

# STATE OF NEW YORK

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4558

2017-2018 Regular Sessions

## IN SENATE

February 17, 2017

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Introduced by Sen. LAVALLE -- read twice and ordered printed, and when printed to be committed to the Committee on Insurance

AN ACT to amend the insurance law, in relation to removing the exemption of the state insurance fund from licensing and other requirements; to amend the workers' compensation law, in relation to requiring the superintendent of insurance to approve the rules adopted by the state insurance fund for the conduct of its business; and to amend the workers' compensation law, in relation to the requirement for policyholders to provide 30 days notice to withdraw from the state insurance fund

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

1 Section 1. Section 1108 of the insurance law, subsection (c) as  
2 amended by section 38 of part SS of chapter 54 of the laws of 2016,  
3 subsection (j) as added by section 2 of part R of chapter 56 of the laws  
4 of 2010, subsection (k) as added by chapter 181 of the laws of 2012,  
5 subsection (k) as added by chapter 246 of the laws of 2012 and  
6 subsection (n) as added by chapter 454 of the laws of 2014, is amended  
7 to read as follows:

8 § 1108. Insurers exempt from licensing and other requirements. The  
9 following insurers, their officers, agents, representatives and employ-  
10 ees shall be exempt from licensing and other requirements imposed by the  
11 provisions of this chapter (except article seventy-four hereof) to the  
12 extent specified below:

13 (a) Any charitable annuity society which complies with the require-  
14 ments of section one thousand one hundred ten of this article, to the  
15 extent therein stated.

16 (b) Any fraternal benefit society, membership corporation or other  
17 organization exempted under the provisions of article forty-five of this  
18 chapter, to the extent therein stated.

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

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1 (c) [~~The state insurance fund of this state, except as to the~~  
2 ~~provisions of subsection (d) of section two thousand three hundred thir-~~  
3 ~~ty nine, section three thousand one hundred ten, subsection (a), para-~~  
4 ~~graph one of subsection (b), paragraph three of subsection (e) and~~  
5 ~~subsection (d) of section three thousand two hundred one, sections three~~  
6 ~~thousand two hundred two, three thousand two hundred four, subsections~~  
7 ~~(a) through (d) of section three thousand two hundred twenty one,~~  
8 ~~subsections (b) and (c) of section four thousand two hundred twenty-~~  
9 ~~four, section four thousand two hundred twenty six and subsections (a)~~  
10 ~~and (b), (g) through (j), and (n) of section four thousand two hundred~~  
11 ~~thirty five of this chapter and except as otherwise specifically~~  
12 ~~provided by the laws of this state.~~

13 ~~(d)]~~ (d) Any corporate trustee or board of trustees acting pursuant to the  
14 banking law in relation to the fund for insurance of deposits in savings  
15 banks or the fund for insurance of shares of savings and loan associ-  
16 ations.

17 ~~(e)]~~ (d) Any corporation, organized under the laws of any state,  
18 solely to provide gratuitously for support or relief of the priests,  
19 clergy or ministers of any religious denomination, or their dependents,  
20 is exempt from all provisions of this chapter, except that any such  
21 corporation, created by special act of incorporation of this state,  
22 which by the provisions of such act is subject to the requirement of  
23 examination by, and making annual reports to, the superintendent, shall  
24 be subject to the provisions of article three of this chapter relating  
25 to examinations and statements or reports by insurers.

26 ~~(f)]~~ (e) Any retirement system or pension fund that was doing busi-  
27 ness on January first, nineteen hundred forty under the education law,  
28 the civil service law, the mental hygiene law, any special act of incor-  
29 poration of this state, or any municipal charter adopted under the laws  
30 of this state, exclusively for the benefit of the members of such system  
31 or fund or for all or any classes of the employees of this state or any  
32 municipality thereof, shall be exempt from the provisions of this chap-  
33 ter, except that if the law under which such system or fund was organ-  
34 ized subjects it to examination by, and the making of annual reports to,  
35 the superintendent, such system or fund shall be subject to the  
36 provisions of article three of this chapter relating to examinations and  
37 statements or reports by insurers.

38 ~~(g)]~~ (f) Any membership corporation or voluntary association organ-  
39 ized and operating in this state prior to January first, nineteen  
40 hundred thirty-nine and its members may act as indemnitors of a licensed  
41 property/casualty insurance company in respect to surety bonds or poli-  
42 cies of insurance required to be filed by such members pursuant to  
43 section three hundred seventy of the vehicle and traffic law and are  
44 exempted from the requirement of having an insurer's license; but no  
45 such membership corporation or association shall become a surety on any  
46 such bond or otherwise do an insurance business.

