

April 18, 1968

SUBJECT: INSURANCE

WITHDRAWN

Circular Letter No. 2 (1968)

TO THE CHIEF EXECUTIVE OFFICER OF EACH DOMESTIC LIFE INSURER:

It has recently come to the attention of the Department's Life Bureau that agents of some domestic life insurers, in sales presentations to prospects or applicants for life insurance, make reference to the protection afforded to policyholders of member companies by The Life Insurance Guaranty Corporation pursuant to Section 224 of the New York Insurance Law.

We consider this manner of doing business highly improper and in violation of Section 97(4) which provides as follows:

"No insurer doing business in this state nor any agent thereof shall in any advertisement or other public announcement make any statement or communication to the effect that it has, or expects to have, reinsurance by any named assuming insurer not authorized to do such reinsurance business in this state, or to the effect that its policies are guaranteed, wholly or partly by any other person, insurer or institution." (Emphasis added)

Even worse, there is a serious reflection on the integrity and trustworthiness of those who make misrepresentations regarding "protection" under The Life Insurance Guaranty Corporation for policyholders of new domestic life insurers that are not yet members of The Life Insurance Guaranty Corporation.

This Department has always maintained the position that each domestic life insurer should sell its policies on its own strength, and not in reliance on The Life Insurance Guaranty Corporation. It is, therefore, requested that you direct your agents and representatives to refrain from reference to The Life Insurance Guaranty Corporation as a sales instrument.

Kindly acknowledge receipt of this letter and advise the Department of the steps your company is taking to assure compliance with this request.

Very truly yours,

[SIGNATURE]

Superintendent of Insurance