

# STATE OF NEW YORK

6975--A

2025-2026 Regular Sessions

## IN ASSEMBLY

March 18, 2025

Introduced by M. of A. WEPRIN, CLARK -- read once and referred to the Committee on Insurance -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the insurance law, in relation to indexing fixed amounts and clarifying compliance

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

1 Section 1. Subparagraphs (D) and (F) of paragraph 2 of subsection (c)  
2 of section 4228 of the insurance law, as added by chapter 616 of the  
3 laws of 1997, are amended to read as follows:

4 (D) distribution, marketing and sales support expenses directly  
5 related to the procurement of new business, which includes but is not  
6 limited to:

7 (i) recruiting and training of agents, including related recordkeep-  
8 ing;

9 (ii) sales management and supervision; and

10 (iii) clerical functions in sales offices[~~, and~~

11 ~~(iv) sales support functions, including but not limited to advanced~~  
12 ~~underwriting support, proposals, illustrations, competition aids and~~  
13 ~~related systems and equipment, including personal computers, owned by~~  
14 ~~the company and used in the sales process];~~

15 (F) the travel expenses [~~of sales conferences, training meetings and~~  
16 ~~awards~~], meals and entertainment paid for by the company; and

17 § 2. Subparagraph (F) of paragraph 2 of subsection (e) of section 4228  
18 of the insurance law, as amended by chapter 13 of the laws of 2002, is  
19 amended to read as follows:

20 (F) If a company employs one or more salaried employees whose princi-  
21 pal function is [~~other than~~ not the sale of new policies or contracts  
22 and [~~other than~~ not the supervision of agents or agencies, and if no  
23 more than twenty-five percent of the total compensation of such employ-  
24 ees is related to [~~sales results~~ business personally produced by such

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

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1 ~~employees, [the compensation of such employees is not subject to]~~ the  
2 provisions of this subsection or subsection (d) of this section shall  
3 not apply to such employees' total compensation, notwithstanding that  
4 they may be licensed as life insurance agents.

5 § 3. Paragraph 3 of subsection (e) of section 4228 of the insurance  
6 law, as added by chapter 616 of the laws of 1997, is amended to read as  
7 follows:

8 (3)(A) A company may pay reasonable training allowance subsidies to  
9 agents pursuant to a plan of agent compensation, provided that such  
10 agents are full-time agents of the company and the principal business  
11 activity of such agents is the solicitation of policies and contracts  
12 primarily but not necessarily exclusively for the company, and its  
13 affiliates, and such agents are not simultaneously receiving training  
14 allowance from any other life insurance company.

15 (B) Agents receiving training allowance subsidies may also receive  
16 expense allowance payments.

17 (C) An agent is eligible to receive such a training allowance subsidy,  
18 provided (i) such agent has earned less than [~~twenty~~] forty thousand  
19 dollars from the sale of policies and contracts cumulatively during the  
20 three years prior to such agent's appointment, [~~or~~] (ii) less than twen-  
21 ty-five percent of such agent's earned income has been received from the  
22 sale of policies and contracts during each of the three years prior to  
23 appointment, or (iii) less than twenty-five percent of such agent's  
24 worktime during each of the three years prior to appointment was allo-  
25 cated to individual life and annuity sales. The company may establish  
26 that an agent is eligible to receive a training allowance subsidy by  
27 requiring the agent to attest that such agent meets one of the criteria  
28 set forth in this subparagraph prior to appointment. Such attestation  
29 shall be sufficient to establish eligibility, provided the company does  
30 not have actual knowledge to reject the attestation based on the agent's  
31 credentials and background.

32 (D) An agent receiving such training allowance subsidies may not  
33 receive, on a cumulative basis, for an agent in the first year of such  
34 subsidies, the greater of [~~twenty-eight~~] fifty-four thousand dollars and  
35 sixty percent of the first year commission limit, and for an agent in  
36 the second year of such subsidies, the greater of [~~forty-four~~] eighty-  
37 five thousand dollars and sixty percent of the first year commission  
38 limit in the first year and forty percent of the first year commission  
39 limit in the second year, and for an agent in the third year of such  
40 subsidies, the greater of [~~fifty-four~~] one hundred five thousand dollars  
41 and sixty percent of the first year commission limit in the first year  
42 and forty percent of the first year commission limit in the second year,  
43 and twenty percent of the first year commission limit for the third  
44 year, and for an agent in the fourth year of such subsidies, the greater  
45 of [~~sixty~~] one hundred sixteen thousand dollars and sixty percent of the  
46 first year commission limit in the first year and forty percent of the  
47 first year commission limit in the second year, twenty percent of the  
48 first year commission limit in the third year, and ten percent of the  
49 first year commission limit in the fourth year.

