

January 9, 1964

SUBJECT: INSURANCE

Circular Letter 64-1

TO ALL AUTHORIZED INSURERS WRITING LIFE OR ACCIDENT AND HEALTH INSURANCE IN NEW YORK STATE

The purpose of this circular letter is to outline this Department's position with respect to the practice of certain insurers of providing group, blanket or annuity coverages prior to filing with or approval by the Department of the pertinent policy forms in the manner prescribed by Section 154 of the New York Insurance Law.

The past decade has witnessed further extensions of this practice occasioned by situations in which insurers have felt they were required to provide immediate coverage by forms not previously filed with or approved by this Department. Although it is recognized that such practice often may be unavoidable, this circular letter is designed to clarify the extent to and the circumstances under which the Department will accept forms for filing and approval subsequent to the date on which coverage is provided.

Whenever possible, all such contractual forms required for the transaction of group and blanket insurance and group annuities under Sections 204, 221, 222 and 223 of the Insurance Law shall be submitted for filing or approval in advance of the effective date.

Whenever the completion of such forms will necessarily be delayed beyond the date the insurance company agrees to assume the risk and when there is reasonable expectation of Departmental acceptance or approval, the insurer may afford coverage prior to filing and approval of the forms provided it submits a statement to the Department explaining to the latter's satisfaction the circumstances involved and the reasons for the delay in submitting such forms. This statement shall be submitted not later than (a) six months after the date of coverage for blanket insurance, (b) nine months after the date of coverage for group life and group accident and health insurance, and (c) twelve months after the date of coverage for group annuities.

Every six months thereafter a further satisfactory explanatory statement must be submitted until such time as the actual forms have been completed and filed with the Department. In the event the explanation for the delay is deemed by the Department to be unsatisfactory it may, in lieu of any other penalty provided by law, invoke the provisions of Section 225 of the New York Insurance Law.

In addition, there shall be an exchange in writing between the policyholder and the insurer setting forth, inter alia, (1) the nature and extent of the benefits or change in benefits, (2) the fact that the contractual forms may be executed and issued for delivery only after filing with or approval thereof by the Department, and (3) an understanding that, if such approval is not granted or the form is disapproved, the parties will be returned to the status quo insofar as possible or, the coverage will be modified retroactively to meet all requirements of the Insurance Department.

Very truly yours,

[SIGNATURE]

Raymond M. Defossez

Deputy Superintendent