

April 21, 1981

SUBJECT: INSURANCE

WITHDRAWN

Circular Letter No. 11 (1981)

TO: ALL LICENSED LIFE INSURANCE COMPANIES

SUBJECT: SECTION 212(2) OF THE NEW YORK INSURANCE LAW

This Department is greatly concerned about the evident risk created by the rapid increase in the writing of individual deferred annuities which guarantee "high" interest rates for one or more years with little or no surrender charges assessed. Up to the present time, the Department has been exercising the discretion granted by Section 212 in the suspension of limits prescribed by the Law. Recognizing that the potential for disintermediation in this market is substantial, and that the stability and solvency of companies might be Jeopardized, we wish to apprise you that except in unusual circumstances, a suspension of the limits expressed in subsection 2 of Section 212 of the New York Insurance Law will not be granted for 1981.

You are accordingly advised to make your 1981 plans now with respect to the production of individual deferred annuities which provide for guaranteed cash values at surrender.

Please acknowledge receipt of this letter to Alvin H. Alpert, Chief of the Life Insurance and Companies Bureau.

Very truly yours,

[SIGNATURE]

ALBERT B. LEWIS

Superintendent of Insurance