

March 27, 1969

SUBJECT: INSURANCE

WITHDRAWN

Circular Letter 2(1969)

TO INSURERS LICENSED TO WRITE LIFE OR ACCIDENT AND HEALTH INSURANCE IN NEW YORK STATE

In recognition of the changing economic and social conditions in the past several years and the apparent need for more flexibility in programming the needs of policyholders, the Insurance Department has revised Section IV-A-11 of the "Guidelines For Examination of Individual Life Policies and Related Forms", issued on September 20, 1963 in Circular Letter 4(1963). The attached revised page 9, reflecting new Guideline IV-A-11, should be substituted for the page 9 presently contained in the guidelines.

In all cases where disability income benefits are payable for less than the lifetime of the insured, when such benefits are a part of a life insurance contract, the insurer should give clear and adequate notice in the policy form that such benefits are for less than lifetime.

Very truly yours,

[SIGNATURE]

RICHARD E. STEWART

SUPERINTENDENT OF INSURANCE

ATTACHMENT

9. Exclusions of disabilities resulting from self-inflicted injuries must use substantially the language of Section 158.3(a) (3) of the Insurance Law.
10. Any clause terminating coverage upon default of premium shall provide only for such termination at the end of the grace period.
11. Income benefits for a specified period of no less than 10 years or to age 65 may properly be included in an individual life contract. Benefits payable to a specified maturity date and an income disability provision wherein the policy automatically matures as an endowment at a specified age with income payments ceasing are also permissible.
12. Any clause providing for termination because of entering military service shall provide for discontinuance of the applicable premium and refund of any such premium that has been paid for any period after such termination.
13. No termination provision shall invalidate or diminish any benefit for which the insured has qualified.

14. Each waiver of premium form shall provide that where a claim for benefits is valid, the company will waive the payment of all premiums due on the policy, including all supplementary provisions forming part of the policy. It is understood that this provision does not apply to any provision for additional one-year term insurance which may be purchased at the insured's option under a "fifth dividend option" provision.

15. Each renewable term policy containing waiver of premium benefits, by rider or otherwise shall provide in substance that if, on any policy renewal date the insured is receiving, or is entitled to receive disability benefits, the policy renewal shall be automatic.

16. The incontestability clause of each payor benefit form which provides benefits in the event of (a) death, or (b) disability, must be so drafted that it will apply to both benefits, or at the option of the company there may be a separate incontestability clause applicable exclusively to the disability benefit.

Revised 3/27/69