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

2582

2011-2012 Regular Sessions

I N S E N A T E

January 26, 2011

Introduced by Sen. KRUGER -- 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 creating a state natural disaster reinsurance fund

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

Section 1. The insurance law is amended by adding a new article 80 to read as follows:

ARTICLE 80

NATURAL DISASTER REINSURANCE FUND

SECTION 8001. PURPOSE.
8002. DEFINITIONS.
8003. NATURAL DISASTER REINSURANCE FUND.
8004. OPERATION OF THE FUND.
8005. TAXATION.
8006. PROHIBITIONS.

S 8001. PURPOSE. THE PURPOSE OF THIS ARTICLE IS TO CREATE THE NATURAL DISASTER REINSURANCE FUND TO BE FINANCED THROUGH VOLUNTARY PARTICIPATION BY INSURERS. THE FUND WILL PROVIDE SUBSCRIBING COMPANIES WITH A POOL OF AVAILABLE FUNDS TO BE ACCESSED WHEN A CATASTROPHIC EVENT RAISES CLAIMS ABOVE A GIVEN LEVEL AND WILL THUS REDUCE THE POTENTIAL FOR INSURANCE COMPANY INSOLVENCIES DUE TO NATURAL DISASTERS AND OTHER CATASTROPHIC EVENTS.

S 8002. DEFINITIONS. AS USED IN THIS ARTICLE THE FOLLOWING TERMS SHALL HAVE THE FOLLOWING MEANINGS:

(A) "NATURAL DISASTER" OR "CATASTROPHIC EVENT" SHALL MEAN A MAJOR HURRICANE, TORNADO, EARTHQUAKE, TIDAL WAVE, MAJOR FLOOD OR ANY OTHER EVENT DECLARED A DISASTER BY THE GOVERNOR.

(B) "FUND" SHALL MEAN THE NATURAL DISASTER REINSURANCE FUND CREATED BY THIS ARTICLE.

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

LBD06791-01-1

S 8003. NATURAL DISASTER REINSURANCE FUND. THERE SHALL BE CREATED IN THE CUSTODY OF THE SUPERINTENDENT A NATURAL DISASTER REINSURANCE FUND FINANCED THROUGH VOLUNTARY PARTICIPATION OF INSURERS IN THIS STATE. THE STATE SHALL ESTABLISH AND ADJUST, WHEN NECESSARY, THE RATES FOR THE REINSURANCE COVERAGE USING GENERALLY ACCEPTED ACTUARIAL PRINCIPLES. SUCH FUNDS SHALL BE HELD IN TRUST BY THE STATE AND SHALL BE REMITTED ONLY IN ACCORDANCE WITH THE TERMS OF SECTION EIGHT THOUSAND FOUR OF THIS ARTICLE. THE STATE SHALL INVEST A PERCENTAGE OF THE AMOUNTS AS IT DEEMS APPROPRIATE.

S 8004. OPERATION OF THE FUND. ANY PARTICIPATING INSURER SHALL BE ELIGIBLE TO MAKE A CLAIM AGAINST THE FUND IF A NATURAL DISASTER, OR SERIES OF NATURAL DISASTERS OCCURRING WITHIN A TWELVE MONTH PERIOD, RESULTS IN CLAIMS EXCEEDING FIFTEEN PERCENT OF THE INDUSTRY'S SURPLUS. CLAIMS SHALL BE PAID IN ACCORDANCE WITH PROCEDURES PROMULGATED BY THE SUPERINTENDENT.

S 8005. TAXATION. ANY AMOUNTS DEPOSITED INTO THE FUND ACCOUNT, INCLUDING INVESTMENTS MADE PURSUANT TO SECTION EIGHT THOUSAND THREE OF THIS ARTICLE, SHALL BE EXEMPT FROM TAXATION BY THE STATE OR BY ANY COUNTY, MUNICIPALITY OR LOCAL TAXING AUTHORITY.

S 8006. PROHIBITIONS. INSURERS PARTICIPATING IN THE FUND SHALL BE PROHIBITED FROM INCREASING ANY PREMIUMS BASED UPON PAYMENTS MADE TO THE FUND.

S 2. This act shall take effect January 1, 2012, provided, however, that the superintendent of insurance may promulgate any rules and regulations necessary for the timely implementation of this act on or before its effective date.