

October 6, 1953

SUBJECT: INSURANCE

TO ALL DOMESTIC LIFE INSURANCE COMPANIES:

It has recently come to my attention that in some instances the expenses of officers and wives who accompany them on business trips, conventions, and agency meetings are borne by the company. There are indications of a trend toward abuses in this direction.

In my judgment the payment of such expenses by the company relieves the officer of an expense which would otherwise be incurred by him, thereby enabling the officer to enjoy a pecuniary benefit. In view of the provision in Section 214 of the Insurance Law that "No officer, director or trustee who is paid a salary for his services shall receive any other compensation, bonus or emolument from such company directly or indirectly", it is manifest that such payment is violative of the intent of the provisions of this section. Furthermore, the payment of expenses of officers' wives attending conventions or agency meetings is inconsistent with the principle of economy in agency operations embodied in Sections 212 and 213. Under the circumstances, this Department will expect company management to take all steps necessary to insure compliance with the spirit as well as the letter of the above-mentioned law.

Yours very truly,

[SIGNATURE]

Superintendent of Insurance