

STATE OF NEW YORK

4761

2021-2022 Regular Sessions

IN SENATE

February 10, 2021

Introduced by Sen. MAY -- read twice and ordered printed, and when printed to be committed to the Committee on Consumer Protection

AN ACT to amend the general business law and the insurance law, in relation to requiring securities dealers and brokers to have a professional liability insurance policy of at least one million dollars

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

1 Section 1. Section 359-e of the general business law is amended by
2 adding a new subdivision 13-a to read as follows:

3 13-a. (a) Beginning upon the effective date of this subdivision, it
4 shall be unlawful for any dealer, broker or salesman to sell or offer
5 for sale to or purchase or offer to purchase from any person within or
6 from this state, any securities issued or to be issued, unless and until
7 such dealer, broker or salesman, or the principal of such dealer, broker
8 or salesman shall have (i) acquired a policy for professional liability
9 insurance of at least one million dollars; (ii) provided proof of such
10 professional liability insurance policy to the department of law; and
11 (iii) provided notice of such professional liability insurance policy to
12 such person.

13 (b) Provision of proof of professional liability insurance, pursuant
14 to subparagraph (ii) of paragraph (a) of this subdivision, shall be
15 satisfied by submitting to the department of law an attestation of
16 compliance on a form that shall be supplied by the department of law,
17 with a certificate of liability coverage specifying professional liability
18 insurance, as such term is defined by section one hundred seven of
19 the insurance law.

20 (c) The provisions of this subdivision shall not apply to any dealer,
21 broker or salesman not otherwise required to register with the depart-
22 ment of law.

23 (d) As used in this subdivision, the term "professional liability
24 insurance" shall have the same meaning as defined by paragraph forty-

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

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1 nine of subsection (a) of section one hundred seven of the insurance
2 law.

3 § 2. Paragraph 49 of subsection (a) of section 107 of the insurance
4 law, as added by chapter 220 of the laws of 1986, is amended to read as
5 follows:

6 (49) "Professional liability insurance" means insurance covering
7 liability arising out of the practice of any profession or business
8 practice for which (i) a license is required by a governmental authority
9 of this state ~~[or,];~~ (ii) with respect to treatment of patients, arising
10 out of the operation of a duly certified hospital; or (iii) with respect
11 to the sale or purchase of securities, a registration statement is
12 required to be filed with the department of law.

13 § 3. This act shall take effect on the first of January next succeed-
14 ing the date on which it shall have become a law. Effective immediately,
15 the addition, amendment and/or repeal of any rule or regulation neces-
16 sary for the implementation of this act on its effective date are
17 authorized to be made and completed on or before such effective date.