

Field Bulletin



July 26, 2013

(Replaces Field Bulletin 0011707XX 12/2012)

New York Department of Financial Services Regulation 87 Disclosure Statements with Respect to Insurance Coverages or Services Rendered to Governmental Units or Subdivisions Thereof

New York Department of Financial Services Reg. 87 (11 NYCRR 29) requires licensees who receive any fees and/or commissions in connection with any insurance services rendered to, or insurance coverages placed or serviced on behalf of, a governmental unit to file with the Department of Financial Services and the most senior official of the governmental unit a completed "Governmental Insurance Disclosure Statement." **Note that the form of this Disclosure Statement has been revised effective August 1, 2013.**

Insurance services include examining, appraising, reviewing or evaluating any insurance policy, annuity or pension contract, plan or program, or giving recommendations or advice with regard to any of these, as well as acting as an adjuster. Insurance coverage includes any contract of insurance placed on behalf of a governmental unit to insure its employees against any contingency. Governmental unit means New York, an agency or department of New York, public authority, public benefit corporation, county, city, town, village or any subdivision thereof.

This Regulation applies to licensees rather than insurance companies. Security Mutual cannot assume responsibility for an agent's compliance with this Regulation. The Company will, however, assist its Field Force by providing information as well as additional copies of the Disclosure Statement upon request.

A handwritten signature in black ink, reading "F. L. Wortman", with a large, sweeping underline.

Frederick L. Wortman, CLU, ChFC, FLMI, RHU,
ACS, AIAA, REBC, AIRC, AAPA
Executive Vice President
Administration and Chief Compliance Officer

DEPARTMENT OF FINANCIAL SERVICES OF
THE STATE OF NEW YORK
11 NYCRR 29
(REGULATION NO. 87)

Section 29.1 Purpose.

The purpose of this Part is to prohibit licensees from receiving fees from the State, its agencies and departments, public benefit corporations, municipalities and other governmental subdivisions in this State, or from receiving commissions and fees from insurers or other licensees in connection with insurance coverages placed on behalf of, and insurance services rendered to, the State, its agencies and departments, public authorities, public benefit corporations, municipalities and other governmental subdivisions in this State, in circumstances where such licensees did not actually render services to the governmental units or did not place or service insurance coverages of the governmental units.

Section 29.2 Applicability.

This Part shall apply to any licensee who receives from a governmental unit, insurer or other licensee a fee and/or commission, or part thereof, in connection with insurance services rendered to, and/or insurance coverages placed or renewed for, any governmental unit in this State.

Section 29.3 Definitions.

The definitions set forth in this section shall govern the construction of the terms used in this Part.

- (a) An *insurance service* shall mean any of the acts specified in section(s) 2101(g) and 2102(b)(3) of the Insurance Law.
- (b) *Licensee* shall mean any individual, firm, association or corporation to whom a license has been issued pursuant to Article 21 of the Insurance Law, and any sublicensee thereof.
- (c) *Insurance coverage* shall mean any contract of insurance placed on behalf of a governmental unit in this State to protect the interest of the governmental unit or to insure the employees of a governmental unit against any contingency, or any reinsurance contract relating thereto.
- (d) *Governmental unit* shall mean the State, an agency or department of the State, public authority, public benefit corporation, county, city, town, village, or any subdivision thereof.
- (e) *Public officer* shall mean *State officer or local officer* as defined in Section 2 of the Public Officers Law, except that notaries public and commissioners of deeds shall not be considered public officers.

- (f) *Party officer* shall mean one who holds any party position or any party office by virtue of an election involving voters in more than one election district.
- (g) *General agent* shall mean any agent of an insurer who, pursuant to a written contract, is authorized by such insurer to accept lines of insurance on its behalf from agents and brokers, and who actually does accept lines of insurance on behalf of such insurer from agents and brokers, except that any agent who accepts lines of insurance from agents and brokers relating to coverage of governmental units, which consists of more than 50 percent of the total of the annual premiums written by said agent, shall not be considered a general agent within the meaning of this Part.

Section 29.4 Practices Prohibited.

No licensee shall share in or receive any fee or commission in connection with any insurance service rendered to, or insurance coverage placed on behalf of, a governmental unit unless such licensee actually rendered insurance services to, or placed or serviced insurance coverages on behalf of, such governmental unit, for which said fees and/or commissions were paid.

Section 29.5 Disclosure Statement Required.

- (a) Any licensee who receives any fees and/or commissions or shares thereof, in connection with any insurance services rendered to, or insurance coverages placed or serviced on behalf of, a governmental unit, shall file, with the Department of Financial Services and the most senior official of the governmental unit who ordered such insurance services or coverages, a completed Governmental Insurance Disclosure Statement, affirmed by the licensee as true under penalties of perjury, on the prescribed form attached hereto as Exhibit B, which statement after filing shall be a public record.
- (b) Statements shall be filed with the Licensing Bureau, Department of Financial Services, at the Albany office of the Department, on or before the 15th day of April in each year with respect to fees and/or commissions, or shares thereof, received as of the preceding December 31st. A general agent, as defined in this Part, shall not be required to file a Governmental Insurance Disclosure Statement with respect to insurance coverages placed in his capacity as a general agent, and on account of which commissions or shares thereof are paid to another agent or broker who ordered such coverages from said general agent.

Section 29.6 Exhibit.

- (a) The form in Subdivision (b) of this section is hereby approved for use as specified in this Part. Any licensee may request the return of disclosure statements heretofore or hereafter filed with the Department of Financial Services, provided such request is made in writing to the Licensing Bureau at the Albany office of the Department of Financial Services and is accompanied by a self-addressed, postage paid envelope suitable for the return of such disclosure statements.

(b) Governmental Insurance Disclosure Statement

**GOVERNMENTAL INSURANCE
DISCLOSURE STATEMENT**

Pursuant to 11 NYCRR 29.5 (Insurance Regulation 87) the undersigned hereby affirms, under the penalties of perjury, that the statements made hereinafter are true.

Filed by: NAME:

ADDRESS:

1. Name of governmental unit that ordered insurance services and/or coverages:

2. Name and office address, including county, of person who placed the order for insurance services or coverages:

3. Will you share any fees or commissions received on account of business listed in item 1 with any other licensee(s) or other person(s), directly or indirectly?
YES ☐ NO ☐

4. Are you a public officer or party officer?
YES ☐ NO ☐

If you answered NO to items 3 and 4 you are not required to answer items 5 through 10. You must sign and date the form where indicated and mail it to the address indicated below.

If you answered YES to items 3 or 4 you are required to complete the remaining applicable items and you must sign and date the form where indicated and mail it to the address indicated below.

5. Names and address of licensees or others to whom you paid fees and/or commissions:

6. The dollar amount you paid to each licensee or other person:

7. The services rendered by the person listed in item 5 for which a share of commissions was paid:

8. Schedule of coverages placed on account, of which fees or commissions were paid to the persons listed in item 5:

Name of Insurer

Policy Number

9. Services rendered on account, of which fees were paid to the persons listed in item 5:

10. What public office or party office do you hold?

Date: _____

Signature

Type name of person whose
signature appears above:

Telephone No.: _____

Mail the original disclosure statement to:

New York State Department of Financial Services
Licensing Bureau
Governmental Insurance Disclosure Unit
One Commerce Plaza, 20th Floor
Albany, NY 12257

Mail a copy of the disclosure statement to the most senior official of the governmental unit who ordered the insurance services or coverages listed thereon.