

December 18, 1957

SUBJECT: INSURANCE

WITHDRAWN

TO ALL AUTHORIZED INSURERS WRITING GROUP LIFE AND GROUP ACCIDENT AND HEALTH INSURANCE:

This letter supplements the Department's circular letter of March 12, 1957, relating to agreements providing for payments of premiums for the first policy year under group life and group accident and health insurance policies.

Since the writing of the above mentioned letter, the Department's attention has been called to the practice of writing group insurance policies containing a provision in which it is agreed that payment of a portion or portions of the premium for the first policy year, with or without an interest charge, may be deferred beyond the due date and made at a later date. In some cases the additional period for payment is referred to as an additional grace period.

Inasmuch as the minimum premiums for group life insurance promulgated pursuant to Section 204(2) of the New York Insurance Law and premium rates filed with the Insurance Department pursuant to Section 221(7) of the same law, assume that such premiums are payable in advance on their due dates, the making of an agreement such as is described in the preceding paragraph of this letter is, in the opinion of Department Counsel, a violation of Section 204(2) and Section 221(7) which prohibit an insurer from issuing any group life insurance or group accident and health insurance policy, within or without this State, on which the premium for the first policy year is less than the promulgated or filed rate, as the case may be.

Please acknowledge receipt of this letter.

Very truly yours,

[SIGNATURE]

Deputy Superintendent.