

February 5, 1992

SUBJECT: INSURANCE

WITHDRAWN

Circular Letter No. 1 (1992)

TO: All Authorized Life Insurance Companies, Accredited Life Reinsurers, Fraternal Benefit Societies and Charitable Annuity Societies

RE: Securitization of Assets

The Department is aware that various transactions involving asset securitization either have been entered into or are contemplated by life insurers. The Department is concerned that some of these transactions decrease reserves held for asset risks without significantly reducing the aggregate risk of the portfolio. In some instances, an insurer may appear to have a higher quality portfolio while continuing to bear the risks of a lower quality portfolio. In addition, some questions have arisen with respect to the values at which assets are transferred to or from the life insurer as well as with respect to control over the assets in the securitization pool.

In order to determine whether these transactions are being properly reported, any company or institution entering into an asset securitization transaction should submit complete details regarding such transaction to the Department, in a timely manner. Details of transactions that will be reflected in the December 31, 1991 Annual Statement should be submitted no later than March 1, 1992, pursuant to Insurance Law § 308.

This information should be submitted to:

Linda Connolly, Supervising Examiner

New York State Insurance Department

The Life Insurance and Companies Bureau

160 West Broadway

New York, New York 10013

Very truly yours, [SIGNATURE]

SALVATORE R. CURIALE

Superintendent of Insurance