

5202--B

2015-2016 Regular Sessions

I N   A S S E M B L Y

February 13, 2015

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Introduced by M. of A. BRINDISI -- read once and referred to the Committee on Insurance -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee -- again reported from said committee with amendments, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the insurance law, in relation to distribution of dividends by domestic stock life insurers

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

1     Section 1. Subsection (a) of section 4207 of the insurance law, as  
2 amended by chapter 442 of the laws of 2000, is amended to read as  
3 follows:  
4     (a)(1) Notwithstanding paragraph two of this subsection, any domestic  
5 stock life insurance company may distribute a dividend to its shareholders  
6 where the aggregate amount of such dividends in any calendar year  
7 does not exceed the [lesser] GREATER of:  
8     (A) ten percent of its surplus to policyholders as of the immediately  
9 preceding calendar year; or  
10    (B) its net gain from operations for the immediately preceding calendar  
11 year, not including realized capital gains, NOT TO EXCEED: (I)  
12 FIFTEEN PERCENT OF ITS SURPLUS TO POLICYHOLDERS AS OF THE IMMEDIATELY  
13 PRECEDING CALENDAR YEAR, IF ITS NET GAIN FROM OPERATIONS, NOT INCLUDING  
14 REALIZED CAPITAL GAINS, HAS BEEN NEGATIVE IN ANY ONE OR MORE OF THE  
15 IMMEDIATELY PRECEDING THREE CALENDAR YEARS OR OTHERWISE (II) TWENTY-FIVE  
16 PERCENT OF ITS SURPLUS TO POLICYHOLDERS AS OF THE IMMEDIATELY PRECEDING  
17 CALENDAR YEAR; PROVIDED, HOWEVER, THAT, NOTWITHSTANDING THIS PARAGRAPH,  
18 IN NO EVENT MAY A DIVIDEND BE DISTRIBUTED WITHOUT APPROVAL OF THE SUPER-  
19 INTENDENT, IN ACCORDANCE WITH PARAGRAPH TWO OF THIS SUBSECTION, IN THE  
20 CALENDAR YEAR IMMEDIATELY FOLLOWING A CALENDAR YEAR FOR WHICH ITS NET  
21 GAIN FROM OPERATIONS, NOT INCLUDING REALIZED CAPITAL GAINS, WAS  
22 NEGATIVE.

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

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(2) Except as provided in paragraph one of this subsection, no domestic stock life insurance company shall distribute any dividend to its shareholders unless a notice of its intention to declare such dividend and the amount thereof shall have been filed with the superintendent not less than thirty days in advance of such proposed declaration. The superintendent may disapprove such distribution by giving written notice to such company within thirty days after such filing that he finds that the financial condition of the company does not warrant such distribution.

(3) WITH RESPECT TO DIVIDENDS TO SHAREHOLDERS DISTRIBUTED PURSUANT TO PARAGRAPH ONE OF THIS SUBSECTION, EVERY DOMESTIC STOCK LIFE INSURANCE COMPANY SHALL REPORT TO THE SUPERINTENDENT ALL SUCH DIVIDENDS WITHIN FIVE BUSINESS DAYS FOLLOWING THE DECLARATION THEREOF AND AT LEAST TEN DAYS PRIOR TO THE PAYMENT THEREOF.

(4) A DOMESTIC STOCK LIFE INSURANCE COMPANY'S SURPLUS TO POLICYHOLDERS FOLLOWING ANY DISTRIBUTION OF DIVIDENDS TO ITS SHAREHOLDERS UNDER THIS SUBSECTION SHALL BE REASONABLE IN RELATION TO THE COMPANY'S OUTSTANDING LIABILITIES AND ADEQUATE TO MEET ITS FINANCIAL NEEDS.

S 2. This act shall take effect immediately.