

4833--A

2013-2014 Regular Sessions

I N A S S E M B L Y

February 11, 2013

Introduced by M. of A. MAGEE, MORELLE, CROUCH -- Multi-Sponsored by --
M. of A. SKARTADOS -- read once and referred to the Committee on
Insurance -- recommitted to the Committee on Insurance in accordance
with Assembly Rule 3, sec. 2 -- committee discharged, bill amended,
ordered reprinted as amended and recommitted to said committee

AN ACT to amend the insurance law, in relation to permitting certain
agreements by domestic mutual insurance corporations

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

1 Section 1. Subsection (f) of section 1209 of the insurance law is
2 amended to read as follows:
3 (f) No domestic mutual insurance corporation, except a domestic mutual
4 insurance company organized before January first, nineteen hundred forty
5 to do only marine protection and indemnity insurance, shall enter into
6 any agreement with any of the officers or directors, or with any firm or
7 corporation in which any such officer or director is pecuniarily inter-
8 ested directly or indirectly, whereby the insurance corporation agrees
9 to pay, for the acquisition of business, any commission or other compen-
10 sation which under the agreement is increased or diminished by the
11 amount of such business or by the insurance corporation's earnings on
12 such business. NOTWITHSTANDING THE FOREGOING, AND UPON APPLICATION BY A
13 DOMESTIC MUTUAL INSURANCE CORPORATION, THE SUPERINTENDENT MAY PERMIT THE
14 INSURANCE CORPORATION TO ENTER INTO SUCH AN AGREEMENT WITH A FIRM OR
15 CORPORATION THAT IS A LICENSED INSURANCE PRODUCER IF THE SUPERINTENDENT
16 DETERMINES THAT: (1) THE INSURANCE CORPORATION'S POLICYHOLDERS WILL NOT
17 BE ADVERSELY AFFECTED; (2) THE OFFICER OR DIRECTOR HAS NO PECUNIARY
18 INTEREST DIRECTLY IN THE INSURANCE PRODUCER; AND (3) ANY BENEFIT TO THE
19 OFFICER OR DIRECTOR THAT ACCRUES AS A RESULT OF THE AGREEMENT WOULD NOT
20 BE MATERIAL IN RELATION TO THE INSURANCE CORPORATION'S OVERALL PREMIUM
21 VOLUME. ANY SUCH AGREEMENT APPROVED BY THE SUPERINTENDENT SHALL BE
22 SUBJECT TO ANNUAL REVIEWS AND, WHERE THE SUPERINTENDENT DETERMINES SUCH
23 AGREEMENT NO LONGER CONFORMS TO THIS SUBSECTION, THE SUPERINTENDENT
24 SHALL REVOKE HIS OR HER PRIOR APPROVAL.
25 S 2. This act shall take effect immediately.

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

LBD08131-02-4