

STATE OF NEW YORK

6556

2017-2018 Regular Sessions

IN SENATE

June 2, 2017

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

AN ACT to amend the insurance law, in relation to maintaining an action against a liability insurer seeking compensatory damages in excess of the policy limits where such insurer failed to engage in prompt and fair settlement of the claim

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

1 Section 1. Section 3420 of the insurance law is amended by adding a
2 new subsection (b-1) to read as follows:

3 (b-1) An action may also be maintained by the persons identified in
4 paragraphs one, two and three of subsection (b) of this section against
5 the insurer to recover compensatory damages from such insurer to the
6 full extent of the judgement against the insured, not limited to the
7 policy limits and not subject to the limitations and conditions of para-
8 graph two of subsection (a) of this section, where the insurer failed to
9 effectuate a prompt and fair settlement of a claim or any portion there-
10 of, and the insurer failed to reasonably accord at least equal or more
11 favorable consideration to its insured's interests as it did to its own
12 interests, and thereby exposed the insured to a judgement in excess of
13 the policy limits.

14 § 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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