## 10712

## I N A S S E M B L Y

April 16, 2010

Introduced by M. of A. MORELLE -- read once and referred to the Committee on Insurance

AN ACT to amend the insurance law, in relation to mortgage guaranty insurance and reinsurance and policyholders' surplus

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

Section 1. Paragraph 1 of subsection (b) of section 6502 of the insurance law, as amended by chapter 517 of the laws of 1989, is amended to read as follows:
(1) EXCEPT AS MAY BE OTHERWISE PERMITTED BY THE SUPERINTENDENT UPON A FINDING THAT IT WOULD NOT BE PREJUDICIAL TO THE INTERESTS OF THE PEOPLE OF THIS STATE, have outstanding a total liability under its aggregate insurance policies exceeding twenty-five times its policyholders' surplus, computed on the basis of the company's liability under its election as provided in subsection (c) of section six thousand five hundred three of this article. Total liability shall be calculated net of applicable reinsurance. [No] SUBJECT TO SUCH EXCEPTION PERMITTED BY THE SUPERINTENDENT, NO company which has outstanding total liability exceeding twenty-five times its policyholders' surplus shall transact new business until its total liability no longer exceeds twenty-five times its policyholders' surplus. THE TERM OF EACH EXCEPTION PERMITTED BY THE SUPERINTENDENT FOR A MORTGAGE INSURER SHALL NOT EXCEED TWO YEARS AND CONSECUTIVE EXCEPTIONS PERMITTED FOR A MORTGAGE INSURER WITHOUT AN INTERVENING ONE-YEAR PERIOD OF COMPLIANCE WITH THE LIABILITY LIMIT IN THIS SUBSECTION SHALL NOT EXCEED A TOTAL OF FOUR YEARS;

S 2. This act shall take effect immediately.

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

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