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

1005--C

2009-2010 Regular Sessions

I N   A S S E M B L Y

(PREFILED)

January 7, 2009

Introduced by M. of A. BING -- Multi-Sponsored by -- M. of A. COOK, JAFFEE, MAGEE, REILLY -- read once and referred to the Committee on Insurance -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee -- again reported from said committee with amendments, ordered reprinted as amended and recommitted to said committee -- again reported from said committee with amendments, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the insurance law, in relation to revising the standards relating to the incorporation of stock or mutual insurance companies

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

Section 1. Paragraph 3 of subsection (a) of section 1201 of the insurance law is amended to read as follows:

(3) The proposed incorporators shall publish in such newspaper, twice a week for three successive weeks or once a week for six successive weeks, a notice of intention to form such a corporation, stating its proposed name, the kinds of insurance business to be transacted, the names and CITY AND STATE OF residence [addresses] of the proposed incorporators, the location of its principal office in this state, and, if a stock corporation, the amount of its proposed initial capital.

S 2. Items (v), (vi) and (vii) of subparagraph (B) of paragraph 5 of subsection (a) of section 1201 of the insurance law, item (v) as amended by chapter 552 of the laws of 1996 and item (vi) as amended by chapter 532 of the laws of 2003, are amended to read as follows:

(v) the number of directors, or that it shall be not less than a stated minimum nor more than a stated maximum. Except as provided in section six thousand four hundred two of this chapter the number of directors shall not be less than [thirteen, however, a life insurance corporation with admitted assets of less than one and one-half billion dollars, may

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

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have not less than nine directors of which at least four must not be officers or employees of the company or any entity controlling, controlled by, or under common control with the company and who are not beneficial owners of a controlling interest in the voting stock of the company or any such entity. The charter of such life insurance corporation that has less than thirteen, but at least nine, directors shall provide that the number of directors shall be increased to not less than thirteen within one year following the end of the calendar year in which the corporation exceeded one and one-half billion dollars in admitted assets] SEVEN. As used in this item, "number of directors" means the total number of directors which the corporation would have if there were no vacancies;

(vi) the times and manner of electing directors and officers, the manner of filling vacancies, and provision that each director shall be at least eighteen years of age and that at all times a majority shall be citizens and residents of the United States, and that not less than [two] ONE shall be [residents] A RESIDENT of this state;

(vii) the names and [post office] CITY AND STATE OF residence [addresses] of the directors, who shall serve until the first annual meeting of such corporation;

S 3. Paragraph 2 of subsection (a) of section 1202 of the insurance law, as amended by chapter 802 of the laws of 1985, is amended to read as follows:

(2) If not otherwise fixed under this article, the number shall be [thirteen] SEVEN but it may be increased or[, subject to item (v) of subparagraph (B) of paragraph five of subsection (a) of section one thousand two hundred one of this article,] decreased by amendment of the by-laws, or by action of the board, subject to the following limitations: (i) if the board is authorized by the by-laws to increase or decrease the number of directors, the amendment shall require the vote of a majority of the entire board; [and] (ii) no decrease shall shorten the term of any incumbent director; AND (III) NO DECREASE SHALL REDUCE THE NUMBER OF DIRECTORS TO FEWER THAN SEVEN.

S 4. Subsections (b) and (c) of section 1209 of the insurance law, subsection (b) as amended by chapter 26 of the laws of 2001, are amended to read as follows:

(b) Such corporation shall have not less than [thirteen] SEVEN directors[, provided, however, a life insurance corporation satisfying the requirements of item (v) of subparagraph (B) of paragraph five of subsection (a) of section one thousand two hundred one of this article shall have not less than nine directors, and such officers as shall be provided for in its charter or by-laws]. The directors, except as provided in section four thousand two hundred ten of this chapter, shall be elected at the annual meetings of the members, and all except four of the directors of such corporation, elected after the organization of the corporation is completed and it has been licensed to issue insurance policies, must be members of the corporation or officers of member corporations. At any time after the first annual meeting, the directors may be divided into not exceeding three groups as nearly equal as possible, and thereafter the directors in one group only or their successors shall be elected annually as provided in the by-laws. The board of directors of such corporation shall hold regular meetings at least four times in each calendar year. At least one of such meetings shall be held within this state and the other meetings may be held elsewhere.

(c) The board of directors of such corporation shall elect such officers as are provided for in the by-laws. At least [two of the] ONE principal [officers] OFFICER shall be [directors] A DIRECTOR, but the number of officers and salaried employees who are directors shall at all times be less than a quorum of the board of directors, as prescribed in the charter or by-laws.

S 5. This act shall take effect immediately.