

STATE OF NEW YORK

3814--A

2025-2026 Regular Sessions

IN SENATE

January 30, 2025

Introduced by Sens. RIVERA, FERNANDEZ, SCARCELLA-SPANTON, ZELLNER -- read twice and ordered printed, and when printed to be committed to the Committee on Insurance -- recommitted to the Committee on Insurance in accordance with Senate Rule 6, sec. 8 -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the insurance law, in relation to imposing a tax on out-of-state transfers, dividends, payments, and loans by certain accident and health insurance companies and health maintenance organizations

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

1 Section 1. The insurance law is amended by adding a new section 9112
2 to read as follows:

3 § 9112. Tax on out-of-state transfers, dividends, payments, and loans
4 by accident and health insurance companies licensed under article
5 forty-two of this chapter and health maintenance organizations. (a) As
6 used in this section the following terms shall have the following mean-
7 ings:

8 (1) "Domestic insurer" means an insurer that is an accident and health
9 insurance company licensed under article forty-two of this chapter or an
10 organization complying with the provisions of article forty-four of the
11 public health law.

12 (2) "Commercial program" means any program of health insurance other
13 than (i) programs for individuals covered by article five of the social
14 services law, article twenty-five of the public health law, titles
15 XVIII, XIX, and XXI of the federal social security act, or chapter 89 of
16 title 5 of the United States code or (ii) programs of insurance avail-
17 able on the health benefit exchange established by section two hundred
18 sixty-eight of the public health law.

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

LBD08003-02-6

1 (b) Effective on and after April first, two thousand twenty-six, there
2 shall be paid by every domestic insurer to the superintendent, on or
3 before the first day of March, a tax equal to nine and sixty-three one
4 hundredths percent of any dividends, ordinary, extraordinary, or other-
5 wise, or other funds deriving from subscriber prepayments or premiums
6 received for the domestic insurer's commercial programs that are paid,
7 transferred, distributed, or loaned to an entity in such domestic insur-
8 er's holding company system that is domiciled in any other state;
9 provided, however, that payments for services performed, including
10 pursuant to reinsurance treaties or agreements, or agreements for the
11 rendering of services on a regular or systematic basis, shall not be
12 subject to such tax. Such tax shall be in addition to any tax due under
13 article thirty-three of the tax law and shall apply only to a payment,
14 transfer, distribution, or loan made to an entity domiciled out-of-state
15 within the domestic insurer's holding company system, and not also to
16 subsequent dividends or distributions to shareholders or other persons
17 or entities made after the initial payment, transfer, distribution, or
18 loan that is taxed in accordance with this section.

19 (c) Each domestic insurer shall report all payments, transfers,
20 distributions and loans subject to subsection (b) of this section, and
21 taxes paid thereon, to the superintendent in the manner and form
22 prescribed by the superintendent.

23 (d) All taxes collected or received under this section shall be depos-
24 ited into the New York state agency trust fund, distressed provider
25 assistance account.

26 § 2. Subsection (a) of section 1109 of the insurance law, as amended
27 by section 1 of part A of chapter 78 of the laws of 2014, is amended to
28 read as follows:

29 (a) An organization complying with the provisions of article forty-
30 four of the public health law may operate without being licensed under
31 this chapter and without being subject to any provisions of this chap-
32 ter, except: (1) to the extent that such organization must comply with
33 the provisions of this chapter by virtue of such article, and (2) the
34 provisions of sections three hundred eight, one thousand three hundred
35 one, one thousand three hundred two, one thousand three hundred seven,
36 one thousand three hundred twenty-two, nine thousand one hundred six and
37 nine thousand one hundred twelve, with regard to health maintenance
38 organizations that are domiciled in this state and certified or operat-
39 ing in at least one other state, two thousand one hundred three, two
40 thousand one hundred twelve, two thousand one hundred fourteen, two
41 thousand one hundred fifteen, two thousand one hundred seventeen, two
42 thousand one hundred twenty-three, two thousand six hundred eight-a, two
43 thousand six hundred twelve, three thousand two hundred twenty-four-a,
44 four thousand three hundred eight, four thousand three hundred seven-
45 teen, four thousand three hundred eighteen, four thousand three hundred
46 twenty, four thousand three hundred twenty-one, four thousand three
47 hundred twenty-two and four thousand three hundred twenty-three of this
48 chapter.

49 § 3. Subsection (d) of section 9106 of the insurance law is amended to
50 read as follows:

51 (d) any corporation otherwise subject to the provisions of this arti-
52 cle which as a health maintenance organization offers a comprehensive
53 health services plan pursuant to the provisions of article forty-four of
54 the public health law to subscribers. Such exemption shall be limited to
55 that income derived from subscriber prepayments to such plan. Notwith-
56 standing the foregoing, section nine thousand one hundred twelve of this

1 article shall apply to all domestic insurers within the meaning of that
2 section.

3 § 4. This act shall take effect immediately; provided that if this act
4 shall have become a law on or after April 1, 2026, this act shall take
5 effect immediately and shall be deemed to have been in full force and
6 effect on and after April 1, 2026.