



NEW YORK STATE SENATOR

James L. Seward

## New Law Provides Consumer Protection For Life Insurance Policyholders

JAMES L. SEWARD November 25, 2014

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**ONEONTA, 11/25/14** – State Senator James L. Seward (R/C/I- Oneonta) today announced a major consumer protection measure for life insurance policyholders he sponsored has been signed into law by Governor Cuomo.

Senator Seward's bill ([S.7320/A.9915](#)) amends the Life Insurance Company Guaranty Corporation of New York (LICGCNY) Act to protect New York policyholders in the event of an insurance company's bankruptcy.

**“When people purchase a life insurance policy, they rightfully expect the company to stand the test of time and be there to honor the policy,”** said Senator Seward. **“This new law is added peace of mind that should a life insurance company fail, policyholders and their benefits will always be safe.”**

When the insolvency fund, which is supported by assessments on member insurance companies, was created it was capped at \$550 million. New York is the only state in the nation to impose such a lifetime cap. Due to the liquidation of Executive Life of New York (ELNY) in 2012, the fund was depleted making it critical to amend the law to replenish the fund and protect against any future insolvencies.

The Life Insurance Council of New York, Inc. (LICONY) President and CEO Thomas E. Workman said, "We are very pleased about the enactment of this bill because it will ensure that New Yorkers who have life insurance and annuities will continue to be eligible for benefit coverage in the extremely unlikely event that their life insurer would become insolvent. We thank Senator Seward for taking leadership in securing enactment of this bill, so that his constituents and all of the residents of New York will continue to have this vital protection available to them."

**"This law is good public policy and serves as comprehensive consumer protection for all life insurance policy holders and their loved ones who depend on this vital coverage,"** Seward added.

The law also allows for the creation of a non-profit resolution facility which would administer and undertake the business of an insolvent insurance company.

The legislation was sponsored in the state assembly by Assemblyman Kevin Cahill.

The new state law will take effect immediately.