



**STATE OF NEW YORK
INSURANCE DEPARTMENT
25 BEAVER STREET
NEW YORK, NEW YORK 10004**

Eliot Spitzer
Governor

Eric R. Dinallo
Acting Superintendent

**Circular Letter No. 5 (2007)
March 1, 2007**

TO: All Authorized Property/Casualty Insurers, Rate Service Organizations, Excess Line Association of New York, and Insurance Producer Organizations

RE: Use of Camel Rating and Other Nonpublic Supervisory Information for Underwriting Insurance Coverage

STATUTORY REFERENCE: Insurance Law Article 24; Banking Law Section 36 (10); 18 United States Code Annotated Section 641

It has come to the Department's attention that some insurers during the underwriting process request or require financial institutions to provide their CAMELS ratings, information about those ratings, or other similar comparable confidential regulatory information. The purpose of this Circular Letter is to advise insurers and producers that federal and state law prohibits a financial institution from disclosing its CAMELS ratings and other nonpublic supervisory information to insurers, as well as to other non-related third parties, without permission from the appropriate federal or state banking agency.

CAMELS is a confidential supervisory rating given to each regulated financial institution as part of an examination process undertaken by federal and state banking agencies. The rating is based on an evaluation of an institution's Capital, Assets, Management, Earnings, Liquidity and Sensitivity to market risk. This rating is confidential, and is only used by federal and state bank and thrift regulatory agencies for assessing the safety and soundness of the financial institutions they supervise. Reports of examination containing the CAMELS ratings are not accessible by the public, and under New York law, are exempt from subpoena. Furthermore, this information remains the property of the federal or state regulator that issues a report of examination. Thus, a financial institution is prohibited from releasing information related to its CAMELS ratings, as well as other related supervisory information, or to make any representations concerning this information, without permission from the appropriate regulator.

If information contained in a CAMELS rating is deemed essential in the underwriting of a financial institution, insurers should utilize publicly available information, including, but not limited to, annual and quarterly reports, rating agency reports, or publicly available filings filed with federal or state banking agencies or the Securities and Exchange Commission.

The Department expects that insurers will immediately refrain from requesting or requiring financial institutions to disclose information about CAMELS ratings and associated confidential regulatory information. Every insurer should review its records and underwriting standards with respect to financial institutions, and take all necessary steps to ensure that it is in full compliance with all applicable federal and state laws.

Very Truly Yours,

Maurice Morgenstern
Deputy Chief Examiner
Property Bureau