

3539--A

Cal. No. 490

2013-2014 Regular Sessions

I N S E N A T E

February 5, 2013

Introduced by Sen. SEWARD -- read twice and ordered printed, and when printed to be committed to the Committee on Insurance -- recommitted to the Committee on Insurance in accordance with Senate Rule 6, sec. 8 -- reported favorably from said committee, ordered to first and second report, ordered to a third reading, amended and ordered reprinted, retaining its place in the order of third reading

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 ASSEMBLY, 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

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

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1 SUBJECT TO ANNUAL REVIEWS AND, WHERE THE SUPERINTENDENT DETERMINES SUCH
2 AGREEMENT NO LONGER CONFORMS TO THIS SUBSECTION, THE SUPERINTENDENT
3 SHALL REVOKE HIS OR HER PRIOR APPROVAL.
4 S 2. This act shall take effect immediately.