

1380--B

Cal. No. 684

2015-2016 Regular Sessions

I N S E N A T E

January 12, 2015

Introduced by Sen. SEWARD -- read twice and ordered printed, and when printed to be committed to the Committee on Insurance -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee -- 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 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 sharehold-
6 ers 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 calen-
11 dar 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

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

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1 GAIN FROM OPERATIONS, NOT INCLUDING REALIZED CAPITAL GAINS, WAS
2 NEGATIVE.

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

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

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

21 S 2. This act shall take effect immediately.