

STATE OF NEW YORK

7222--A

Cal. No. 1644

2025-2026 Regular Sessions

IN SENATE

April 4, 2025

Introduced by Sens. BAILEY, FERNANDEZ, MURRAY -- read twice and ordered printed, and when printed to be committed to the Committee on Insurance -- committee discharged and said bill committed to the Committee on Rules -- ordered to a third reading, amended and ordered reprinted, retaining its place in the order of third reading

AN ACT to amend the insurance law, in relation to indexing fixed amounts and clarifying compliance

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

1 Section 1. Subparagraphs (D) and (F) of paragraph 2 of subsection (c)
2 of section 4228 of the insurance law, as added by chapter 616 of the
3 laws of 1997, are amended to read as follows:

4 (D) distribution, marketing and sales support expenses directly
5 related to the procurement of new business, which includes but is not
6 limited to:

7 (i) recruiting and training of agents, including related recordkeep-
8 ing;

9 (ii) sales management and supervision; and

10 (iii) clerical functions in sales offices[~~;~~ and

11 ~~(iv) sales support functions, including but not limited to advanced~~
12 ~~underwriting support, proposals, illustrations, competition aids and~~
13 ~~related systems and equipment, including personal computers, owned by~~
14 ~~the company and used in the sales process];~~

15 (F) the travel expenses [~~of sales conferences, training meetings and~~
16 ~~awards~~], meals and entertainment paid for by the company; and

17 § 2. Subparagraph (F) of paragraph 2 of subsection (e) of section 4228
18 of the insurance law, as amended by chapter 13 of the laws of 2002, is
19 amended to read as follows:

20 (F) If a company employs one or more salaried employees whose princi-
21 pal function is [~~other than~~] not the sale of new policies or contracts
22 and [~~other than~~] not the supervision of agents or agencies, and if no

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

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1 more than twenty-five percent of the total compensation of such employ-
2 ees is related to ~~[sales results]~~ business personally produced by such
3 employees, ~~[the compensation of such employees is not subject to]~~ the
4 provisions of this subsection or subsection (d) of this section shall
5 not apply to such employees' total compensation, notwithstanding that
6 they may be licensed as life insurance agents.

7 § 3. Paragraph 3 of subsection (e) of section 4228 of the insurance
8 law, as added by chapter 616 of the laws of 1997, is amended to read as
9 follows:

10 (3)(A) A company may pay reasonable training allowance subsidies to
11 agents pursuant to a plan of agent compensation, provided that such
12 agents are full-time agents of the company and the principal business
13 activity of such agents is the solicitation of policies and contracts
14 primarily but not necessarily exclusively for the company, and its
15 affiliates, and such agents are not simultaneously receiving training
16 allowance from any other life insurance company.

17 (B) Agents receiving training allowance subsidies may also receive
18 expense allowance payments.

19 (C) An agent is eligible to receive such a training allowance subsidy,
20 provided (i) such agent has earned less than ~~[twenty]~~ forty thousand
21 dollars from the sale of policies and contracts cumulatively during the
22 three years prior to such agent's appointment, ~~[or]~~ (ii) less than twen-
23 ty-five percent of such agent's earned income has been received from the
24 sale of policies and contracts during each of the three years prior to
25 appointment, or (iii) less than twenty-five percent of such agent's
26 worktime during each of the three years prior to appointment was allo-
27 cated to individual life and annuity sales. The company may establish
28 that an agent is eligible to receive a training allowance subsidy by
29 requiring the agent to attest that such agent meets one of the criteria
30 set forth in this subparagraph prior to appointment. Such attestation
31 shall be sufficient to establish eligibility, provided the company does
32 not have actual knowledge to reject the attestation based on the agent's
33 credentials and background.

34 (D) An agent receiving such training allowance subsidies may not
35 receive, on a cumulative basis, for an agent in the first year of such
36 subsidies, the greater of ~~[twenty-eight]~~ fifty-four thousand dollars and
37 sixty percent of the first year commission limit, and for an agent in
38 the second year of such subsidies, the greater of ~~[forty-four]~~ eighty-
39 five thousand dollars and sixty percent of the first year commission
40 limit in the first year and forty percent of the first year commission
41 limit in the second year, and for an agent in the third year of such
42 subsidies, the greater of ~~[fifty-four]~~ one hundred five thousand dollars
43 and sixty percent of the first year commission limit in the first year
44 and forty percent of the first year commission limit in the second year,
45 and twenty percent of the first year commission limit for the third
46 year, and for an agent in the fourth year of such subsidies, the greater
47 of ~~[sixty]~~ one hundred sixteen thousand dollars and sixty percent of the
48 first year commission limit in the first year and forty percent of the
49 first year commission limit in the second year, twenty percent of the
50 first year commission limit in the third year, and ten percent of the
51 first year commission limit in the fourth year.

