S T A T E O F N E W Y O R K

2875

2011-2012 Regular Sessions

I N S E N A T E

February 2, 2011

Introduced by Sen. SEWARD -- read twice and ordered printed, and when printed to be committed to the Committee on Insurance

AN ACT to amend the insurance law, in relation to permitting certain agreements by domestic mutual insurance corporations

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. Subsection (f) of section 1209 of the insurance law is amended to read as follows:

(f) No domestic mutual insurance corporation, except a domestic mutual insurance company organized before January first, nineteen hundred forty to do only marine protection and indemnity insurance, shall enter into any agreement with any of the officers or directors, or with any firm or corporation in which any such officer or director is pecuniarily interested directly or indirectly, whereby the insurance corporation agrees to pay, for the acquisition of business, any commission or other compensation which under the agreement is increased or diminished by the amount of such business or by the insurance corporation's earnings on such business. NOTWITHSTANDING THE FOREGOING, AND UPON APPLICATION BY A DOMESTIC MUTUAL INSURANCE CORPORATION, THE SUPERINTENDENT MAY PERMIT THE INSURANCE CORPORATION TO ENTER INTO SUCH AN AGREEMENT WITH A FIRM OR CORPORATION THAT IS A LICENSED INSURANCE PRODUCER IF THE SUPERINTENDENT DETERMINES THAT: (1) THE INSURANCE CORPORATION'S POLICYHOLDERS WILL NOT BE ADVERSELY AFFECTED; (2) THE OFFICER OR DIRECTOR HAS NO PECUNIARY INTEREST DIRECTLY IN THE INSURANCE PRODUCER; AND (3) ANY BENEFIT TO THE OFFICER OR DIRECTOR THAT ACCRUES AS A RESULT OF THE AGREEMENT WOULD NOT BE MATERIAL IN RELATION TO THE INSURANCE CORPORATION'S OVERALL PREMIUM VOLUME.

S 2. This act shall take effect immediately.

EXPLANATION--Matter in ITALICS (underscored) is new; matter in brackets [ ] is old law to be omitted.

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