

3283

2015-2016 Regular Sessions

I N A S S E M B L Y

January 22, 2015

Introduced by M. of A. WEPRIN -- read once and referred to the Committee on Insurance

AN ACT to amend the insurance law, in relation to an exemption to certain provisions of law relating to risk-based capital for property/casualty insurance companies; and in relation to the financial regulation of medical malpractice liability insurance companies; and to repeal certain provisions of such law relating thereto

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

1 Section 1. Subsection (a) of section 1301 of the insurance law is
2 amended by adding two new paragraphs 19 and 20 to read as follows:
3 (19) FOR THOSE STOCK AND NON-STOCK COMPANIES TO WHICH SUBPARAGRAPH (B)
4 OF PARAGRAPH TWO OF SUBSECTION (B) OF SECTION ONE THOUSAND THREE HUNDRED
5 TWENTY-FOUR OF THIS ARTICLE APPLY, THE AMOUNT OF THE SURCHARGE ON PREMI-
6 UMS TO SATISFY A PROJECTED DEFICIENCY THAT IS ATTRIBUTABLE TO THE PREMI-
7 UM LEVELS ESTABLISHED PURSUANT TO SECTION FORTY OF CHAPTER TWO HUNDRED
8 SIXTY-SIX OF THE LAWS OF NINETEEN HUNDRED EIGHTY-SIX, AS SUCH SURCHARGE
9 IS PROVIDED IN SUCH CHAPTER, WHETHER OR NOT SUCH SURCHARGE IS ACTUALLY
10 IMPOSED BY THE SUPERINTENDENT; PROVIDED, HOWEVER, THAT SUCH SURCHARGES,
11 IF IMPOSED, WILL BE SUBJECT TO THE LIMITATIONS PROVIDED FOR IN THIS
12 CHAPTER RELATING TO THE AMOUNTS TO BE COLLECTED IN A GIVEN POLICY YEAR.
13 (20) FOR RECIPROCAL INSURERS ORGANIZED AND LICENSED PURSUANT TO ARTI-
14 CLE SIXTY-ONE OF THIS CHAPTER TO WRITE MEDICAL MALPRACTICE INSURANCE AS
15 THAT TERM IS DEFINED IN SUBSECTION (B) OF SECTION FIVE THOUSAND FIVE
16 HUNDRED ONE OF THIS CHAPTER, THE AMOUNT OF ANY ASSESSMENT AUTHORIZED BY
17 SUBSECTIONS (A) AND (B) OF SECTION SIX THOUSAND ONE HUNDRED EIGHT OF
18 THIS CHAPTER; PROVIDED, HOWEVER, THAT SUCH ASSESSMENTS, IF IMPOSED, WILL
19 BE SUBJECT TO THE LIMITATIONS PROVIDED FOR IN THIS CHAPTER RELATING TO
20 THE AMOUNTS TO BE COLLECTED IN A GIVEN POLICY YEAR.
21 S 2. Section 1311 of the insurance law is amended by adding a new
22 subsection (e) to read as follows:

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

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1 (E) IN DETERMINING THE TOTAL ADMITTED ASSETS OF AN INSURER THE SUPER-
2 INTENDENT SHALL INCLUDE IN SUCH DETERMINATION ALL ASSETS ALLOWED AS
3 ADMITTED ASSETS PURSUANT TO SUBSECTION (A) OF SECTION ONE THOUSAND THREE
4 HUNDRED ONE OF THIS ARTICLE.

5 S 3. Section 1325 of the insurance law is REPEALED and a new section
6 1325 is added to read as follows:

7 S 1325. EXEMPTION. (A) FOR THE PURPOSES OF EXEMPTING CERTAIN INSURANCE
8 COMPANIES FROM THE PROVISIONS OF SECTION ONE THOUSAND THREE HUNDRED
9 TWENTY-FOUR OF THIS ARTICLE, THE SUPERINTENDENT SHALL EXEMPT THOSE STOCK
10 AND NON-STOCK INSURANCE COMPANIES TO WHICH SUBPARAGRAPH (B) OF PARAGRAPH
11 TWO OF SUBSECTION (B) OF SUCH SECTION APPLIES.

12 (B) THE SUPERINTENDENT SHALL NO LATER THAN JUNE THIRTIETH, TWO THOU-
13 SAND SEVENTEEN PROMULGATE, FOR APPLICATION DURING THE NEXT SUCCEEDING
14 CALENDAR YEAR, AND AFTER CONSULTATION WITH THE COMMISSIONER OF HEALTH
15 AND DOMESTIC MEDICAL MALPRACTICE INSURERS WRITING MEDICAL MALPRACTICE
16 INSURANCE IN THIS STATE, A REGULATION WHICH PROVIDES A SEPARATE FINAN-
17 CIAL SECURITY STANDARD AND RATE APPROVAL PROCESS FOR THOSE STOCK AND
18 NON-STOCK INSURANCE COMPANIES TO WHICH SUBPARAGRAPH (B) OF PARAGRAPH TWO
19 OF SUBSECTION (B) OF SECTION ONE THOUSAND THREE HUNDRED TWENTY-FOUR OF
20 THIS ARTICLE APPLY. SUCH STANDARD SHALL BE SUFFICIENTLY DISTINCT FROM
21 THAT PROVIDED FOR IN THIS CHAPTER OR RELATED REGULATION OR UTILIZED BY
22 THE SUPERINTENDENT IN THE EXAMINATION OF PROPERTY AND CASUALTY CARRIERS
23 SO AS TO REFLECT THE UNIQUE MARKET, FINANCIAL AND LEGAL OBLIGATIONS
24 IMPOSED UPON MEDICAL MALPRACTICE INSURANCE CARRIERS. FURTHER, THE REGU-
25 LATION SHALL INCLUDE NEW STATUTORY FINANCIAL STATEMENT BLANKS AND EXAM-
26 INATION PROTOCOLS CONSISTENT WITH THE NEW STANDARD.

