*** § 6102. Organization of domestic reciprocal insurers.** (a) Twenty-five or more persons, firms and corporations, each having the qualifications of subscribers as prescribed in this article, may organize a reciprocal insurer to do any one or more of the basic kinds of insurance set forth in subsection (a) of section four thousand one hundred one of this chapter or, in the alternative, twenty-five or more New York counties, towns, cities, villages, district corporations (as defined in paragraph three of section 2.00 of the local finance law), or school districts and boards of cooperative educational services, each having the qualifications of subscribers as prescribed in this article, may organize statewide municipal reciprocal insurers to provide any one or more of the basic kinds of insurance set forth in subsection (a) of section four thousand one hundred one of this chapter, except workers' compensation and employers' liability, fidelity and surety other than official undertakings conditioned for the faithful performance of official duties as referenced in section eleven of the public officers law and required by related provisions of the county, town, and village laws, credit and marine and inland marine (except as authorized by the provisions of paragraph two of subsection (b) of section four thousand one hundred two of this chapter) insurance. Such an insurer shall be called, for purposes of this chapter, a "municipal reciprocal insurer" and shall be subject to all the provisions of this chapter applicable to a reciprocal insurer, except where the context otherwise requires. However, any reciprocal insurer authorized to do the business of workers' compensation insurance shall be deemed to be a mutual carrier within the meaning of the definition of that term in section one hundred six of the workers' compensation law and shall be subject to the provisions of article six-A of such law.

(b) The original subscribers and the attorney-in-fact shall execute a declaration setting forth the following:

(1) the name of such reciprocal insurer, which shall conform to the provisions of subsection (g) of section one thousand one hundred two of this chapter;

(2) the location of the principal office of such reciprocal insurer, which shall be the same as the principal office of the attorney-in-fact and shall at all times be located in this state;

(3) the kind or kinds of insurance business intended to be done,

specified in terms of subsection (a) of section one thousand one hundred thirteen of this chapter;

(4) the names and addresses of the subscribers so proposing to engage in such business;

(5) the designation and appointment of an attorney-in-fact, which may be a person, other than an individual, organized under the laws of this state authorized by the superintendent to act as such for one or more reciprocal insurers; and having its principal office in this state;

(6) the names and addresses of the officers and directors of the attorney-in-fact, if a corporation, or of its members, if a firm, of whom a majority shall be residents of this state or of contiguous states;

(7) the designation of an advisory committee, all of whose members shall be subscribers or officers or directors of subscriber corporations or members of subscriber firms, to act on behalf of the subscribers, with power to supervise and control the attorney-in-fact and to control the investments of the assets of the reciprocal insurer, and such other powers as may be conferred by the articles of association and the subscriber's agreement;

(8) a declaration (i) that all of the invested assets of such reciprocal insurer, except deposits held by state officials as required by law, shall be held by and in the name of such reciprocal insurer, subject to the control of the advisory committee and to the provisions of this chapter, and (ii) that all monies paid to such reciprocal insurer shall, after deducting any sums payable to the attorney-in-fact, be held by such attorney-in-fact in the name of the reciprocal insurer for the uses specified in the subscriber's agreement;

(9) an exact and complete copy of the articles of association, if any, and the subscriber's agreement;

(10) the amount and kind of insurance for which each subscriber proposes to become a policyholder, and the premium specified therefor; and

(11) such other information as the superintendent may require.

(12) in the case of a municipal reciprocal insurer, a statement electing whether or not the insurer and the contracts of insurance it issues will be subject to the provisions of article seventy-six of this chapter. In the event that the municipal reciprocal insurer elects that

it and its contracts of insurance will not be subject to such article, then every such contract and every subscriber's agreement shall disclose the lack of coverage by the property/casualty insurance security fund, the inapplicability of such article, and provide for an unlimited contingent several liability for assessment of the subscriber. The election whether or not to be subject to the provisions of article seventy-six of this chapter shall be irrevocable.

(c) Such declaration shall be subscribed and affirmed as true under the penalties of perjury by each subscriber and by each member of the advisory committee, in the manner required for the acknowledgment of conveyances of real property to be recorded in this state, and shall be filed in the office of the superintendent. Such articles of association and subscriber's agreement shall in all respects conform with the requirements of this article.

(d) If the superintendent finds that such declaration, articles of association and subscriber's agreement are in conformity with law, that the subscribers, the attorney-in-fact and the advisory committee are legally qualified, that each individual is a person of good repute and that each subscriber has a bona fide intention of effecting the amount and kind of insurance therein specified, he may approve such declaration and notify the advisory committee to that effect; but neither the reciprocal insurer nor its attorney-in-fact shall be authorized to do an insurance business until such reciprocal insurer has obtained a license as hereinafter provided.

