

STATE OF NEW YORK

10090

IN ASSEMBLY

January 30, 2026

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

AN ACT to amend the insurance law, in relation to administrative supervision

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

1 Section 1. Legislative findings. In order to increase the authority of
2 the superintendent of financial services to respond to the harm posed by
3 impaired insurers in this state, the legislature finds that it is in the
4 best interest of the people of this state to enact an administrative
5 supervision statute. The superintendent of financial services has the
6 right and responsibility to enforce the insurance law and the authority
7 to seek redress against any person responsible for the impairment or
8 insolvency of the insurer, and nothing in this act is intended to
9 restrict or limit such right, responsibility, or authority.

10 § 2. The insurance law is amended by adding a new section 1125 to read
11 as follows:

12 § 1125. Administrative supervision. (a)(1) The superintendent may
13 issue an order placing a domestic insurer under administrative super-
14 vision if the superintendent determines that one or more of the condi-
15 tions set forth in subsection (b) of this section exists. Upon such a
16 determination, the superintendent shall furnish the insurer with a writ-
17 ten list of requirements to abate the condition or conditions within the
18 time specified in the order, which shall be sixty days or another period
19 of time as designated by the superintendent. The domestic insurer may
20 challenge the order by requesting an administrative hearing pursuant to
21 the adjudicatory proceeding rules in article three of the state adminis-
22 trative procedure act. Upon issuance of the order, the superintendent
23 shall advise such domestic insurer of its right to request a hearing
24 challenging the order pursuant to the adjudicatory proceeding rules in
25 article three of the state administrative procedure act and regulations
26 promulgated by the superintendent.

27 (2) If, at the end of the period specified in the order, the super-
28 intendent determines that the condition or conditions that gave rise to

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

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1 the order still exists or exist, then administrative supervision shall
2 continue. The insurer may request a hearing to challenge the superinten-
3 dent's determination to continue administrative supervision.

4 (3) If the superintendent determines that the condition or conditions
5 that gave rise to administrative supervision no longer exists or exist,
6 then the superintendent shall release the insurer from supervision.

7 (b) (1) An insurer may be subject to administrative supervision by the
8 superintendent if upon examination or any other time it appears in the
9 superintendent's discretion that:

10 (A) The insurer's condition renders the continuance of its business
11 hazardous to the public or to its insureds;

12 (B) The insurer has or appears to have exceeded its powers, as that
13 term is defined in paragraph two of this subsection, granted under its
14 charter and applicable law;

15 (C) The insurer has failed to comply with the applicable provisions of
16 this chapter;

17 (D) The business of the insurer is being conducted fraudulently; or

18 (E) The insurer gives its consent.

19 (2) The term "exceeded its powers" means any one or more of the
20 following conditions:

21 (A) The insurer has refused to permit examination of its books,
22 papers, accounts, records or affairs by the superintendent or the super-
23 intendent's deputies, employees or duly commissioned examiners;

24 (B) A domestic insurer has unlawfully removed from this state books,
25 papers, accounts or records necessary for an examination of the insurer;

26 (C) The insurer has failed to promptly comply with the applicable
27 financial reporting statutes or rules and departmental requests relating
28 thereto;

29 (D) The insurer has neglected or refused to observe an order by the
30 superintendent to make good, within the time prescribed by law, any
31 prohibited deficiency in its capital, capital stock or surplus;

32 (E) The insurer is continuing to transact insurance or write business
33 after its license has been revoked or suspended by the superintendent;

34 (F) The insurer, by contract or otherwise, has unlawfully or has in
35 violation of an order of the superintendent or has without first having
36 obtained written approval of the superintendent if approval is required
37 by law: (i) totally reinsured its entire outstanding business; or (ii)
38 merged or consolidated substantially its entire property or business
39 with another insurer;

40 (G) The insurer engaged in any transaction in which it is not author-
41 ized to engage under the laws of this state; or

42 (H) The insurer refused to comply with a lawful order of the super-
43 intendent.

