

**NEW YORK STATE  
INSURANCE DEPARTMENT**

**SECOND AMENDMENT TO REGULATION NO. 59  
(11 NYCRR 78)**

**EVALUATION OF SUBSIDIARIES OF INSURANCE COMPANIES**

I, Gregory V. Serio, Superintendent of Insurance of the State of New York, pursuant to the authority granted by Sections 107(a)(40), 201, 301, 1301, 1302, 1413(a), 1414(c), 1602, 1605 and 1702 of the Insurance Law, do hereby promulgate the following Second Amendment to Part 78 of Title 11 of the Official Compilation of Codes, Rules and Regulations of the State of New York (Regulation No. 59) to take upon publication in the State Register, to read as follows:

(Matter in brackets is deleted: new matter is underlined)

The statutory authority references for Part 78 are repealed and a new statutory authority is added to read as follows:

Insurance Law Sections 107(a)(40), 201, 301, 1301, 1302, 1413(a), 1414(c), 1602, 1605, and 1702

Sections 78.1 and 78.2 are amended to read as follows:

§78.1 Definitions.

The term *subsidiary* shall have the same meaning prescribed in sections [4, 46-a and 85-a] 107(a)(40), 1605, and 1702 of the Insurance Law.

§78.2 Valuation of a subsidiary which is an insurer.

The stock of an insurance company which is a subsidiary of an insurer shall be valued as required by section [91(3)] 1414(c)(1) of the Insurance Law.

Paragraph (2) of Section 78.4(e) is amended to read as follows:

(2) were acquired from or purchased for the benefit or use of the insurer by the subsidiary under circumstances that, in the opinion of the superintendent, support a finding that the primary purpose of such acquisition or purchase was the evasion or avoidance of section [70] 1301 or [71] 1302 of the Insurance Law.

Section 78.6 is amended to read as follows:

§78.6 Foreign and alien insurers.

The minimum ownership requirements imposed on domestic insurers by sections [46-a(2)(a) and 85-a(2)(a)] 1602 and 1702 of the Insurance Law shall not be applicable to foreign or

alien insurers for the purpose of determining whether an investment in a subsidiary should be disallowed under section [90, subsection 1] 1413(a) of the Insurance Law.