STATE OF NEW YORK

4331

2021-2022 Regular Sessions

IN SENATE

February 3, 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 annuities and 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. Item (iii) of subparagraph (F) of paragraph 2 of subsection (c) of section 4223 of the insurance law, as amended by chapter 170 of the laws of 2008, is amended to read as follows:

(iii) where the resulting minimum guaranteed interest rate is not less than [~~one~~] *fifteen hundredths of a* percent. The minimum annual effective rate of interest at issue shall be specified in the contract. The basis and calculation for setting the minimum annual effective rate of interest at issue of a contract shall be filed with the superintendent. If the contract provides that the minimum annual effective rate of interest may be redetermined, the redetermination date, basis, calculation and period shall be stated in the contract. The basis is the date or average over a specified period that produces the values of the five-year constant maturity treasury rate to be used at each redetermination date or at issue.

§ 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 percent)~~] guaranteed in the policy

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

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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. 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 specified in the policy**~~] **nonforfeiture interest rate per annum pursuant to paragraph ten of subsection (k) of this section**.

§ 4. This act shall take effect immediately.