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

3255

2011-2012 Regular Sessions

I N A S S E M B L Y

January 24, 2011

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 investments and activities of insurance department employees

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

Section 1. Subsection (a) of section 204 of the insurance law is amended and a new subsection (c) is added to read as follows:

(a) Neither the superintendent, any deputy, nor any employee of the department, shall be interested, directly or indirectly, in the business of any insurer, agent, broker, adjuster, or other licensee of the department, whether as a security holder, director, officer, attorney, agent, or employee. NOTHING IN THIS SECTION SHALL BE CONSTRUED TO PROHIBIT THE SUPERINTENDENT, ANY DEPUTY, OR ANY EMPLOYEE OF THE DEPARTMENT FROM OWNING SHARES OF AN INVESTMENT COMPANY (MUTUAL FUND) THAT MAY INCIDENTALLY INVEST IN THE STOCK OF ANY LICENSEE, PROVIDED THAT THE PURPOSE OF THE INVESTMENT PORTFOLIO OF THE INVESTMENT COMPANY MAY NOT BE TO INVEST PRIMARILY OR EXCLUSIVELY IN THE SHARES OF LICENSEES. FOR PURPOSES OF THIS SECTION, INVESTMENT COMPANIES INCLUDE OPEN-END AND CLOSED-END INVESTMENT COMPANIES AND UNIT INVESTMENT TRUSTS AS THOSE TERMS ARE DEFINED IN AN ACT OF CONGRESS ENTITLED "THE INVESTMENT COMPANY ACT OF 1940," AS AMENDED.

(C) THE SUPERINTENDENT MAY DETERMINE, UPON APPLICATION OF ANY DEPUTY OR EMPLOYEE OF THE DEPARTMENT, THAT A CLASS OF INTEREST OR PARTICULAR INTEREST IS, OR WOULD BE, OF SO INDIRECT A NATURE AS NOT TO BE SUBJECT TO SUBSECTION (A) OF THIS SECTION. IN MAKING THAT DETERMINATION, OR IN REFUSING TO MAKE THAT DETERMINATION, THE SUPERINTENDENT SHALL CONSIDER THE NATURE AND VALUE OF SUCH INTEREST, THE APPLICANT'S POSITION WITHIN THE DEPARTMENT, AND ANY OTHER FACTORS THAT THE SUPERINTENDENT DEEMS RELEVANT. SUCH DETERMINATION SHALL SPECIFY IN WRITING THE REASONS THEREFOR.

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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