47 ~~(h)]~~ (g) Any relief department or pension plan of any common carrier  
48 subject to the the Railroad Retirement Act of 1974 (45 U.S.C. § 31),  
49 whose privileges and membership are confined to employees or former  
50 employees of such carrier or its affiliated or subsidiary companies, or  
51 to any association of such common carriers which administers any such  
52 department or plan.

53 ~~(i)]~~ (h) Every blood credit system established by a city, pursuant to  
54 section twenty-one-d of the general city law.

55 ~~(j)]~~ (i) Any group of employers authorized by the workers' compen-  
56 sation board to provide workers' compensation benefits for the employees

1 of all member employers pursuant to subdivision three-a of section fifty  
2 of the workers' compensation law.

3 [~~(k)~~] (j) A charitable bail organization holding a certificate issued  
4 by the superintendent pursuant to section six thousand eight hundred  
5 five of this chapter.

6 (k) An institution of higher education, as defined in paragraph two of  
7 subsection (a) of section one thousand one hundred twenty-four of this  
8 article, that has a certificate of authority from the superintendent and  
9 complies with the requirements of section one thousand one hundred twenty-  
10 four of this article, to the extent therein stated.

11 [~~(n)~~] (l) A resolution facility established pursuant to section seven  
12 thousand seven hundred nineteen of this chapter.

13 § 2. Paragraph 2 of subsection (a) of section 4522 of the insurance  
14 law is amended to read as follows:

15 (2) Organizations which limit their membership to the employees of a  
16 particular city or town, or of a designated business corporation or  
17 firm, or of one or more business corporations or firms having business  
18 interests in common, except as otherwise provided in subsection [~~(f)~~]  
19 (e) of section one thousand one hundred eight of this chapter. Any such  
20 organization which limits its membership to the employees of a corpo-  
21 ration having more than five thousand employees may provide for hospi-  
22 tal, surgical and medical benefits for the employee, his or her spouse,  
23 and his or her child or children not over eighteen years of age.

24 § 3. Section 83 of the workers' compensation law, as amended by chap-  
25 ter 34 of the laws of 2010, is amended to read as follows:

26 § 83. Rules. The [~~commissioner~~] commissioners shall adopt rules for  
27 the conduct of the business of the state fund, and may from time to time  
28 alter, amend or repeal any rule therefore adopted. At least six affirma-  
29 tive votes shall be required for the adoption of any rule, or the amend-  
30 ment or repeal of any rule. No rule, and no resolution proposing to  
31 alter, amend or repeal any rule, shall be effective unless approved by  
32 the [~~commissioner of labor. If the commissioner of labor fails to act~~  
33 ~~upon any such rule or resolution within thirty days after it is communi-~~  
34 ~~cated to him or her, such rule or resolution shall be deemed to have~~  
35 ~~been approved~~] superintendent of financial services.

36 The rules of the commissioners shall provide for the conduct of the  
37 business of the state insurance fund, including the issuance of policies  
38 and their terms and conditions, the fixing of premium rates, the keeping  
39 of records, auditing of payrolls, and the billing and collection of  
40 premiums therefor, the inspection of risks and the setting of the stand-  
41 ards of safety, the adjustment and payment of claims and awards, and the  
42 investigation of all matters relating thereto, the medical examination  
43 of persons claiming compensation and the furnishing and supervision of  
44 medical and surgical treatment to persons injured as set forth in this  
45 chapter, the conduct of the legal business of the fund and the enforce-  
46 ment of the subrogated rights of the fund against third parties, the  
47 investment of the surplus and reserves of the fund, and the collection  
48 and analysis of statistics of payrolls, premiums, losses and expenses  
49 and the actuarial consideration thereof.

50 § 4. Subdivision a of section 94 of the workers' compensation law, as  
51 amended by chapter 635 of the laws of 1996, is amended to read as  
52 follows:

53 a. Any employer may, upon complying with subdivision two or three of  
54 section fifty of this chapter, withdraw from the fund by turning in his  
55 insurance contract for cancellation, [~~provided he has given written~~  
56 ~~notice to the fund of his intention to withdraw not less than thirty~~

1 ~~days before the effective date of such cancellation]~~ along with written  
2 notice of the effective date of the cancellation. Upon receipt of such  
3 notice the fund shall[~~, at least ten days prior to the effective date]~~  
4 file in the office of the chairman a notice of such cancellation date.

5 [~~In no event shall the insurance contract be deemed cancelled until at~~  
6 ~~least ten days after the date of such filing, any earlier date mentioned~~  
7 ~~in the notice to the contrary notwithstanding.~~]

8 If an employer withdraws from the fund upon complying with subdivision  
9 two of section fifty of this chapter, the new insurance contract with  
10 the stock corporation, mutual corporation or reciprocal insurer shall be  
11 deemed not to take effect until the cancellation of such employer's  
12 contract with the state insurance fund has become effective.

13 § 5. This act shall take effect on the ninetieth day after it shall  
14 have become a law.