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

7535

I N S E N A T E

May 9, 2016

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 the valuation of life insurance policies and contracts

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

Section 1. Paragraph 1 of subsection (a) of section 4217 of the insurance law, as amended by chapter 22 of the laws of 1994, is amended to read as follows:

(1) The superintendent shall annually [value, or] cause EVERY LIFE INSURANCE COMPANY DOING BUSINESS IN THIS STATE to [be valued,] VALUE the reserve liabilities (hereinafter called reserves) for all ITS outstanding insurance policies and contracts [of every life insurance company doing business in this state], except that, in the case of an alien company, such valuation shall be limited to its United States business[, and may]. THE SUPERINTENDENT SHALL certify the amount of any such reserves, specifying the mortality table or tables, rate or rates of interest and methods (net level premium method or other) used in the calculation of such reserves, UNLESS THE SUPERINTENDENT DETERMINES THAT THE MEMORANDUM PREPARED PURSUANT TO PARAGRAPH THREE OF SUBSECTION (E) OF THIS SECTION TO SUPPORT THE ACTUARIAL OPINION OF RESERVES REQUIRED BY PARAGRAPH ONE OF SUBSECTION (E) OF THIS SECTION FAILS TO MEET THE STANDARDS PRESCRIBED BY REGULATION. In calculating such reserves, [the superintendent] LIFE INSURANCE COMPANIES may use group methods and approximate averages for fractions of a year or otherwise.

S 2. Paragraph 1 of subsection (e) of section 4217 of the insurance law, as added by chapter 22 of the laws of 1994, is amended to read as follows:

(1) General. Every life insurance company doing business in this state shall annually submit the opinion of a qualified actuary as to whether the reserves and related actuarial items held in support of the policies and contracts specified by the superintendent by regulation are computed appropriately, are based on assumptions which satisfy contractual provisions, are consistent with prior reported amounts and comply with

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

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applicable laws of this state. The superintendent [by regulation] shall define the specifics of this opinion and add any other items deemed to be necessary to its scope SOLELY BY REGULATION.

S 3. Subparagraph (C) of paragraph 4 of subsection (e) of section 4217 of the insurance law, as added by chapter 22 of the laws of 1994, is amended to read as follows:

(C) The opinion shall be based on standards adopted from time to time by the Actuarial Standards Board and on such additional standards as the superintendent may by regulation prescribe. THE SUPERINTENDENT SHALL NOT PRESCRIBE ANY ASSUMPTIONS OR OTHER ADDITIONAL STANDARDS TO BE USED BY THE QUALIFIED ACTUARY WHEN FORMING THE OPINION BEYOND THOSE PRESCRIBED BY REGULATION.

S 4. Paragraph 4 of subsection (f) of section 4217 of the insurance law, as added by chapter 22 of the laws of 1994, is amended to read as follows:

(4) [Without the specific approval of the superintendent subject to such conditions as he may prescribe and as provided by regulation, an insurer shall not] AN INSURER MAY aggregate the reserves referred to in [two or more of paragraph] PARAGRAPHS one, two [or] AND three of this subsection. [Such regulation may prescribe the conditions under which the valuation of two or more classes of business of insurance or the valuation of all of its insurance business to which this section applies may be combined.] THE SUPERINTENDENT MAY, SOLELY BY REGULATION, REQUIRE INSURERS TO SHOW THE RESULTS OF ASSET ADEQUACY ANALYSIS AS TO THE ADEQUACY OF RESERVES REFERRED TO IN PARAGRAPHS ONE, TWO AND THREE OF THIS SUBSECTION SEPARATELY IN THE ACTUARIAL MEMORANDUM PREPARED PURSUANT TO PARAGRAPH THREE OF SUBSECTION (E) OF THIS SECTION, BUT MAY NOT PROHIBIT INSURERS FROM AGGREGATING THE RESERVES REFERRED TO IN PARAGRAPHS ONE, TWO AND THREE OF THIS SUBSECTION FOR THE PURPOSES OF MEETING THE MINIMUM STANDARDS FOR THE VALUATION OF LIFE INSURANCE POLICIES, ANNUITIES AND GUARANTEED INVESTMENT CONTRACTS, AND INDIVIDUAL AND GROUP ACCIDENT AND HEALTH INSURANCE POLICIES.

S 5. This act shall take effect immediately.