§ 1202. Number of directors; independent directors and committees of the board of directors; duty of directors. (a) (1) Subject to item (v) of subparagraph (B) of paragraph five of subsection (a) of section one thousand two hundred one of this article, and subject to any provision of the corporate charter of a domestic insurance company, the number of directors shall be fixed by the by-laws, or if not so fixed, by action of the directors.

(2) If not otherwise fixed under this article, the number shall be seven but it may be increased or decreased by amendment of the by-laws, or by action of the board, subject to the following limitations: (i) if the board is authorized by the by-laws to increase or decrease the number of directors, the amendment shall require the vote of a majority of the entire board; (ii) no decrease shall shorten the term of any incumbent director; and (iii) no decrease shall reduce the number of directors to fewer than seven.

(3) The charters of all domestic insurance companies approved before January first, nineteen hundred forty which fail to comply with item (v) of subparagraph (B) of paragraph five of subsection (a) of section one thousand two hundred one of this article but which were validated by section forty-eight-a of the former insurance law in effect prior to this chapter remain so validated and shall not be affected by such item or paragraph one or two of this subsection in respect of the minimum number of directors.

(b) (1) Subject to item (v) of subparagraph (B) of paragraph five of subsection (a) of section one thousand two hundred one of this article, not less than one-third of the directors of a domestic stock life insurance company and not less than one-third of the members of each committee of the board of directors of any domestic life insurance company shall be persons who are not officers or employees of such company or of any entity controlling, controlled by, or under common control with such company and who are not beneficial owners of a controlling interest in the voting stock of such company or any such entity. At least one such person shall be included in any quorum for the transaction of business at any meeting of the board of directors or any committee thereof.

(2) The board of directors of a domestic life insurance company shall establish one or more committees comprised solely of directors who are

not officers or employees of the company or of any entity controlling, controlled by, or under common control with the company and who are not beneficial owners of a controlling interest in the voting stock of the company or any such entity. Such committee or committees shall have responsibility for recommending the selection of independent certified public accountants, reviewing the company's financial condition, the scope and results of the independent audit and any internal audit, nominating candidates for director for election by shareholders or policyholders, evaluating the performance of officers deemed by such committee or committees to be principal officers of the company, and recommending to the board of directors the selection and compensation of such principal officers and in the case of a domestic stock life insurance company, recommending to its board of directors any plan to issue options to its officers and employees for the purchase of shares of stock, pursuant to section one thousand two hundred seven of this article.

(3) The provisions of this subsection shall not apply to a domestic life insurance company if the holding company or parent corporation is a foreign or domestic insurance company, a mutual insurance holding company established pursuant to the laws of the United States, or a publicly held corporation incorporated in the United States, having a board of directors and committees thereof that meet the same requirements as have been established for a domestic stock life insurance company pursuant to paragraphs one and two of this subsection. In such a case, the directors of the holding company or parent corporation shall be subject to this chapter in the same manner as the directors of a domestic stock life insurance company.

(c) A director of a domestic life insurance company shall perform his duties as a director, including his duties as a member of any committee of the board upon which he may serve, in accordance with the provisions of section seven hundred seventeen of the business corporation law and the provisions of this chapter.