52 (E) With respect to any agent eligible to receive training allowance
53 subsidy who has earned at least ~~[sixty-six]~~ one hundred twenty-seven
54 thousand dollars of income during either of the two calendar years imme-
55 diately preceding commencement of receipt of training allowance subsi-
56 dies, a company may pay additional training allowance subsidies of ~~[one]~~

1 ~~two~~ thousand dollars to such agent during each of the first two years of
2 his receipt of training allowance subsidies for every ~~[two]~~ four thou-
3 sand dollars of such earned income in excess of ~~[sixty-six]~~ one hundred
4 twenty-seven thousand dollars, provided that the cumulative training
5 allowance subsidy does not exceed ~~[forty-five]~~ eighty-seven thousand
6 dollars in such agent's first year of receipt of training allowance
7 subsidy and provided further that the agent receives not greater than
8 ~~[sixty]~~ one hundred sixteen thousand dollars in total training allowance
9 subsidies.

10 (F) For purposes of this paragraph, the period of time that a person
11 worked for a company under a company-sponsored training program and was
12 not acting as an agent for that company shall not be counted as time
13 spent receiving training allowance subsidies, and any salary paid by the
14 company to that person during that time shall not count toward the cumu-
15 lative maximum training allowance subsidy.

16 (G) The superintendent shall periodically adjust the cumulative maxi-
17 mum training allowance subsidy limits set forth in this paragraph. The
18 superintendent may also, at any time, approve training allowance subsi-
19 dies with cumulative maximum amounts that exceed the limits set forth in
20 this paragraph.

21 (H) A company may, upon approval of the superintendent, establish a
22 plan for training allowance subsidies for which the conditions of eligi-
23 bility or the amounts or periods of subsidy, of any of these, differ
24 from those set forth in this subsection. The superintendent shall
25 approve such a plan, subject to such conditions as he may prescribe, if
26 he finds that it is likely to meet the objective of developing new
27 agents for the sale of policies or contracts or both in a cost-effective
28 manner.

29 § 4. Paragraph 6 of subsection (e) of section 4228 of the insurance
30 law, as amended by chapter 13 of the laws of 2002, is amended to read as
31 follows:

32 (6) A company, including any person, firm or corporation on its behalf
33 or under any agreement with it, may pay or award, or permit to be paid
34 or awarded, prizes and awards to agents and brokers pursuant to a plan
35 of agent or broker compensation, provided that no single prize or award
36 may exceed a value of ~~[two]~~ five hundred ~~[fifty]~~ dollars, and that the
37 total value of such prizes and awards paid or awarded to any agent or
38 broker within a calendar year may not exceed ~~[one]~~ two thousand dollars.
39 Notwithstanding the foregoing, a company may also pay or award not more
40 frequently than monthly a prize or award valued at not more than ~~[twen-~~
41 ~~ty-five]~~ fifty dollars. The costs of all such prizes and awards shall
42 not be included in applying the limits established in subsection (d) of
43 this section. The superintendent may authorize higher limits on the
44 value of prizes and awards than those set forth herein.

45 § 5. Paragraph 2 of subsection (f) of section 4228 of the insurance
46 law, as added by chapter 616 of the laws of 1997, is amended to read as
47 follows:

48 (2) The annual statement schedule for reporting compliance on an
49 aggregate basis with subsection (c) of this section shall be signed by a
50 knowledgeable officer of the company. The signing of the schedule shall
51 be deemed confirmation by the officer that the officer has performed a
52 personal review of the information included and responses provided to
53 the interrogatories. The signature is to be preceded by the following
54 statement: "I have reviewed the sources of total selling expenses and,
55 to the best of my knowledge and belief, on the basis of the projected
56 experience over the next three years based on reasonable assumptions,

1 including changes currently being contemplated, the company's expenses
2 will not exceed the limit imposed thereon by New York Insurance Law
3 Section 4228." If the officer cannot attest to the final clause of this
4 statement, the officer must disclose the year or years in which expenses
5 are expected to exceed the limit and the amount by which the limit is
6 expected to be exceeded.

7 § 6. The opening paragraph of paragraph 5 of subsection (f) of section
8 4228 of the insurance law, as amended by chapter 13 of the laws of 2002,
9 is amended to read as follows:

10 Any company making one or more payments that exceed any limit in
11 subsection (d) of this section that is unable to recover such excess
12 payments shall notify the superintendent within [~~thirty~~ ninety] days of
13 the date that it learns or realizes that it exceeded the limit; however,
14 if the company recovers such excess payments prior to the required
15 notification date, or, for agents or brokers who are no longer appointed
16 with the company, the company has made reasonable efforts to recover
17 such excess payments, it need not make such notification. At that time,
18 the company shall report the reason the company exceeded the limit, the
19 number of agents and brokers to whom payments in excess of the limit
20 were made, and the amount of money paid in excess of the limit, and
21 shall describe the actions the company will take promptly to prevent any
22 further instances of it exceeding this limit.

23 § 7. This act shall take effect immediately.