(e) If within one year thereafter the superintendent finds, after such investigation and examination as he may see fit to make, that each subscriber has deposited in cash with the attorney-in-fact an amount at least equal to the premium specified in such declaration, and that a fund, at least equal to the amount of surplus to policyholders required by paragraph one of subsection (a) of section four thousand one hundred three of this chapter for a newly organized domestic stock property/casualty insurance company doing the same kind or kinds of insurance business, has been advanced by the subscribers as an initial surplus to policyholders, and is in the possession of the attorney-in-fact or invested subject to the control of the advisory committee, and that other requirements of this chapter applicable to such reciprocal insurer have been complied with, he may issue to such

reciprocal insurer a license to do business. Thereafter, every such reciprocal insurer shall maintain a surplus to policyholders at least equal to the amount of surplus to policyholders required to be maintained by such paragraph.

(f) The original subscribers and the attorney-in-fact shall be jointly and severally liable for the expenses of organization in the event that such reciprocal insurer does not comply with all the requirements for a license, and obtain a license, to do an insurance business within one year after the filing of the declaration as specified in subsection (b) hereof. In such event the superintendent may maintain a proceeding under article seventy-four of this chapter to liquidate and dissolve such reciprocal insurer.

(g) (1) A licensed reciprocal insurer may be licensed to do non-basic kinds of insurance as set forth in subsection (b) of section four thousand one hundred one of this chapter, subject to the requirements of subsection (b) of section four thousand one hundred two of this chapter, except that a municipal reciprocal insurer may not be licensed to do accident and health, non-cancellable disability, marine protection and indemnity, and residual value insurance.

(2) It shall also have an initial surplus to policyholders at least equal to the amount required by paragraph one of subsection (a) of section four thousand one hundred three of this chapter for the organization of a stock property/casualty insurance company doing the same kinds of insurance and shall thereafter maintain a surplus to policyholders at least equal to the amount required to be maintained by such paragraph for a similarly licensed stock property/casualty insurance company.

(h) A licensed reciprocal insurer may be licensed (except with respect to the kinds of insurance defined respectively in the following paragraphs of subsection (a) of section one thousand one hundred thirteen of this chapter: life insurance (1), annuities (2) and title insurance (18)) to (i) reinsure risks of every kind or description, and (ii) insure property or risks of every kind or description located or resident outside of the United States, its territories and possessions, provided such insurer maintains a surplus to policyholders of at least thirty-five million dollars. The provisions of this subsection shall not apply to a municipal reciprocal insurer.

(i) The financial requirements of subsections (e) and (g) hereof shall be reduced by fifty percent for a reciprocal insurer initially licensed to do business in this state prior to July first, nineteen hundred eighty-two. Such reduction shall not apply to the specified financial requirements in order to write paragraph twenty-two, twenty-four or twenty-six of subsection (a) of section one thousand one hundred thirteen of this chapter.

(j) A municipal reciprocal insurer shall:

(1) comply with all applicable provisions of this chapter;

(2) comply with such additional standards as the superintendent may by regulation prescribe;

(3) not refuse to issue, renew or cancel a policy for any eligible, insurable risk based solely on geographical location;

(4) not refuse to write coverages afforded by such insurer for any eligible risk in accordance with standards of insurability filed with and approved by the superintendent; and

(5) establish and promote a risk management program among subscribers to identify and reduce risks by implementation of loss control, safety programs and other methods of risk management.

(k) With respect to a municipal reciprocal insurer, the amount of the initial surplus to policyholders required by the provisions of subsection (e) of this section, in order for such an insurer to obtain a license to do business, may be collected from the subscribers as follows: within one year from the date a license to do business was granted twenty percent shall be so collected, within two years from such date forty percent shall be so collected, within three years from such date sixty percent shall be so collected, within four years from such date eighty percent shall be so collected, and within five years from such date one hundred percent shall be so collected. The amount of surplus to policyholders to be maintained by such an insurer during such five year period shall be the amount collected from subscribers pursuant to the schedule contained in this subsection.

* SPECIAL NOTE.--Notwithstanding that Chapter 585 of the Laws of 1984:

Bill sections 2, 3, 5, 6, 7, and 9 of such chapter amend provisions of the former Insurance Law that are not possible to juxtapose at this time due to the highly technical nature of such changes and will need future

corrective legislation to implement such provisions into the new Insurance Law as enacted by such Chapter 367 of the Laws of 1984.