

May 7, 1970

SUBJECT: INSURANCE

WITHDRAWN

Circular Letter # 7 (1970)

TO ALL LICENSED EXCESS LINE BROKERS

Your attention is directed to a recent ruling by the Department's General Counsel which reads, in part, as follows:

"You are advised that the placement of automobile liability or physical damage coverage by an excess line broker with an unauthorized insurer would constitute a violation of Section 122 of the Insurance Law and Regulation 41 of the Insurance Department where such coverage is available in the desired amounts either directly from an authorized insurer or through the New York Automobile Insurance Plan.

Section 63(2)(b) of the Insurance Law requires the New York Automobile Insurance Plan, upon request of an applicant, to assign for coverage insurance for loss or damage to an automobile up to \$ 5,000, subject to a deductible of not less than \$ 100. The plan presently is not accepting applications for physical damage coverages with deductibles in excess of \$ 100 although it is accepting applications for coverage up to \$ 5,000. Section 63(2)(a) of the Insurance Law likewise requires the Plan to assign liability coverage up to \$ 50,000/\$ 100,000.

The mere fact that higher deductibles are obtainable from unauthorized insurers or that the premium rates are lower does not furnish a proper basis for placement of coverage with unauthorized insurers."

Please acknowledge receipt of this directive to Theodore R. Ayervais, Deputy Superintendent and General Counsel, 123 William Street, New York, N.Y. 10038.

Very truly yours,

[SIGNATURE]

Richard E. Stewart

Superintendent of Insurance