STATE OF NEW YORK

7699

2021-2022 Regular Sessions

IN ASSEMBLY

May 20, 2021

Introduced by M. of A. HUNTER -- read once and referred to the Committee on Insurance

AN ACT to amend the insurance law, in relation to modifying certain interest rates for life insurance within the standard nonforfeiture law

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

Section 1. Subparagraph (H) of paragraph 2 of subsection (n-1) of section 4221 of the insurance law, as added by chapter 365 of the laws of 1986, is amended to read as follows:

(H) "Net level whole life annual premium at issue" means an annual premium based on face amounts of insurance set forth in the policy and on the assumption of level annual premiums for life, the mortality table rate used to calculate the maximum mortality charges (but not greater than that permitted under item (iv) of subparagraph (A) of paragraph three of this subsection) and an interest rate based on the [~~higher of four percent or that~~] rate specified in the policy but not less than the lesser of four percent and the nonforfeiture interest rate per annum pursuant to paragraph ten of subsection (k) of this section.

§ 2. Item (iii) of subparagraph (B) of paragraph 3 of subsection (n-1) of section 4221 of the insurance law, as added by chapter 365 of the laws of 1986, is amended to read as follows:

(iii) The policy shall provide that at least once each policy year the policyholder has the option to apply the portion of the cash surrender value necessary to provide an amount of guaranteed paid-up life insurance at least as great as the lesser of (I) and (II), where (I) is the amount of paid-up life insurance provided by applying the cash surrender value to provide such paid-up insurance, computed on the basis of an interest rate (not less than [~~four~~] the lesser of (aa) four percent and (bb) the nonforfeiture interest rate per annum pursuant to paragraph ten of subsection (k) of this section minus one percent) guaranteed in the

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

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policy for this purpose, and a mortality basis (not less favorable to the policyholder than the mortality basis specified for an insured not medically underwritten in item (iv) of subparagraph (A) of this paragraph) guaranteed in the policy for this purpose, and (II) is the amount of paid-up life insurance such that the amount at risk on the paid-up insurance is the same as the amount at risk under the policy. If the option is elected, the portion of the cash surrender value not applied to provide the paid-up life insurance shall be paid to the policyholder. The guaranteed paid-up life insurance benefit may be provided under the policy or by means of a separate single premium life insurance policy issued by the company or an affiliate or subsidiary thereof. For purposes of this item, the term "cash surrender value" is after reduction for outstanding loans or other amounts due under the policy.

§ 3. This act shall take effect immediately.