

November 12, 1975

SUBJECT: INSURANCE

CIRCULAR LETTER No. 15 (1975)

TO: ALL PROPERTY INSURERS LICENSED IN NEW YORK STATE:

A number of insurers have been found to be improperly reporting the following items in the Annual and Quarterly Statement submitted to this Department:

1. Inter-company balances

Any such receivable over 90 days should be deducted as not admitted assets.

2. Federal tax recoverables

A refund due from the Treasury should be collectible within a brief period after the statement date, in order to be considered as an admitted asset. A balance due as a result of participation in a consolidated tax return should be paid over promptly by the parent. An open account or a promissory note from the parent would not be an admissible asset, and may violate the provisions of Section 85 of the New York Insurance Law.

Any domestic insurer which is a party to a consolidated Federal Income Tax filing, must have a definitive written agreement that should be submitted to the Holding Company Records Office for review under the provisions of the Holding Company statutes.

3. Unauthorized reinsurance recoverables

All licensed insurers must report this reserve in the Annual and Quarterly statements, based upon the actual unauthorized reinsurance calculated on a New York basis.

Please acknowledge receipt of this letter to:

Mr. Fred Tizzio, Acting Chief of Audit Bureau
New York State Insurance Department
Two World Trade Center
New York, NY 10047

[SIGNATURE]

THOMAS A. HARNETT

Superintendent of Insurance