

STATE OF NEW YORK

8259

2025-2026 Regular Sessions

IN SENATE

May 28, 2025

Introduced by Sen. SKOUFIS -- 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 orders of conservation for domestic insurers

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

1 Section 1. Section 7406 of the insurance law, the opening paragraph
2 and paragraph 1 of subsection (a) as amended by chapter 215 of the laws
3 of 1993, is amended to read as follows:

4 § 7406. Grounds for conservation of assets of a domestic, foreign or
5 alien insurer. (a) The superintendent may apply under this article for
6 an order directing the superintendent to conserve the assets within the
7 state of a domestic or foreign insurer upon:

8 (1) any of the grounds specified in subsection (a) through (g), (j),
9 (k) or (o) of section seven thousand four hundred two of this article,
10 or

11 (2) upon the ground that such insurer has consented to such an order
12 through a majority of its directors, shareholders or members, or, with
13 respect to a foreign insurer, has had its property sequestered in its
14 domiciliary country or state or in any other country or state.

15 (b) The superintendent may apply under this article for an order
16 directing ~~him~~ them to conserve the assets within this state of an
17 alien insurer, except one which has its trustee assets in this state,
18 on any of the grounds specified in subsection (a), (b), (d) through (g),
19 (j) or (k) of section seven thousand four hundred two of this article,
20 or upon the ground that it has failed or refused to comply, within the
21 time designated by the superintendent, with an order of the superinten-
22 dent, pursuant to law, to rectify an impairment of its trustee surplus,
23 or that it has consented to such an order through a majority of its
24 directors, shareholders or members, or has had its property sequestered
25 in its domiciliary country or elsewhere.

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

LBD11934-01-5

1 § 2. Section 7407 of the insurance law, as amended by chapter 169 of
2 the laws of 1990, is amended to read as follows:

3 § 7407. Order of conservation of a domestic insurer or ancillary
4 liquidation of a foreign or alien insurer. (a) An order to conserve the
5 assets of a foreign or alien insurer shall direct the superintendent and
6 ~~[his]~~ their successors in office, as conservator, forthwith to take
7 possession of, and conserve, the insurer's property within this state,
8 subject to the court's further direction.

9 (b) Where the superintendent has been appointed pursuant to the
10 provisions of section seven thousand four hundred six of this article as
11 conservator of the assets of a domestic insurer, the conservator shall
12 conduct an analysis of the business and financial condition of the
13 insurer and may take such action as the conservator deems necessary or
14 appropriate to correct the problems that led to the order of conserva-
15 tion and restore the insurer to private management and normal oper-
16 ations.

17 (c) Where the superintendent has been appointed pursuant to the
18 provisions of section seven thousand four hundred six of this article as
19 conservator of the assets within the state of a foreign or alien insurer,
20 for which a domiciliary receiver is subsequently appointed for such
21 insurer in its domiciliary state which is also a reciprocal state, as
22 defined in section seven thousand four hundred eight of this article,
23 the superintendent, upon request of the domiciliary receiver, shall,
24 notwithstanding subsection (a) of section seven thousand four hundred
25 ten of this article, apply to the court in which such conservation
26 proceeding was commenced for an order appointing the superintendent as
27 ancillary receiver for such foreign or alien insurer.

28 ~~[(c)]~~ (d) Whenever a domiciliary receiver is appointed for any insurer
29 in its domiciliary state which is also a reciprocal state, as defined in
30 section seven thousand four hundred eight of this article, the superintendent,
31 upon request of the domiciliary receiver, shall, notwithstanding
32 subsection (a) of section seven thousand four hundred ten of
33 this article, apply to a court of competent jurisdiction for an order
34 appointing the superintendent as ancillary receiver of such insurer.

35 ~~[(d)]~~ (e) Notwithstanding subsection (a) of section seven thousand
36 four hundred ten of this article, the court may on the application of
37 the superintendent pursuant to subsection ~~[(b) or]~~ (c) or (d) of this
38 section appoint the superintendent as the ancillary receiver in this
39 state, subject to the provisions of sections seven thousand four hundred
40 eight through seven thousand four hundred fifteen of this article.
41 Subject to the provisions of such sections, the rights and duties of the
42 superintendent with reference to such insurer and such assets shall
43 include those heretofore exercised by and imposed upon ancillary receivers
44 of foreign corporations in this state.

45 § 3. This act shall take effect immediately and shall apply to all
46 appointments pursuant to the provisions of section seven thousand four
47 hundred six of the insurance law which occur on and after such date.