After a contentious process, the Senate and Assembly passed, and the Governor will sign, an on-time budget that was delivered to his desk on April 1, 2019. The $175.5 billion budget does a great deal more than provide a state spending plan, since it included a number of items which were not technically budget-related. The new Senate Democratic majority put their stamp on what is clearly a more progressive agenda than in past years when Republicans controlled the Senate.

For their part, the Republicans, who are now the minority party in both houses, sought to portray Democrats as free-wheeling spenders “addicted to tax hikes,” said Senator Jim Seward, (R-Cooperstown), the top Republican on the Senate Finance Committee. He specifically mentioned New York’s upstate population problems and the state’s high tax levels. “As I look at this overall budget, the bad ... far outweighs the good,” Seward said."

Governor Cuomo had a number of wins as initiatives which he articulated in his State-of-the-State were agreed to by the Legislature including NYC congestion pricing, a ban on single-use plastic bags, a permanent 2 percent cap on local property taxes, an end to cash bail for all but the most violent offenses, and establishment of a commission tasked with creating a public financing system for legislative and statewide elections.

Other policy initiatives in the Governor’s initial budget proposal including the legalization of recreational marijuana, were removed from the budget to be taken up later in the Session. LICONY had a significant victory as the Legislature did not take up a proposal by the Governor to require approval by DFS of certificates under certain out-of-state supplemental health policies. See page 2 for a deeper budget analysis and how it relates to the Life Industry.
The state budget includes many policy initiatives that aren’t always directly tied to spending. Some of these items impact the life industry and certain supplemental health products. LICONY staff worked to ensure the final budget does not impede the life industry’s ability to do business in New York and offer products to their customers.

**Limiting Oversight of Group Accident and Health Insurance** The provisions which would have granted the Department of Financial Services extraterritorial authority over certain group accident and health and blanket accident and health insurance certificates were not included in the final Budget. This would have affected certificates lawfully issued to New York employees covered under out-of-state policies of employers or associations that have headquarters in New York, or the lesser of 25% or 25 employees working in New York (omitted from Health and Mental Hygiene Budget Bill, Part J, Subpart F – S.1507-C/A.2007-C).

**Model Policy Language** The final budget ACA language grants the Department the authority to require the use of model language for all accident and health insurance policies (Health and Mental Hygiene Budget Bill, Part J, Subpart B - S.1507-C/A.2007-C).

**Equal Pay & Salary History** The provisions that would have prohibited an employer from inquiring as to prior salary history were excluded from the final budget. The standalone salary history legislation (S.3692-A and A.5308) remains in play; the Senate bill includes language requested by LICONY that exempts “any actions taken by an employer, employment agency, or employee or agent thereof pursuant to any federal, state or local law that specifically authorizes the disclosure or verification of salary history for employment purposes, or specifically requires knowledge of salary history to determine an employee's compensation” in recognition of Insurance Law Section 4228(e)(3) and the agent training allowance subsidy (TAS).

**Pediatric Dental** Language was included in the final budget that clarifies that the pediatric dental Essential Health Benefit (EHB) may be provided through a stand-alone dental plan (Health and Mental Hygiene Budget Bill, Part J, Subpart B, Section 10 and Section 35 - S.1507-C/A.2007-C). LICONY had proposed language to amend the Governor’s proposal, which was included in the Senate’s one-house bill. The Department then proposed a revision to that language, which was acceptable.

**Sexual Stereotyping** The final budget ACA provisions also include language that would add “sexual stereotyping” to the current provisions in Insurance Law Section 2607 that prohibit discrimination because of sex or marital status (Health and Mental Hygiene Budget Bill, Part J, Subpart E - S.1507-C/A.2007-C). LICONY understands the language to be based on the nondiscrimination language included in the Affordable Care Act, as well as in a Circular Letter issued by the Department in 2018, and notes that it addresses the issuance, renewal, or declination of a policy, but does not address premium or rates.

**Prohibition on Corporate Political Contributions:** The provisions proposed in the Governor’s Executive Budget that would have prohibited corporate contributions to political committees were not included in the final budget. The final enacted budget did, however, include language that will establish of a commission to study public financing of campaigns.

**Tax Provisions** The budget included language that would amend the Tax Law (for both Article 9-A corporations and Article 33 insurance companies) and the New York City Administrative Code to exclude from entire net income certain contributions to the capital of a corporation. The language would restore New York’s favorable non-tax

Continued on page 4
The Life Insurance Council of New York has appointed Richard White, CEO of ShelterPoint Life Insurance Company, to its Board of Directors. Mr. White will serve a 4-year term, effective January 1, 2019.

“We are pleased that Richard White has agreed to join the LICONY board. He brings another substantial voice to the planning and direction of LICONY’s advocacy efforts,” said Mary Griffin, President and CEO of LICONY. “I’m confident Rich, with his over 30 years of experience in the business, will be a tremendous asset to our organization.”

Mr. White has almost 35 years of experience in creating and implementing effective strategies for business growth, diversification, product development, sales expansion, and operational excellence for several leading insurance companies, including Pan American Life Insurance Company, The Guardian Life Insurance Company, and New York Life Insurance Company.

He also serves as a member of the Board of Directors of The Insurance Federation of New York (IFNY), a membership organization that supports and promotes the insurance industry in the State of New York and beyond.

“I am honored to add my voice to fellow industry leaders as they represent NY’s life insurance industry and educate New Yorkers about the importance of this essential coverage,” commented Richard White on his appointment to the LICONY Board.

LICONY is governed by a 16-member Board of Directors that meets at least four times a year. A complete list of LICONY board members can be found on page 4.

ShelterPoint Life was founded in 1972 as The First Rehabilitation Insurance Company of America (First Rehab Life) and is headquartered in Garden City, NY, as a NY-domiciled insurance company. ShelterPoint Life has grown into New York’s largest statutory disability and Paid Family Leave carrier. ShelterPoint Life currently insures more than 160,000 employers and over 1.6 million individual insureds. In 2014, First Rehab Life changed its name to ShelterPoint Life Insurance Company. For more information about ShelterPoint, please visit www.shelterpoint.com.

1State of New York Workers’ Compensation Board, form DB-680, 2016 – applies to statutory disability premiums under ShelterPoint Life Insurance Co. only.
Budget Analysis cont...

treatment by excluding from entire net income any contributions to the capital of a corporation by any governmental entity or civic group (Revenue Bill, Part X - S.1509-C/A.2009-C).

Global Intangible Low-Taxed Income

The Governor’s original GILTI language was included in the final budget (which does not apply to Article 33 insurance companies). The approach in the final budget is consistent with the Department of Taxation and Finance’s instructions to the corporation franchise tax returns.

President’s Report cont..

strict limits on private income which the Assembly is currently challenging in court.

The Legislative session is scheduled to end on June 19. With many issues already decided in the budget it will be interesting to see what they accomplish in the coming months.

SAVE THE DATE

Thursday, July 18, 2019
LICONY/NYS DFS Life Insurance Compliance Seminar
at the Capital Center
Albany, NY

Join us the day before! Wednesday, July 17, 2019
LICONY is also planning recreational activities and an evening reception & dinner at the Cornerstone located at the Empire State Plaza.

Correction from Issue 5 - Mary Lanning Article

The summer intern program detailed in the article for kids from Boys Hope Girls Hope NY is called the IFNY Intern program. The IFNY Intern program was founded by Mary Lanning and Nick Pearson, current IFNY President, eight years ago. The article incorrectly referred to the interns as Global Financial Sector Interns.