

# STATE OF NEW YORK

1022

2025-2026 Regular Sessions

## IN SENATE

(Prefiled)

January 8, 2025

Introduced by Sen. JACKSON -- 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 enacting the "limited equity cooperative insurance captive authorization and county cap act"

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

1 Section 1. Short title. This act shall be known and may be cited as  
2 the "limited equity cooperative insurance captive authorization and  
3 county cap act".

4 § 2. Legislative purpose and findings. The purpose of this act is to  
5 enable limited equity cooperatives in the state of New York to establish  
6 insurance captives to enhance their ability to manage risks, improve  
7 insurance coverage, and promote financial stability. Furthermore, it  
8 aims to prevent concentration of risk by capping the number of insurance  
9 captives that limited equity cooperatives can establish to one per coun-  
10 ty.

11 § 3. The insurance law is amended by adding a new section 7013 to read  
12 as follows:

13 § 7013. Limited equity cooperative insurance captive. (a) As used in  
14 this section, the term "limited equity cooperative" shall mean a limited  
15 equity cooperative organized as a nonprofit housing development fund  
16 company pursuant to article eleven of the private housing finance law.

17 (b) Limited equity cooperatives are hereby authorized to establish  
18 insurance captives for the purpose of providing insurance coverage to  
19 their members and managing related risks. No limited equity cooperative  
20 shall hold more than thirty percent of its risk in the same county and  
21 shall hold no more than sixty percent of its risk in New York City. A  
22 limited equity cooperative insurance captive shall have no fewer than  
23 ten thousand units under its risk management.

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

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1 (c) The limited equity cooperative shall create and organize the  
2 insurance captive in accordance with the requirements set forth by the  
3 department and other applicable laws and regulations. Any insurance  
4 captive established pursuant to the provisions of this section shall be  
5 subject to oversight and regulation by the department.

6 (d) An insurance captive established pursuant to the provisions of  
7 this section shall be operated as a distinct entity from the limited  
8 equity cooperative itself, maintaining separate financial records and  
9 accounts.

10 (e) A limited equity cooperative insurance captive may offer coverage  
11 for property and casualty risks, liability risks, and any other risks  
12 deemed appropriate by the department, subject to approval of the depart-  
13 ment.

14 (f) A limited equity cooperative insurance captive shall adhere to all  
15 solvency requirements and financial standards established by department,  
16 ensuring its ability to meet the insurance needs of the limited equity  
17 cooperative members.

18 (g) Participation in the limited equity cooperative insurance captive  
19 by limited equity cooperative members shall be voluntary. Any member  
20 opting to participate shall contribute to the limited equity cooperative  
21 insurance captive's capital and premium reserves as required by the  
22 captive's policies and procedures.

23 (h) The insurance captive shall be subject to periodic financial and  
24 operational examinations by the department to ensure compliance with  
25 applicable laws and regulations.

26 (i) The department shall establish reporting requirements for limited  
27 equity cooperatives operating insurance captives, including but not  
28 limited to financial statements, risk assessments, and claims data.

29 (j) The department shall promulgate all rules and regulations neces-  
30 sary for the implementation of this section.

31 § 4. Severability. If any clause, sentence, paragraph, section or part  
32 of this act shall be adjudged by any court of competent jurisdiction to  
33 be invalid and after exhaustion of all further judicial review, the  
34 judgment shall not affect, impair or invalidate the remainder thereof,  
35 but shall be confined in its operation to the clause, sentence, para-  
36 graph, section or part of this act directly involved in the controversy  
37 in which the judgment shall have been rendered.

38 § 5. This act shall take effect on the first of January next succeed-  
39 ing the date on which it shall have become a law. Effective immediately,  
40 the addition, amendment and/or repeal of any rule or regulation neces-  
41 sary for the implementation of this act on its effective date are  
42 authorized to be made and completed on or before such effective date.