50 (E) With respect to any agent eligible to receive training allowance  
51 subsidy who has earned at least [~~sixty-six~~] one hundred twenty-seven  
52 thousand dollars of income during either of the two calendar years imme-  
53 diately preceding commencement of receipt of training allowance subsi-  
54 dies, a company may pay additional training allowance subsidies of [~~one~~]  
55 two thousand dollars to such agent during each of the first two years of  
56 his receipt of training allowance subsidies for every [~~two~~] four thou-

1 sand dollars of such earned income in excess of [~~sixty-six~~] one hundred  
2 twenty-seven thousand dollars, provided that the cumulative training  
3 allowance subsidy does not exceed [~~forty-five~~] eighty-seven thousand  
4 dollars in such agent's first year of receipt of training allowance  
5 subsidy and provided further that the agent receives not greater than  
6 [~~sixty~~] one hundred sixteen thousand dollars in total training allowance  
7 subsidies.

8 (F) For purposes of this paragraph, the period of time that a person  
9 worked for a company under a company-sponsored training program and was  
10 not acting as an agent for that company shall not be counted as time  
11 spent receiving training allowance subsidies, and any salary paid by the  
12 company to that person during that time shall not count toward the cumu-  
13 lative maximum training allowance subsidy.

14 (G) The superintendent shall periodically adjust the cumulative maxi-  
15 mum training allowance subsidy limits set forth in this paragraph. The  
16 superintendent may also, at any time, approve training allowance subsi-  
17 dies with cumulative maximum amounts that exceed the limits set forth in  
18 this paragraph.

19 (H) A company may, upon approval of the superintendent, establish a  
20 plan for training allowance subsidies for which the conditions of eligi-  
21 bility or the amounts or periods of subsidy, of any of these, differ  
22 from those set forth in this subsection. The superintendent shall  
23 approve such a plan, subject to such conditions as he may prescribe, if  
24 he finds that it is likely to meet the objective of developing new  
25 agents for the sale of policies or contracts or both in a cost-effective  
26 manner.

27 § 4. Paragraph 6 of subsection (e) of section 4228 of the insurance  
28 law, as amended by chapter 13 of the laws of 2002, is amended to read as  
29 follows:

30 (6) A company, including any person, firm or corporation on its behalf  
31 or under any agreement with it, may pay or award, or permit to be paid  
32 or awarded, prizes and awards to agents and brokers pursuant to a plan  
33 of agent or broker compensation, provided that no single prize or award  
34 may exceed a value of [~~two~~] five hundred [~~fifty~~] dollars, and that the  
35 total value of such prizes and awards paid or awarded to any agent or  
36 broker within a calendar year may not exceed [~~one~~] two thousand dollars.  
37 Notwithstanding the foregoing, a company may also pay or award not more  
38 frequently than monthly a prize or award valued at not more than [~~twen-~~  
39 ~~ty-five~~] fifty dollars. The costs of all such prizes and awards shall  
40 not be included in applying the limits established in subsection (d) of  
41 this section. The superintendent may authorize higher limits on the  
42 value of prizes and awards than those set forth herein.

43 § 5. Paragraph 2 of subsection (f) of section 4228 of the insurance  
44 law, as added by chapter 616 of the laws of 1997, is amended to read as  
45 follows:

46 (2) The annual statement schedule for reporting compliance on an  
47 aggregate basis with subsection (c) of this section shall be signed by a  
48 knowledgeable officer of the company. The signing of the schedule shall  
49 be deemed confirmation by the officer that the officer has performed a  
50 personal review of the information included and responses provided to  
51 the interrogatories. The signature is to be preceded by the following  
52 statement: "I have reviewed the sources of total selling expenses and,  
53 to the best of my knowledge and belief, on the basis of the projected  
54 experience over the next three years based on reasonable assumptions,  
55 including changes currently being contemplated, the company's expenses  
56 will not exceed the limit imposed thereon by New York Insurance Law

1 Section 4228." If the officer cannot attest to the final clause of this  
2 statement, the officer must disclose the year or years in which expenses  
3 are expected to exceed the limit and the amount by which the limit is  
4 expected to be exceeded.

5 § 6. The opening paragraph of paragraph 5 of subsection (f) of section  
6 4228 of the insurance law, as amended by chapter 13 of the laws of 2002,  
7 is amended to read as follows:

8 Any company making one or more payments that exceed any limit in  
9 subsection (d) of this section that is unable to recover such excess  
10 payments shall notify the superintendent within [~~thirty~~ ninety days of  
11 the date that it learns or realizes that it exceeded the limit; however,  
12 if the company recovers such excess payments prior to the required  
13 notification date, or, for agents or brokers who are no longer appointed  
14 with the company, the company has made reasonable efforts to recover  
15 such excess payments, it need not make such notification. At that time,  
16 the company shall report the reason the company exceeded the limit, the  
17 number of agents and brokers to whom payments in excess of the limit  
18 were made, and the amount of money paid in excess of the limit, and  
19 shall describe the actions the company will take promptly to prevent any  
20 further instances of it exceeding this limit.

21 § 7. This act shall take effect immediately.