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

6950

I N S E N A T E

March 1, 2010

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 examination of insurers, incorporation of co-operative property/casualty insurance companies, the keeping of records by such companies; and to repeal section 6613 of such law relating to limitation of expenses of co-operative property/casualty insurance companies

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

Section 1. Subsection (b) of section 309 of the insurance law is amended to read as follows:

(b) The superintendent shall make an examination into the affairs:

(1) of every authorized domestic fraternal benefit society [and every domestic property/casualty insurance company], at least once in every three years; [except that the superintendent may extend the three year interval to not more than five years with respect to a property/casualty insurance company, upon determining that the three year requirement is not necessary to safeguard the interests of the public or policyholders;]

(2) of every domestic life insurance company, at least once in every five years; [and]

(3) OF EVERY DOMESTIC PROPERTY/CASUALTY INSURANCE COMPANY, AT LEAST ONCE IN EVERY FIVE YEARS, EXCEPT THAT THE SUPERINTENDENT MAY EXTEND THE FIVE YEAR INTERVAL TO NOT MORE THAN EIGHT YEARS, UPON DETERMINING THAT THE FIVE YEAR REQUIREMENT IS NOT NECESSARY TO SAFEGUARD THE INTERESTS OF THE PUBLIC OR POLICYHOLDERS; AND

(4) of every other authorized domestic insurer and every rate service organization which makes or files rates, whether or not advisory, at least once in every five years.

S 2. Paragraphs 2, 3, 4 and 5 of subsection (a) of section 310 of the insurance law are renumbered paragraphs 3, 4, 5 and 6, respectively, and a new paragraph 2 is added to read as follows:

(2) THE SUPERINTENDENT'S ORDER INDICATING THE SCOPE OF THE EXAMINATION SHALL EXPRESSLY STATE WHETHER THE EXAMINATION IS A FINANCIAL EXAMINA-

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

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TION, A MARKET CONDUCT EXAMINATION OR, IF THE EXAMINATION WILL COVER BOTH FINANCIAL AND MARKET CONDUCT, A COMBINED EXAMINATION. IN THE EVENT OF A FINANCIAL EXAMINATION, THE FINANCIAL EXAMINATION SHALL BE CONFINED TO THE PURPOSE OF A FINANCIAL EXAMINATION. MORE SPECIFICALLY, THE PURPOSE OF A FINANCIAL EXAMINATION SHALL BE TO VERIFY THAT AN EXAMINED ENTITY'S FINANCIAL STATEMENT, AS OF THE EXAMINATION DATE, AS WELL AS ITS CORPORATE CONDUCT DURING THE EXAMINATION PERIOD, ARE IN COMPLIANCE WITH THE DEPARTMENT'S LAWS, RULES AND REGULATIONS. ALL FINANCIAL EXAMINATIONS SHALL BE STRICTLY LIMITED TO THE AFORESTATED PURPOSE. IF THE EXAMINATION ORDERED IS A MARKET CONDUCT EXAMINATION, THEN THAT EXAMINATION SHALL BE FOCUSED ON THE FAIR TREATMENT OF POLICYHOLDERS WITH THE SCOPE OF THE EXAMINATION CONSISTING OF AREAS SUCH AS COMPANY OPERATIONS, COMPLAINT HANDLING, MARKETING, CLAIMS, RATE AND FORM FILING AND POLICYHOLDER SERVICE. ALL MARKET CONDUCT EXAMINATIONS SHALL BE STRICTLY LIMITED TO THE AFORESTATED FOCUS AND SCOPE.

S 3. Subparagraphs (E) and (F) of paragraph 5 of subsection (a) of section 6603 of the insurance law, subparagraph (E) as amended by chapter 114 of the laws of 1988 and subparagraph (F) as added by chapter 137 of the laws of 1986, are amended to read as follows:

(E) The number of its directors, which shall be not less than [nine] SEVEN, and a provision that in no case shall the number of directors be less than [nine] SEVEN.

(F) The times and manner of electing its directors and officers, the manner of filling vacancies in such offices, and a provision that at all times a majority of the directors shall be citizens and residents of BOTH this state and [that all shall be] ALSO residents within the territory in which the corporation is licensed to do business.

S 4. Subparagraph (C) of paragraph 4 of subsection (a) of section 6611 of the insurance law, as added by chapter 137 of the laws of 1986, is amended to read as follows:

(C) All checks issued shall be signed either by [two officers] ONE OFFICER or by [one officer upon the written order of another officer, except as otherwise] A NON-OFFICER IF provided FOR by resolution of the corporation's board of directors or in its by-laws [for handling of miscellaneous expenses].

S 5. Section 6613 of the insurance law is REPEALED.

S 6. This act shall take effect immediately.