

STATE OF NEW YORK

2114--A

2017-2018 Regular Sessions

IN SENATE

January 12, 2017

Introduced by Sens. SEWARD, AKSHAR, KAMINSKY, LATIMER -- 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

AN ACT to amend the insurance law, in relation to principle based reserves; and repealing subsection (g) of section 3730 of the insurance law relating thereto

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

1 Section 1. Paragraph (1) of subsection (a) of section 1113 of the
2 insurance law, as amended by chapter 465 of the laws of 2014, is amended
3 to read as follows:

4 (1) "Life Insurance," means every insurance upon the lives of human
5 beings, and every insurance appertaining thereto, including the granting
6 of endowment benefits, additional benefits in the event of death by
7 accident, additional benefits to safeguard the contract from lapse,
8 accelerated payments of part or all of the death benefit or a special
9 surrender value upon (A) diagnosis of terminal illness defined as a life
10 expectancy of twelve months or less, (B) diagnosis of a medical condi-
11 tion requiring extraordinary medical care or treatment regardless of
12 life expectancy, (C) certification by a licensed health care practition-
13 er of any condition which requires continuous care for the remainder of
14 the insured's life in an eligible facility or at home when the insured
15 is chronically ill as defined by Section 7702(B) of the Internal Revenue
16 Code and regulations thereunder, provided the accelerated payments qual-
17 ify under Section 101(g)(3) of the Internal Revenue Code and all other
18 applicable sections of federal law in order to maintain favorable tax
19 treatment, (D) certification by a licensed health care practitioner that
20 the insured is chronically ill as defined by Section 7702 (B) of the
21 Internal Revenue Code and regulations thereunder, provided the acceler-
22 ated payments qualify under Section 101(g)(3) of the Internal Revenue

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

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1 Code and all other applicable sections of federal law in order to main-
2 tain favorable tax treatment [~~and the insurer that issues such policy is~~
3 ~~a qualified long term care insurance carrier under Section 4980c of the~~
4 ~~Internal Revenue Code or provide a special surrender value, upon total~~
5 ~~and permanent disability of the insured, and optional modes of settle-~~
6 ~~ment of proceeds~~], (E) the insured's having been a resident of a nursing
7 home, as defined in section twenty-eight hundred one of the public
8 health law, for a period of three months or more, with an expectation
9 that such insured will remain a resident of a nursing home until death,
10 or (F) the insured's having been the recipient of end of life or pallia-
11 tive care, for a period of three months or more, at a residential health
12 care facility as defined in subdivision three of section twenty-eight
13 hundred one of the public health law, home care services as defined in
14 subdivision one of section thirty-six hundred two of the public health
15 law or hospice as defined in subdivision one of section four thousand
16 two of the public health law, with the expectation that such insured
17 will continue to require such services until death. "Life insurance"
18 also includes a special surrender value upon total and permanent disa-
19 bility of the insured, optional modes of settlement of proceeds and
20 additional benefits to safeguard the contract against lapse in the event
21 of unemployment of the insured or in the event the insured is a resident
22 of a nursing home. Amounts paid the insurer for life insurance and
23 proceeds applied under optional modes of settlement or under dividend
24 options may be allocated by the insurer to one or more separate accounts
25 pursuant to section four thousand two hundred forty of this chapter.

26 § 2. Subsection (g) of section 3230 of the insurance law is REPEALED.

27 § 3. Subsection (f) of section 3230 of the insurance law, as amended
28 by chapter 465 of the laws of 2014, is amended to read as follows:

29 (f) This section shall apply to all life insurance policies or policy
30 riders or provisions thereof that provide for accelerated payment of
31 death benefits or a special surrender value pursuant to subparagraph
32 (A), (B), (C), (D), (E) or (F) of paragraph one of subsection (a) of
33 section one thousand one hundred thirteen of this chapter.

34 § 4. This act shall take effect immediately.