

November 13, 1975

SUBJECT: INSURANCE

CIRCULAR LETTER NO. 16 (1975)

TO ALL INSURERS AUTHORIZED TO WRITE INSURANCE (including Article 9-C Corporations) IN THE STATE OF NEW YORK:

Section 78(6) of the New York Insurance Law prohibits loans by any insurer doing business in this state to any director or officer of such insurer, either directly or indirectly, or through its subsidiaries. The acceptance of any such loan directly or indirectly by any such director or officer is also prohibited. Section 78(6), in conjunction with Section 78(8), excepts policy loans from this prohibition.

The term "indirectly" as set forth in subsection 6 should be construed to include among the prohibited recipients of any such loans:

- (1) a son or daughter of the director or officer, or a descendant of either,
- (2) a stepson or stepdaughter of the director or officer,
- (3) the father or mother of the director or officer, or an ancestor of either,
- (4) a stepfather or stepmother of the director or officer,
- (5) a spouse of the director or officer.

For the purpose of determining whether any of the foregoing relationships exist, a legally adopted child of a person shall be considered a child of such person by blood.

All insurers authorized to do business in this State shall forthwith terminate any loans violative of Section 78(6).

Receipt of this letter should be acknowledged to Mr. John P. Gemma, Deputy Superintendent and General Counsel, by a responsible officer of the company.

Very truly yours,

[SIGNATURE]

THOMAS A. HARNETT

Superintendent of Insurance