

STATE OF NEW YORK

4331

2021-2022 Regular Sessions

IN SENATE

February 3, 2021

Introduced by Sen. BRESLIN -- 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 modifying certain interest rates for annuities and life insurance within the standard nonforfeiture law

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

1 Section 1. Item (iii) of subparagraph (F) of paragraph 2 of subsection
2 (c) of section 4223 of the insurance law, as amended by chapter 170 of
3 the laws of 2008, is amended to read as follows:

4 (iii) where the resulting minimum guaranteed interest rate is not less
5 than ~~[one]~~ fifteen hundredths of a percent. The minimum annual effective
6 rate of interest at issue shall be specified in the contract. The basis
7 and calculation for setting the minimum annual effective rate of inter-
8 est at issue of a contract shall be filed with the superintendent. If
9 the contract provides that the minimum annual effective rate of interest
10 may be redetermined, the redetermination date, basis, calculation and
11 period shall be stated in the contract. The basis is the date or average
12 over a specified period that produces the values of the five-year
13 constant maturity treasury rate to be used at each redetermination date
14 or at issue.

15 § 2. Item (iii) of subparagraph (B) of paragraph 3 of subsection (n-1)
16 of section 4221 of the insurance law, as added by chapter 365 of the
17 laws of 1986, is amended to read as follows:

18 (iii) The policy shall provide that at least once each policy year the
19 policyholder has the option to apply the portion of the cash surrender
20 value necessary to provide an amount of guaranteed paid-up life insur-
21 ance at least as great as the lesser of (I) and (II), where (I) is the
22 amount of paid-up life insurance provided by applying the cash surrender
23 value to provide such paid-up insurance, computed on the basis of an
24 interest rate [~~(not less than four percent)~~] guaranteed in the policy

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

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1 for this purpose, and a mortality basis (not less favorable to the poli-
2 cyholder than the mortality basis specified for an insured not medically
3 underwritten in item (iv) of subparagraph (A) of this paragraph) guaran-
4 teed in the policy for this purpose, and (II) is the amount of paid-up
5 life insurance such that the amount at risk on the paid-up insurance is
6 the same as the amount at risk under the policy. If the option is
7 elected, the portion of the cash surrender value not applied to provide
8 the paid-up life insurance shall be paid to the policyholder. The guar-
9 anteed paid-up life insurance benefit may be provided under the policy
10 or by means of a separate single premium life insurance policy issued by
11 the company or an affiliate or subsidiary thereof. For purposes of this
12 item, the term "cash surrender value" is after reduction for outstanding
13 loans or other amounts due under the policy.

14 § 3. Subparagraph (H) of paragraph 2 of subsection (n-1) of section
15 4221 of the insurance law, as added by chapter 365 of the laws of 1986,
16 is amended to read as follows:

17 (H) "Net level whole life annual premium at issue" means an annual
18 premium based on face amounts of insurance set forth in the policy and
19 on the assumption of level annual premiums for life, the mortality table
20 rate used to calculate the maximum mortality charges (but not greater
21 than that permitted under item (iv) of subparagraph (A) of paragraph
22 three of this subsection) and an interest rate based on the [~~higher of~~
23 ~~four percent or that specified in the policy~~] nonforfeiture interest
24 rate per annum pursuant to paragraph ten of subsection (k) of this
25 section.

26 § 4. This act shall take effect immediately.