

January 15, 1981

SUBJECT: INSURANCE

WITHDRAWN

CIRCULAR LETTER NO. 3 (1981)

January 15, 1981

TO: ALL INSURERS AUTHORIZED TO WRITE PROPERTY AND CASUALTY INSURANCE IN THIS STATE

RE: CHARGES FOR MARKET CONDUCT INVESTIGATIONS

Under Section 28 of the New York State Insurance Law, the New York State Insurance Department is authorized to conduct periodic examinations of domestic insurance companies and other authorized organizations. Costs associated with each of these examinations are borne directly by those examined.

The Superintendent also has the authority to investigate companies' records in accordance with Section 24 of the Insurance Law. The Property and Casualty Insurance Bureau of this Department has been conducting investigations of companies' underwriting, rating, claims and advertising practices pursuant to such powers of the Superintendent. These investigations are designed to respond to specific problems or practices of companies that may adversely affect policyholders and claimants in this State.

The costs of such market conduct investigations are currently being assessed to domestic insurers pursuant to Section 32-a of the Insurance Law. However, in order to provide a more equitable distribution of costs, the expenses for such investigations conducted on and after April 1, 1981 will be applicable to all companies, domestic and foreign, and will be charged directly to the company being investigated.

[SIGNATURE]

ALBERT B. LEWIS

Superintendent of Insurance