

STATE OF NEW YORK

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2021-2022 Regular Sessions

IN SENATE

May 11, 2021

Introduced by Sen. BRESLIN -- 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 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:

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

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

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

16 (iii) The policy shall provide that at least once each policy year the
17 policyholder has the option to apply the portion of the cash surrender
18 value necessary to provide an amount of guaranteed paid-up life insur-
19 ance at least as great as the lesser of (I) and (II), where (I) is the
20 amount of paid-up life insurance provided by applying the cash surrender
21 value to provide such paid-up insurance, computed on the basis of an
22 interest rate (not less than [~~four~~] the lesser of (aa) four percent and
23 (bb) the nonforfeiture interest rate per annum pursuant to paragraph ten
24 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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1 policy for this purpose, and a mortality basis (not less favorable to
2 the policyholder than the mortality basis specified for an insured not
3 medically underwritten in item (iv) of subparagraph (A) of this para-
4 graph) guaranteed in the policy for this purpose, and (II) is the amount
5 of paid-up life insurance such that the amount at risk on the paid-up
6 insurance is the same as the amount at risk under the policy. If the
7 option is elected, the portion of the cash surrender value not applied
8 to provide the paid-up life insurance shall be paid to the policyholder.
9 The guaranteed paid-up life insurance benefit may be provided under the
10 policy or by means of a separate single premium life insurance policy
11 issued by the company or an affiliate or subsidiary thereof. For
12 purposes of this item, the term "cash surrender value" is after
13 reduction for outstanding loans or other amounts due under the policy.
14 § 3. This act shall take effect immediately.