27 (C) UNTIL SUCH TIME AS THE SUPERINTENDENT PROMULGATES REGULATIONS IN
28 ACCORDANCE WITH SUBSECTION (B) OF THIS SECTION, THOSE STOCK AND
29 NON-STOCK INSURANCE COMPANIES TO WHICH SUBPARAGRAPH (B) OF PARAGRAPH TWO
30 OF SUBSECTION (B) OF SECTION ONE THOUSAND THREE HUNDRED TWENTY-FOUR OF
31 THIS ARTICLE APPLIED, AND NOTWITHSTANDING ANY OTHER PROVISION OF LAW TO
32 THE CONTRARY, A CARRIER MAY FILE FOR AND USE A RATE INCREASE NOT TO
33 EXCEED FIVE PERCENT OF THE CARRIER'S CURRENT RATE UPON A FILING WITH THE
34 SUPERINTENDENT FOR THE NEXT SUCCEEDING POLICY YEAR IF SUCH SUBMISSION IS
35 FILED WITH THE SUPERINTENDENT NO LATER THAN JULY FIFTEENTH OF THE YEAR
36 PRIOR TO WHICH IT IS TO BE APPLIED. IF A CARRIER DOES NOT FILE SUCH
37 RATE ADJUSTMENT WITHIN SUCH TIME FRAME, THEN SUCH INSURER SHALL BE
38 SUBJECT TO THE RATE APPROVAL PROCESS IN PLACE AT THE TIME THIS SECTION
39 SHALL TAKE EFFECT.

40 S 4. The insurance law is amended by adding a new section 1326 to read
41 as follows:

42 S 1326. STATUTORY ASSOCIATION MEMBERSHIP. FOR THOSE STOCK AND
43 NON-STOCK COMPANIES TO WHICH SUBPARAGRAPH (B) OF PARAGRAPH TWO OF
44 SUBSECTION (B) OF SECTION ONE THOUSAND THREE HUNDRED TWENTY-FOUR OF THIS
45 ARTICLE APPLY, NO LIABILITIES ARISING FROM ANY MEMBERSHIP IN ANY STATU-
46 TORY ASSOCIATION SHALL BE DUE AND OWING FROM SUCH COMPANIES UNLESS AND
47 UNTIL SUCH LIABILITIES CAN ONLY BE SATISFIED BY A CONTRIBUTION FROM THE
48 INSURER, AND THE INSURER IS NOTIFIED OF SAME NOT LESS THAN ONE YEAR
49 PRIOR TO THE EXPECTED DATE THAT SUCH OBLIGATION WILL BE DUE AND OWING.
50 SUCH LIABILITIES SHALL NOT BE AGGREGATED AND SHALL NOT INCLUDE CONTIN-
51 GENT LIABILITIES, BUT REFLECT SPECIFIC CLAIMS LIABILITIES ACTUALLY DUE
52 AND OWING OR EXPECTED TO BE DUE AND OWING IN THAT YEAR FOR WHICH THERE
53 ARE NO OTHER ASSOCIATION OR POOL RESOURCES, INCLUDING CURRENT PREMIUM
54 INCOME, TO SATISFY SUCH OBLIGATIONS; FURTHER, COMPANIES, UPON RECEIPT OF
55 NOTICE OF SUCH OBLIGATION, SHALL HAVE THE RIGHT TO AUDIT ANY SUCH ASSO-
56 CIATION AND ITS REQUEST FOR COVERAGE OF SUCH LIABILITIES.

1 S 5. Subsection (c) of section 2343 of the insurance law, as amended
2 by chapter 489 of the laws of 2012, is amended to read as follows:

3 (c) Notwithstanding any other provision of this chapter, no applica-
4 tion for an order of rehabilitation or liquidation of a domestic insurer
5 whose primary liability arises from the business of medical malpractice
6 insurance, as that term is defined in subsection (b) of section five
7 thousand five hundred one of this chapter, shall be made on the grounds
8 specified in subsection (a) or (c) of section seven thousand four
9 hundred two of this chapter at any time [prior to December thirty-first,
10 two thousand sixteen].

11 S 6. Subsection (b) of section 6108 of the insurance law is amended to
12 read as follows:

13 (b) If the admitted assets of any such insurer are at any time insuf-
14 ficient for the payment of losses and expenses after providing for all
15 other liabilities of such insurer and the minimum surplus to policyhold-
16 ers required by this chapter, the advisory committee shall, within thir-
17 ty days thereafter, order an assessment for the amount necessary to pay
18 such losses and expenses, and authorize the attorney-in-fact to collect
19 from each subscriber liable therefor a pro rata share of the amount of
20 such assessment, subject to the limit specified in the contract of such
21 subscriber and to maintain an action therefor in the name of the attor-
22 ney-in-fact. FOR THE PURPOSES OF THIS SUBSECTION, ADMITTED ASSETS SHALL
23 INCLUDE A PRESUMPTION OF A SURCHARGE OR ASSESSMENT, WHERE APPLICABLE, OR
24 BOTH, HAVING BEEN AUTHORIZED BY THE ADVISORY COUNCIL OR DIRECTED BY THE
25 SUPERINTENDENT CONSISTENT WITH THE TERMS OF THE SUBSCRIBERS' CONTRACTS
26 AND COLLECTED BY AN INSURER.

27 S 7. Subsection (c) of section 6111 of the insurance law is amended to
28 read as follows:

29 (c) The contingent liability of subscribers for additional premiums or
30 assessments shall [not] be included as an asset in the financial state-
31 ment of a reciprocal insurer.

32 S 8. This act shall take effect immediately.