISIONS REQUIRED BY DISABILITY BENEFITS LAW

As between an employee and the [Insurance Company], notice to or knowledge on part of the Employer of the employee of the occurrence of an injury or sickness suffered by the employee shall be deemed notice or knowledge, as the case may on the part of the [Insurance Company] ; jurisdiction of the Employer of the employee shall, for the purpose of the Disability Benefits Law of the State of New York, be jurisdiction of the [Insurance Company] and the [Insurance Company] shall in all things be bound by and subject to the orders, findings or decision rendered in connection with the payment of benefits under the provisions of said law.

The Chairman of the Workmen's Compensation Board of the State of New York have the right to enforce in the name of the people of the State of New York the benefit of the person entitled to the benefits insured by this rider, either by filing a separate application or by making the [Insurance Company] a party to the original application, the liability of the [Insurance Company] in whole or part for the payment of the benefits afforded hereunder, provided, however, payment in whole or in part of such benefits by either [the Policyholder,] the Employer[,] or the [Insurance Company] shall to the extent thereof be a the recovery against the other[s] of the amount so paid.

Bankruptcy or insolvency of the [Policyholder or an] Employer shall not relieve the [Insurance Company] of any of its obligations under this rider.

Notwithstanding any other provision of this policy or any [rider or endorsement made a part hereof, benefits payable under this policy or any such [rider or endorsement] in accordance with the provision of benefits made under the Disability Benefits Law of the State of New York by the Employer of the employee shall be payable at least to the extent and in the manner and subject to the conditions required by the terms of such provision of benefits, which provision is evidenced by this rider.

INFORMATION REQUIRED

The [Policyholder] shall furnish to the [Insurance Company] all information which the [Insurance Company] may reasonably require with regard to any matters pertaining to the insurance afforded by this rider. All documents, books, and records which may have a bearing on the insurance or premiums under this rider, shall be open for inspection by the [Insurance Company] at all reasonable times during the continuance of this rider and within three years after the final termination of this rider.

CLAIM NOTICES BY [POLICYHOLDER OR] EMPLOYER

Upon receipt by the [Policyholder or the] Employer of notice of disability, written notice shall be given by or on behalf of the Employer [and the Policy holder] to the [Insurance Company] [or any of its authorized agents] as soon as practicable after the first day for which benefits may be payable with respect to such disability. [Such notice shall contain particulars sufficient to identify the [Policyholder and the] Employer and also reasonably obtainable information respecting the time, place, circumstances, and nature of the disability and the name and address of the employee.] The [Policyholder or the] Employer shall give immediate notice to the [Insurance Company] with full particulars of any claim made on account of disability.

PREMIUMS

Note: Insert provisions relating to:

- (a) due dates of premiums, defining calendar-quarter when necessary,
- (b) policy years or policy anniversaries,
- (c) method of calculation of premiums,
- (d) rights of changing premium rates at periodic intervals and in event of any change in the law,
- (e) experience rating, if applicable.

Due to the variety of company practices on these points, the subcommittee has attempted to draft any language for these items. Since the Disability Benefits Law refers to cancellation, reference should be made to "cancellation" of the rider and not to "termination" or similar term.

SPECIAL PROVISION RELATING TO EMPLOYEE CONTRIBUTIONS

In accordance with the requirements of the Disability Benefits Law, any excess of the aggregate contributions of employees applied to the cost of insurance provided under this policy over the premiums paid by the [Policyholder] (less any amounts returnable under this policy) shall, under rules of the Chairman of the Workmen's Compensation Board of the State of New York, be paid to the [Policyholder] and distributed or applied for the sole benefit of employees or otherwise be applied or disposed of as prescribed in Section 216 of said

CANCELATION OF RIDER

The [Insurance Company] may cancel this rider with respect to the employees of any one or more Employers at any time or times by furnishing [to the Policyholder,] to each Employer with respect to whose employees this rider is being canceled, and to the Chairman of the Workmen's Compensation Board of the State of New York written notice stating when, not less than ten days after the furnishing of such notice to the Chairman and to each Employer with respect to whose employees this rider is being canceled, cancellation shall be effective; except that if insurance with another insurance carrier becomes effective prior to the effective date of cancellation stated in any notice furnished under this paragraph, the cancellation shall be effective as of the effective date of such other insurance, rather than as of the date stated in such notice.

Cancellation of this rider as provided above may be effected by the [Insurance Company] in its own behalf or upon the written request of [the Policyholder or of] and Employer with respect to whose employees this rider is to be canceled.

Upon receipt by the [Insurance Company], not less than twenty days prior to any premium due date, of a written request [either from the Policyholder that this rider be canceled with respect to the employees of any one or more Employers or] from an Employer that this rider be canceled with respect to his employees, the [Insurance Company] shall effect such cancellation by exercising the cancellation privilege set forth in the first paragraph of this section and in the written notice referred to therein shall state such premium due date as the date such cancellation is to be effective.

[The Policyholder] [Each Employer] [The Policyholder and each Employer] shall be liable to the [Insurance Company] for all unpaid premiums for insurance on employees of such Employer. With respect to any cancellation of this rider, premiums shall be adjusted on a pro rata basis from the last premium due date to the date of cancellation. Any refund due shall be made to the [Policyholder as soon as practicable.

This policy shall not be terminated with respect to the insurance afforded by this rider prior to the date this rider is canceled in accordance with the above provisions.

STATUTORY ASSESSMENTS

Under the Disability Benefits Law the [Insurance Company] will pay the assessments levied on the total payrolls of employees covered under this rider, pursuant to Section 214-2, 214-3, and 228 of said Law.