

October 21, 1985

SUBJECT: INSURANCE

CIRCULAR LETTER NO. 16 (1985)

October 21, 1985

TO: ALL INSURERS LICENSED TO WRITE AUTOMOBILE INSURANCE IN NEW YORK STATE

RE: LIMITED ASSIGNMENT DISTRIBUTION PROGRAM ("LAD")

Pursuant to Section 5301(b) of the Insurance Law, the Superintendent of Insurance on May 21, 1985 issued a directive amending Section 6 of the New York Automobile Insurance Plan and the Limited Assignment Distribution ("LAD") Program Manual.

According to this program an insurer may elect to be excused from its quota of private passenger non-fleet assignments by subscribing to a ("LAD Agreement") between insurers ("Buy-out contract"). Any insurer ("excused insurer") may enter into a buy-out contract with a qualified insurer that elects to receive additional assignments ("servicing carrier").

In order to assure uniformity of treatment of transactions resulting from buy-out contracts in annual and quarterly statements of the contracting insurers, the following method of reporting the consideration ("buy-out fee") is advised:

1. The excused insurer should report the buy-out fee paid as a negative write-in amount to underwriting income in the Underwriting and Investment Exhibit on line 5, page 4. Conversely, the servicing carrier should report the buy-out fee received as a positive write-in amount.
2. A corresponding write-in item should be reported by the excused insurer and by the servicing carrier in Exhibit 3, Reconciliation of Ledger Assets.
3. The write-in item should be identified as "LAD Program - expense" by the excused insurer and as "LAD Program-income" by the servicing carrier.

Very truly yours,

[SIGNATURE]

JAMES P. CORCORAN

Superintendent of Insurance