

2130

2013-2014 Regular Sessions

I N   A S S E M B L Y

(PREFILED)

January 9, 2013

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Introduced by M. of A. SIMOTAS, COOK, TITONE -- read once and referred  
to the Committee on Insurance

AN ACT to amend the insurance law, in relation to the foreign invest-  
ments of insurance companies

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

1     Section 1. Paragraph 7 of subsection (a) of section 1405 of the insur-  
2     ance law, subparagraph (C) as amended by chapter 60 of the laws of 2008  
3     and subparagraph (D) as amended by chapter 162 of the laws of 1999, is  
4     amended to read as follows:  
5     (7) Foreign investments. (A) Canadian investments substantially of the  
6     same types as those eligible for investment under paragraphs one through  
7     six of this subsection, provided that, after giving effect to any  
8     investment made under this subparagraph, the aggregate amount of invest-  
9     ments made under this subparagraph and then held by such insurer shall  
10    not exceed ten percent of the insurer's admitted assets, except where a  
11    greater amount is permitted under subparagraph (B) below (in which case  
12    the provisions of this subparagraph shall not be applicable).  
13    (B) In the case of any domestic insurer that is authorized to do busi-  
14    ness in a foreign country or possession of the United States of America  
15    or that has outstanding insurance, annuity or reinsurance contracts on  
16    lives or risks resident or located in such foreign country or  
17    possession, investments in such foreign country or possession that are  
18    substantially of the same types as those eligible for investment under  
19    paragraphs one through six of this subsection; provided that, except  
20    where a greater amount is permitted under subparagraph (A) above, after  
21    giving effect to any investment in such foreign country or possession  
22    made under this subparagraph, the aggregate amount of cash in the  
23    currency of such foreign country or possession and of investments in  
24    such foreign country or possession made under this subparagraph and then

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

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held by such insurer shall not exceed one and one-half times the amount of such insurer's reserves and other obligations under such contracts or the amount which such insurer is required by law to invest in such country or possession, whichever shall be greater.

(C) Investments in foreign countries, in addition to Canadian investments and investments permitted by subparagraph (B) of this paragraph, that are substantially of the same types as those eligible for investment under paragraphs one through six of this subsection, provided that, after giving effect to any investment made under this subparagraph, the aggregate amount of investments qualified under this subparagraph and then held by such insurer shall not exceed [sixteen] TWENTY percent of the insurer's admitted assets; and

(i) the issuer or obligor is (I) a jurisdiction, which is rated in one of the four highest rating categories by an independent, nationally recognized United States rating agency, (II) any political subdivision or other governmental unit of any such jurisdiction, or any agency or instrumentality of any such jurisdiction, political subdivision or other governmental unit or (III) an institution which is organized under the laws of any such jurisdiction or, in the case of such paragraphs three and four of this subsection, the real property is located in any such jurisdiction; and

(ii) [if the investment is denominated in any currency other than United States dollars, the investment is effectively hedged, substantially in its entirety, against the United States dollar:

(I) for an insurer that has an approved derivative use plan under section one thousand four hundred ten of this article, pursuant to contracts or agreements entered into under and in accordance with that derivative use plan and subject to the counterparty exposure limits thereunder; or

(II) for any other insurer, pursuant to contracts or agreements which are: (aa) issued by or traded on a securities exchange or board of trade regulated under the laws of the United States or Canada or a province thereof or (bb) entered into with: (aaa) a United States banking institution which has assets in excess of five billion dollars and which has obligations outstanding, or has a parent corporation which has obligations outstanding, which are rated in one of the two highest rating categories by an independent, nationally recognized, United States rating agency; (bbb) a broker-dealer registered with the Securities and Exchange Commission which has net capital in excess of two hundred fifty million dollars; or

(ccc) any other banking institution which has assets in excess of five billion dollars and which has obligations outstanding, or has a parent corporation which has obligations outstanding, which are rated in one of the two highest rating categories by an independent, nationally recognized, United States rating agency and which is organized under the laws of a jurisdiction which is rated in one of the two highest rating categories by an independent, nationally recognized, United States rating agency; and

(iii) provided that] an insurer shall not make any investment in any foreign country pursuant to this subparagraph, if such investment, together with all other investments in the same foreign country so made and then held by such insurer, would exceed [six] SEVEN percent of the insurer's admitted assets.

(D) In addition to the foreign investments permitted under the preceding subparagraphs of this paragraph, foreign investments that are substantially of the same types as those eligible for investment under

1 paragraphs one through six of this subsection, provided that, after  
2 giving effect to any investment made under this subparagraph, the aggre-  
3 gate amount of investments made under this subparagraph and then held by  
4 such insurer shall not exceed [four] SIX percent of the insurer's admit-  
5 ted assets, and provided further that an insurer shall not make any  
6 investment in any foreign country pursuant to this subparagraph, if such  
7 investment, together with all other investments in the same foreign  
8 country so made and then held by such insurer, would exceed [two] FOUR  
9 percent of the insurer's admitted assets.

10 (E) ANY INVESTMENT MAY BE DENOMINATED IN A CURRENCY OTHER THAN UNITED  
11 STATES DOLLARS, PROVIDED THAT THE AGGREGATE AMOUNT OF ALL SUCH INVEST-  
12 MENTS (OTHER THAN INVESTMENTS MADE PURSUANT TO SUBPARAGRAPH (A) OF THIS  
13 PARAGRAPH) THAT ARE NOT EFFECTIVELY HEDGED, SUBSTANTIALLY IN THEIR  
14 ENTIRETY, AGAINST THE UNITED STATES DOLLAR, REDUCED, ON A CURRENCY BY  
15 CURRENCY BASIS, BY THE AMOUNT OF FOREIGN-CURRENCY DENOMINATED INSURANCE  
16 LIABILITIES MAY NOT EXCEED SIX PERCENT OF THE INSURER'S ADMITTED ASSETS.  
17 AN INVESTMENT SHALL BE DEEMED TO BE EFFECTIVELY HEDGED, SUBSTANTIALLY IN  
18 ITS ENTIRETY, IF IT HAS BEEN HEDGED:

19 (I) FOR AN INSURER THAT HAS AN APPROVED DERIVATIVE USE PLAN UNDER  
20 SECTION ONE THOUSAND FOUR HUNDRED TEN OF THIS ARTICLE, PURSUANT TO  
21 CONTRACTS OR AGREEMENTS ENTERED INTO UNDER AND IN ACCORDANCE WITH THAT  
22 DERIVATIVE USE PLAN AND SUBJECT TO THE COUNTERPARTY EXPOSURE LIMITS  
23 THEREUNDER; OR

24 (II) FOR ANY OTHER INSURER, PURSUANT TO CONTRACTS OR AGREEMENTS  
25 (DERIVATIVE TRANSACTIONS) WHICH ARE: (AA) CLEARED THROUGH A QUALIFIED  
26 CLEARINGHOUSE OR TRADED ON OR THROUGH A QUALIFIED EXCHANGE PROVIDING  
27 CLEARING SERVICES OR (BB) ENTERED INTO WITH A "QUALIFIED COUNTERPARTY"  
28 AS THAT TERM IS DEFINED PURSUANT TO SUBSECTION (F) OF SECTION ONE THOU-  
29 SAND FOUR HUNDRED TEN OF THIS ARTICLE.

30 S 2. This act shall take effect immediately.