44 (3) The term "consent" means agreement to administrative supervision
45 by the insurer.

46 (c) During the period of supervision, the superintendent may prohibit
47 the insurer from engaging in any of the following activities without the
48 superintendent's prior approval:

49 (1) disposing of, conveying, or encumbering any of its assets or its
50 business in force;

51 (2) withdrawing any funds from its bank accounts;

52 (3) lending any of its funds;

53 (4) investing any of its funds;

54 (5) paying any claims;

55 (6) transferring any of its property;

56 (7) incurring any debt, obligation, or liability;

1 (8) merging or consolidating with another company;
2 (9) approving new premiums or renewing any policies;
3 (10) entering into any new reinsurance contract or treaty;
4 (11) terminating, surrendering, forfeiting, converting, or lapsing any
5 insurance policy, certificate, or contract, except for nonpayment of
6 premiums due;

7 (12) releasing, paying, or refunding premium deposits, accrued cash or
8 loan values, unearned premiums, or other reserves on any insurance poli-
9 cy, certificate, or contract;

10 (13) making any material change in management; or

11 (14) increasing salaries and benefits of officers or directors or the
12 payment of bonuses, dividends, or other payments.

13 (d) The superintendent may appoint as administrative supervisor, at
14 the insurer's expense, one or more persons not employed by any insurer
15 or interested in such insurer, except as a policyholder.

16 (e) During the period of administrative supervision, an insurer may
17 contest an action taken or proposed to be taken by the superintendent or
18 by the administrative supervisor on the grounds that the action or
19 proposed action would not result in improving the condition of the
20 insurer. Denial of the insurer's request upon reconsideration may be
21 challenged by the insurer by requesting an administrative hearing pursu-
22 ant to the adjudicatory proceeding rules in article three of the state
23 administrative procedure act.

24 (f) (1) The expenses of administrative supervision pursuant to this
25 section shall be borne and paid by the insurer so supervised.

26 (2) In the event that an insurer becomes subject to a proceeding under
27 article seventy-four of this chapter within one year of the superinten-
28 dent releasing the insurer from administrative supervision, all accrued
29 and outstanding expenses incurred in connection with administrative
30 supervision shall be treated as actual and necessary costs and expenses
31 of the administration of such proceeding under article seventy-four of
32 this chapter.

33 (g) (1) Notwithstanding any other section of law and except as set
34 forth in this section, proceedings, hearings, notices, correspondence,
35 reports, and other information in the possession of the superintendent
36 or department relating to the supervision of any insurer shall be confi-
37 dential and not subject to subpoena or public inspection under article
38 six of the public officers law or any other statute, and shall not be
39 subject to discovery or admissible in evidence in any private civil
40 action, except as provided in this section; provided, however, that the
41 superintendent is authorized to use the documents, materials, or other
42 information in the furtherance of any regulatory or legal action brought
43 as part of the superintendent's official duties.

44 (2) The superintendent may share the notices, correspondence, reports,
45 records, or information pursuant to section one hundred ten of this
46 chapter.

47 (3) The superintendent may open the proceedings or hearings or make
48 public the notices, correspondence, reports, records, or other informa-
49 tion if the superintendent deems that it is in the best interest of the
50 public or in the best interest of the insurer, its insureds, creditors,
51 or the general public.

52 (4) This subsection shall not apply to hearings, notices, correspond-
53 ence, reports, records, or other information obtained upon the appoint-
54 ment of a receiver for the insurer by a court of competent jurisdiction.

55 (h) Nothing in this section shall be construed as precluding the
56 superintendent from initiating judicial proceedings to place an insurer

1 in rehabilitation, liquidation, conservation, or dissolution
2 proceedings.

3 (i) Notwithstanding any other provision of law, the superintendent may
4 meet with a supervisor appointed under this section and with the attor-
5 ney or other representative of the supervisor, without the presence of
6 any other person, at the time of any proceeding or during the pendency
7 of any proceeding held under authority of this section to carry out the
8 superintendent's duties under this section or for the supervisor to
9 carry out the supervisor's duties under this section.

