

3635

2009-2010 Regular Sessions

I N S E N A T E

March 25, 2009

Introduced by Sens. BRESLIN, STACHOWSKI, PARKER, MONSERRATE -- 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 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:

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

2
3 (3) The proposed incorporators shall publish in such newspaper, twice
4 a week for three successive weeks or once a week for six successive
5 weeks, a notice of intention to form such a corporation, stating its
6 proposed name, the kinds of insurance business to be transacted, the
7 names and CITY AND STATE OF residence [addresses] of the proposed incor-
8 porators, the location of its principal office in this state, and, if a
9 stock corporation, the amount of its proposed initial capital.

10 S 2. Items (v), (vi) and (vii) of subparagraph (B) of paragraph 5 of
11 subsection (a) of section 1201 of the insurance law, item (v) as amended
12 by chapter 552 of the laws of 1996 and item (vi) as amended by chapter
13 532 of the laws of 2003, are amended to read as follows:

14 (v) the number of directors, or that it shall be not less than a stat-
15 ed minimum nor more than a stated maximum. Except as provided in section
16 six thousand four hundred two of this chapter the number of directors
17 shall not be less than [thirteen, however, a life insurance corporation
18 with admitted assets of less than one and one-half billion dollars, may
19 have not less than nine directors of which at least four must not be
20 officers or employees of the company or any entity controlling,
21 controlled by, or under common control with the company and who are not
22 beneficial owners of a controlling interest in the voting stock of the
23 company or any such entity. The charter of such life insurance corpo-
24 ration that has less than thirteen, but at least nine, directors shall

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

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1 provide that the number of directors shall be increased to not less than
2 thirteen within one year following the end of the calendar year in which
3 the corporation exceeded one and one-half billion dollars in admitted
4 assets] SEVEN. As used in this item, "number of directors" means the
5 total number of directors which the corporation would have if there were
6 no vacancies;

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

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

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

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

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

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

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

55 S 5. This act shall take effect immediately.