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

4830

2009-2010 Regular Sessions

I N A S S E M B L Y

February 6, 2009

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 contingency reserves

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

Section 1. Paragraph 2 of subsection (a) of section 6502 of the insurance law is amended to read as follows:

(2) it establishes a contingency reserve out of net premiums (gross premiums less premiums returned to policyholders) remaining after establishing the unearned premium reserve. The company shall contribute to the contingency reserve an amount equal to fifty percent of such remaining earned premiums. Contributions to the contingency reserve made during each calendar year shall be maintained for a period of one hundred and twenty months, except that withdrawals may be made by the company with the prior approval of the superintendent: (A) in any year in which the actual incurred losses exceed thirty-five percent of the corresponding earned premiums OR (B) OF SUCH OTHER APPROVED AMOUNT, PROVIDED THE COMPANY CONTINUES TO MEET THE OTHER REQUIREMENTS OF THIS SECTION, AND AFTER CONSIDERATION BY THE SUPERINTENDENT OF THE FINANCIAL CONDITION OF THE COMPANY, LOSS DEVELOPMENT AND TRENDS, AS WELL AS ANY OTHER CIRCUMSTANCES THE SUPERINTENDENT DEEMS APPROPRIATE. THE COMPANY SHALL SUBMIT DOCUMENTATION CLEARLY PROVIDING JUSTIFICATION FOR THE PROPOSED WITHDRAWAL OF CONTINGENCY RESERVES UNDER THIS PARAGRAPH. The unearned premium reserve shall be computed as required by section one thousand three hundred five of this chapter except that on policies covering a risk period of more than one year it shall be computed in accordance with standards promulgated by the superintendent; and

S 2. This act shall take effect immediately; provided that the superintendent of insurance is authorized to promulgate any and all rules and regulations, on an emergency basis, and take any other measures necessary to implement this act on its effective date.

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

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