10 § 3. Subsection (a) of section 1309 of the insurance law is amended to
11 read as follows:

12 (a) Whenever the superintendent finds from a financial statement or
13 report on examination that an authorized insurer is unable to pay its
14 outstanding lawful obligations as they mature in the regular course of
15 business, as shown by an excess of required reserves and other liabil-
16 ities over admitted assets, or by its not having sufficient assets to
17 reinsure all outstanding risks with other solvent authorized assuming
18 insurers after paying all accrued claims owed, such insurer shall be
19 deemed insolvent and the superintendent may proceed against it pursuant
20 to the provisions of article seventy-four of this chapter or may place
21 the insurer under administrative supervision pursuant to section one
22 thousand one hundred twenty-five of this chapter.

23 § 4. Subsection (a) of section 1310 of the insurance law is amended to
24 read as follows:

25 (a) Whenever the superintendent finds from a financial statement, or a
26 report on examination, of any domestic stock insurer that ~~[(i)]~~ (1) the
27 admitted assets are less than the aggregate amount of its liabilities
28 and outstanding capital stock or ~~[(ii)]~~ (2) the admitted assets of any
29 such insurer ~~[which]~~ that is required to maintain a minimum surplus to
30 policyholders are less than the aggregate amount of its liabilities and
31 the amount of its minimum surplus to policyholders, ~~[he]~~ the superinten-
32 dent shall determine the amount of the impairment and order the insurer
33 to eliminate the impairment within such period as ~~[he]~~ the superinten-
34 dent designates, not more than ninety days from the service of the
35 order. ~~[He]~~ The superintendent may also order the insurer not to issue
36 any new policies while the impairment exists. If the impairment as
37 determined by the provisions of ~~[item (i) hereof]~~ paragraph one of this
38 subsection equals or exceeds twenty-five percent of the insurer's
39 outstanding capital stock, or as determined by the provisions of ~~[item~~
40 ~~(i) or (ii) hereof]~~ paragraph one or two of this subsection is such that
41 the insurer does not have the minimum capital or minimum surplus to
42 policyholders required by this chapter, and if at the expiration of such
43 designated period, such insurer has not satisfied the superintendent
44 that such impairment has been eliminated, the superintendent may proceed
45 against the insurer pursuant to the provisions of article seventy-four
46 of this chapter on the ground that its condition is such that its
47 further transaction of business will be hazardous to its policyholders
48 or its creditors or the public or the superintendent may place the
49 insurer under administrative supervision pursuant to section one thou-
50 sand one hundred twenty-five of this chapter.

51 § 5. Subsection (c) of section 1311 of the insurance law is amended to
52 read as follows:

53 (c) If the impairment so determined is such that such insurer does not
54 have the minimum surplus required for item (iii) of subsection (a) here-
55 of, and if when such designated period expires the insurer has not
56 satisfied the superintendent that such impairment has been eliminated,

1 then the superintendent may proceed against such insurer pursuant to the
2 provisions of article seventy-four of this chapter on the ground that
3 its further transaction of business will be hazardous to its policyhold-
4 ers, its creditors or the public or the superintendent may place the
5 insurer under administrative supervisions pursuant to section one thou-
6 sand one hundred twenty-five of this chapter.

7 § 6. Paragraph 2 of subsection (c) of section 1312 of the insurance
8 law is amended to read as follows:

9 (2) If at the expiration of such designated period such insurer has
10 not satisfied the superintendent that such impairment has been elimi-
11 nated, the superintendent may proceed against such insurer pursuant to
12 the provisions of article seventy-four of this chapter as an insurer
13 whose condition is such that its further transaction of business in the
14 United States will be hazardous to its policyholders, its creditors or
15 the public in the United States or the superintendent may place the
16 insurer under administrative supervision pursuant to section one thou-
17 sand one hundred twenty-five of this chapter.

18 § 7. This act shall take effect immediately.