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

8903

I N A S S E M B L Y

(PREFILED)

January 4, 2012

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 making technical corrections thereto

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 7437 of the insurance law, as added by chapter 600 of the laws of 2011, is amended to read as follows:

(1) Notwithstanding any other provision of this article, including any other provision of this article permitting the modification of contracts, or other law of this state, no person shall be stayed or prohibited from exercising: (A) a contractual right to cause the termination, liquidation, acceleration or close out of any obligation under OR IN CONNECTION WITH a netting agreement or qualified financial contract with an insurer, other than an insurer licensed to write financial guaranty insurance, because of: (i) the insolvency, financial condition or default of the insurer at any time, provided that the right is enforceable under applicable law other than this article; or (ii) the commencement of any proceeding under this article; (B) any right under a security arrangement relating to one or more netting agreements or qualified financial contracts, OTHER THAN A RIGHT AGAINST AN INSURER LICENSED TO WRITE FINANCIAL GUARANTY INSURANCE; or (C) subject to any provision of subsection (b) of section seven thousand four hundred twenty-seven of this article, any right to offset or net out any termination value, payment amount, or other transfer obligation arising under or in connection with one or more qualified financial contracts, OTHER THAN A RIGHT AGAINST AN INSURER LICENSED TO WRITE FINANCIAL GUARANTY INSURANCE, where the counterparty or its guarantor is organized under the laws of the United States, a state, or a foreign jurisdiction approved by the Securities Valuation Office of the National Association of Insurance Commissioners as eligible for netting.

S 2. This act shall take effect on the same date and in the same manner as chapter 600 of the laws of 2011 took effect.

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

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