

4507

2011-2012 Regular Sessions

I N S E N A T E

April 8, 2011

Introduced by Sen. GOLDEN -- read twice and ordered printed, and when printed to be committed to the Committee on Insurance

AN ACT to amend the insurance law, in relation to permitting an insurer to rescind or retroactively cancel a policy in certain circumstances

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1 Section 1. The insurance law is amended by adding a new section 3455
2 to read as follows:
3 S 3455. CANCELLATION OF POLICY. (A) NOTWITHSTANDING ANY RULE, LAW OR
4 REGULATION TO THE CONTRARY, AN INSURER MAY RESCIND OR RETROACTIVELY
5 CANCEL TO THE INCEPTION OF THE POLICY, A NEWLY ISSUED COVERED POLICY
6 SUBJECT TO SUBSECTION (A) OF SECTION THREE THOUSAND FOUR HUNDRED TWEN-
7 TY-FIVE OF THIS CHAPTER OR A NEWLY ISSUED COMMERCIAL AUTOMOBILE INSUR-
8 ANCE POLICY SUBJECT TO SECTION THREE THOUSAND FOUR HUNDRED TWENTY-SIX OF
9 THIS CHAPTER, IF THE INITIAL PREMIUM PAYMENT IS NOT HONORED BY A FINAN-
10 CIAL INSTITUTION DUE TO NON-SUFFICIENT FUNDS, THE NONEXISTENCE OF A BANK
11 ACCOUNT OR THE UNAUTHORIZED USE OF THE ACCOUNT.
12 (B) A PERSON WHO IS INJURED DURING THIS PERIOD MAY HAVE RECOURSE TO
13 HIS OR HER OWN POLICY, OR THE MOTOR VEHICLE ACCIDENT INDEMNIFICATION
14 CORPORATION, PROVIDED SUCH PERSON DID NOT PARTICIPATE IN ANY FRAUDULENT
15 ACTIVITY, INCLUDING, BUT NOT LIMITED TO, A STAGED OR CAUSED ACCIDENT.
16 THE MOTOR VEHICLE ACCIDENT INDEMNIFICATION CORPORATION MAY NOT SUBROGATE
17 ITS CLAIM AGAINST THE RESCINDING INSURER.
18 S 2. This act shall take effect immediately.

EXPLANATION--Matter in ITALICS (underscored) is new; matter in brackets
[] is old law to be omitted.

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