§ 1204. Sale of insurance securities. (a) Subject to the provisions of subsection (e) hereof, no person, firm, association or corporation shall in this state sell or propose to sell to the public any security issued by any insurer not authorized to do business in this state, unless licensed to do so under this section. In this subsection and in subsection (b) hereof, "insurer" includes any corporation whose securities are to be sold or offered for sale (except by exchange for shares or assets and except securities issued upon a merger in conversion of securities of a merging company) primarily to acquire, organize or finance the operations of another insurer not authorized to do business in this state which is, or as a result of applying the proceeds of such offering will be, a subsidiary of such corporation.

(b) The superintendent may issue a license to a named person, firm, association or corporation to sell and propose to sell to the public in this state the specified securities of a specified insurer or other company subject to subsection (a) hereof. The applicant for such a license shall submit a written application, subscribed by the applicant and affirmed by him as true under the penalties of perjury and containing such information as the superintendent may require, including the following: the name, residence address, business address in this state and previous business experience of the applicant and of such insurer and of his or its officers, members and employees, and information as to their trustworthiness; a copy of every security to be offered for sale; a statement in detail as to the insurer's financial condition, plans and purposes, the amount and par value of securities and their selling price, the manner in which the proceeds of sale are to be used, the rate of commissions to be paid for the sale of securities, the salaries to be paid to the insurer's officers, and the safeguards to be provided against diversion of proceeds from such plans and purposes. Before issuing any such license the superintendent may make such examination of the affairs of the proposed licensee and of such insurer as he deems expedient. The superintendent may refuse to issue such license, or may after notice and hearing revoke such license, if in his judgment such refusal or revocation will best promote the interests of the people of this state. Such license shall be for a term of one year unless sooner revoked. No license to sell or to propose to sell securities of any foreign or alien insurer shall be issued unless such

insurer is qualified to obtain a license to do an insurance business in this state or, in the case of a corporation described in subsection (a) hereof, unless the insurer subsidiary is so qualified.

(c) No person, firm, association or corporation shall in this state issue, circulate or distribute any advertisement, circular, letter or other public announcement in connection with the sale or proposed sale to the public in this state of any securities of any insurer unless a copy of such announcement has been filed with the superintendent and approved by him. The superintendent may approve any such announcement if, after such examination or investigation as he sees fit, he finds it is not false, misleading or likely to deceive the public. In this subsection, "insurer" shall include any corporation whose securities are to be sold or offered for sale (except by exchange for shares or assets and other than securities issued upon a merger in conversion of securities of a merging company) primarily to acquire, organize or finance the operations of another insurer which is, or as a result of applying the proceeds of such offering will be, a subsidiary of such corporation; provided that examination or investigation of any such corporation shall be limited to matters relating to the operations of the insurance subsidiary.

(d) Every such license to sell or propose to sell the securities of an insurer shall state conspicuously in bold-face type: "The issuance of this license by the superintendent of financial services of New York does not constitute a recommendation of these securities." No person, firm, association or corporation shall represent that the superintendent or the department of financial services or the state of New York has recommended any securities for purchase. The superintendent may in his discretion require the insertion in any public announcement to be approved by him of a statement that such approval does not constitute a recommendation of the securities therein referred to.

(e) This section shall not apply to the selling or proposing to sell securities after one year from the first date upon which the security was offered to the public in this state, except that subsections (c) and (d) hereof shall apply to any insurer authorized to do business in this state and to any other corporation described in subsection (c) hereof.

(f) (1) This section shall not apply to annuities or agreements to provide for annuities issued or to be issued by an authorized insurer

pursuant to section four thousand two hundred forty of this chapter.

(2) The superintendent may by order or regulation exempt any other security or class thereof from all or part of this section on such terms and conditions as he deems appropriate upon a finding that its application thereto is not necessary to protect the public.