

June 28, 1979

SUBJECT: INSURANCE

Circular Letter No. 15 (1979)

June 28, 1979

TO: ALL DOMESTIC LIFE COMPANIES

SUBJECT: EXPENSES OF OFFICER'S SPOUSES ON BUSINESS TRIPS

The rules governing the payment of the expenses of officer's spouses who accompany them on business trips have remained unchanged since the issuance of the Department's Circular Letter of October 6, 1953. Because of the arguments presented by some companies that these requirements placed an undue hardship on them and their contention that under certain conditions such expenses constitute legitimate business expenses incurred on the company's behalf, the restrictions set forth in the October 6, 1953 Circular Letter are hereby rescinded and are superseded by the following rules:

1. The appropriateness of payment by an insurer of the expenses of an officer's spouse depends upon the facts and circumstances of a particular case. Such expenses may be paid in appropriate cases but as a prerequisite to doing so the Board of Directors of the company should establish written guidelines for the payment of the expenses attributable to an officer's spouse who accompanies his wife or her husband to a business function. For these purposes, "business function" shall be limited to national meetings and conferences, or regional meetings in lieu thereof held on a regular or periodic basis and attended by both agents and company personnel for purposes of, discussing, instructing and disseminating information about the marketing of insurance, agency or branch office operations, products, and the relationships and interrelationships between agents and the company. It should only provide for reimbursement where such meetings are held in the United States or the Commonwealth of Puerto Rico.

2. The "guidelines" determined by the Board should provide that the attendance at a business function of an officer's spouse must be limited to the spouses of a reasonable number of officers whose job responsibilities directly relate to the subject matter, purposes, and objectives function. In carrying out this objective the chief executive officer or such other officer as he designates shall determine which officers' spouses' services are necessary for company purposes at any particular business function. A summary of those designated shall be submitted annually to the Board of Directors showing (1) the name of the officer, (2) the occasion of each meeting attended and the location, (3) and the amount of spouses expenses reimbursed for each meeting. Such summary should be formally adopted or received by the Board and made part of the minutes of the Board.

3. A statement or voucher covering the transportation, hotel, meals and other proper expenses must be submitted by the officer to the company and approved for payment in the manner in which company expenses are normally and regularly paid or recompensed. This statement or voucher should indicate that such expenses received the approval of the officer designated under paragraph 2 above.

This letter will constitute notice of the revised requirements of this Department with regard to the payment of the expenses of officer's spouses and shall be effective as of January 1, 1979.

[SIGNATURE]

ALBERT B. LEWIS

Superintendent of Insurance