

6395--A

Cal. No. 26

I N S E N A T E

January 8, 2016

Introduced by Sen. SEWARD -- read twice and ordered printed, and when printed to be committed to the Committee on Rules -- reported favorably from said committee, ordered to a third reading, passed by Senate and delivered to the Assembly, recalled, vote reconsidered, restored to 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 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 a chapter of the laws of 2015, amending the insurance law
3 relating to revising the standards relating to the board of directors of
4 domestic life insurance companies, as proposed in legislative bills
5 numbers S.3012 and A.7458-A, is amended to read as follows:
6 (b) (1) Subject to item (v) of subparagraph (B) of paragraph five of
7 subsection (a) of section one thousand two hundred one of this article,
8 not less than one-third of the directors of a domestic stock life insurance
9 company and not less than one-third of the members of each committee
10 of the board of directors of any domestic life insurance company
11 shall be persons who are not officers or employees of such company or of
12 any entity controlling, controlled by, or under common control with such
13 company and who are not beneficial owners of a controlling interest in
14 the voting stock of such company or any such entity. At least one such
15 person [must] SHALL be included in any quorum for the transaction of
16 business at any meeting of the board of directors or any committee thereof.
17 eof.
18 (2) The board of directors of a domestic life insurance company shall
19 establish one or more committees comprised solely of directors who are
20 not officers or employees of the company or of any entity controlling,
21 controlled by, or under common control with the company and who are not
22 beneficial owners of a controlling interest in the voting stock of the
23 company or any such entity. Such committee or committees shall have
24 responsibility for recommending the selection of independent certified

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

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

11 (3) The provisions of this subsection shall not apply to a domestic
12 life insurance company if the [person controlling such insurance compa-
13 ny] HOLDING COMPANY OR PARENT CORPORATION is [an] A FOREIGN OR DOMESTIC
14 insurance company, a mutual insurance holding company ESTABLISHED PURSU-
15 ANT TO THE LAWS OF THE UNITED STATES, or a publicly held corporation
16 INCORPORATED IN THE UNITED STATES, having a board of directors and
17 committees thereof that meet the SAME requirements [of] AS HAVE BEEN
18 ESTABLISHED FOR A DOMESTIC STOCK LIFE INSURANCE COMPANY PURSUANT TO
19 paragraphs one and two of this subsection. IN SUCH A CASE, THE DIRECTORS
20 OF THE HOLDING COMPANY OR PARENT CORPORATION SHALL BE SUBJECT TO THIS
21 CHAPTER IN THE SAME MANNER AS THE DIRECTORS OF A DOMESTIC STOCK LIFE
22 INSURANCE COMPANY.

23 S 2. This act shall take effect on the same date and in the same
24 manner as a chapter of the laws of 2015, amending the insurance law
25 relating to revising the standards relating to the board of directors of
26 domestic life insurance companies, as proposed in legislative bills
27 numbers S.3012 and A.7458-A, takes effect.