S T A T E O F N E W Y O R K

3653

2011-2012 Regular Sessions

I N S E N A T E

February 28, 2011

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

AN ACT to amend the banking law, in relation to cancellation of an insurance contract upon default

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

Section 1. Section 571 of the banking law, as amended by chapter 1142 of the laws of 1969, is amended to read as follows:

S 571. Delivery of copy of premium finance agreement. Before the due date of the first instalment payable under a premium finance agreement, the insurance agent or broker or the premium finance agency holding the agreement shall deliver to the insured, or mail to him at his address as shown in the agreement, a copy thereof or, if the agreement contained any blank space when it was signed by the insured and such blank space was subsequently filled in in accordance with subdivision four of section five hundred sixty-seven, a copy of the agreement, as so filled in. THE PREMIUM FINANCE AGENCY SHALL MAIL NOTICE OF A PREMIUM FINANCE AGREEMENT TO THE INSURANCE CARRIERS WHOSE PREMIUMS ARE BEING FINANCED UNDER SUCH PREMIUM FINANCE AGREEMENT WITHIN TEN DAYS OF THE DATE THAT THE PREMIUM FINANCE AGREEMENT BECOMES A CONTRACT.

S 2. Paragraph (d) of subdivision 1 of section 576 of the banking law, as amended by chapter 565 of the laws of 1978, is amended to read as follows:

(d) After the notice in paragraph (a) [above] OF THIS SUBDIVISION has expired, the premium finance agency may thereafter, in the name of the insured, cancel such insurance contract by mailing to the insurer a notice of cancellation [stating when thereafter the policy shall be cancelled, and the insurance contract shall be cancelled as if such notice of cancellation had been submitted by the insured himself, but without requiring the return of the insurance contract] TO THE ADDRESS TO WHICH NOTICE OF THE PREMIUM FINANCE AGREEMENT WAS PROVIDED PURSUANT

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

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TO SECTION FIVE HUNDRED SEVENTY-ONE OF THIS ARTICLE OR TO AN ADDRESS PROVIDED BY AN INSURANCE CARRIER SUBSEQUENT TO THE NOTICE PROVIDED PURSUANT TO SECTION FIVE HUNDRED SEVENTY-ONE OF THIS ARTICLE. NOTWITHSTANDING ANY LAW TO THE CONTRARY, CANCELLATION SHALL BE EFFECTIVE THE LATER OF 12:01 A.M. ON THE FOURTH BUSINESS DAY FOLLOWING THE DATE OF MAILING OF SUCH NOTICE OF CANCELLATION BY THE PREMIUM FINANCE AGENCY WITHOUT REGARD TO THE DATE OF RECEIPT OF SUCH NOTICE BY THE INSURER OR THE CANCELLATION DATE STATED IN THE CANCELLATION NOTICE. THE DATE OF CANCELLATION SHALL BE STATED IN SUCH CANCELLATION NOTICE. IN THE EVENT THAT ANY INSURER SHALL AGREE TO ACCEPT THE SERVICE OF NOTICES OF CANCELLATION BY ELECTRONIC MEANS, THEN THE PREMIUM FINANCE AGENCY MAY TRANSMIT SUCH NOTICE BY ELECTRONIC MEANS AND CANCELLATION SHALL BE EFFECTIVE THE LATER OF 12:01 A.M. ON THE FOURTH BUSINESS DAY FOLLOWING TRANSMISSION OF SUCH NOTICE OR THE CANCELLATION DATE STATED IN THE CANCELLATION NOTICE. THE DATE OF CANCELLATION SHALL BE STATED IN SUCH CANCELLATION NOTICE. THERE SHALL BE NO REQUIREMENT, NOR SHALL IT BE A CONDITION OF THE CANCELLATION, THAT THE INSURANCE CONTRACT BE RETURNED. A copy of the notice of cancellation shall also be mailed to the insured. PROOF OF MAILING FOR ANY REQUIRED NOTICE PURSUANT TO THIS SUBDIVISION SHALL BE SUFFICIENT PROOF OF THE GIVING OF NOTICE.

S 3. This act shall take effect on the first of January next succeeding the date on which it shall have become a law and shall apply to all contracts cancelled on or after such effective date.