

3012

2015-2016 Regular Sessions

I N   S E N A T E

February 2, 2015

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Introduced by Sen. SEWARD -- 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 revising the standards relating to the board of directors of domestic life insurance companies

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

1     Section 1. Subsection (b) of section 1202 of the insurance law, as  
2     amended by chapter 802 of the laws of 1985, paragraph 1 as amended by  
3     chapter 451 of the laws of 1993, and paragraph 2 as amended by chapter  
4     668 of the laws of 1993, is amended to read as follows:  
5     (b) (1) Subject to item (v) of subparagraph (B) of paragraph five of  
6     subsection (a) of section one thousand two hundred one of this article,  
7     not less than one-third of the directors of a domestic stock life insur-  
8     ance company and not less than one-third of the members of each commit-  
9     tee of the board of directors of any domestic life insurance company  
10    shall be persons who are not officers or employees of such company or of  
11    any entity controlling, controlled by, or under common control with such  
12    company and who are not beneficial owners of a controlling interest in  
13    the voting stock of such company or any such entity. At least one such  
14    person must be included in any quorum for the transaction of business at  
15    any meeting of the board of directors or any committee thereof.  
16    (2) The board of directors of a domestic life insurance company shall  
17    establish one or more committees comprised solely of directors who are  
18    not officers or employees of the company or of any entity controlling,  
19    controlled by, or under common control with the company and who are not  
20    beneficial owners of a controlling interest in the voting stock of the  
21    company or any such entity. Such committee or committees shall have  
22    responsibility for recommending the selection of independent certified  
23    public accountants, reviewing the company's financial condition, the  
24    scope and results of the independent audit and any internal audit, nomi-

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

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1 nating candidates for director for election by shareholders or policy-  
2 holders, evaluating the performance of officers deemed by such committee  
3 or committees to be principal officers of the company and recommending  
4 to the board of directors the selection and compensation of such princi-  
5 pal officers and in the case of a domestic stock life insurance company,  
6 recommending to its board of directors any plan to issue options to its  
7 officers and employees for the purchase of shares of stock, pursuant to  
8 section one thousand two hundred seven of this article.

9 (3) The provisions of this subsection shall not apply to a DOMESTIC  
10 life insurance company [subsidiary] if the [parent company is a domestic  
11 insurance company] PERSON CONTROLLING SUCH INSURANCE COMPANY IS AN  
12 INSURANCE COMPANY, A MUTUAL INSURANCE HOLDING COMPANY OR A PUBLICLY HELD  
13 CORPORATION having a board of directors and committees thereof that meet  
14 the requirements of paragraphs one and two of this subsection.

15 S 2. This act shall take effect immediately.