STATE OF NEW YORK

402

2019-2020 Regular Sessions

IN ASSEMBLY

(Prefiled)

January 9, 2019

Introduced by M. of A. CAHILL, PAULIN, WEPRIN, RA, HYNDMAN, MAGNARELLI, WOERNER, McDONOUGH, ENGLEBRIGHT, PHEFFER AMATO, JAFFEE, ABINANTI, RAIA, BRAUNSTEIN, THIELE, BYRNE, DiPIETRO -- read once and referred to the Committee on Insurance

AN ACT to amend the insurance law, in relation to the prohibition of commissions and rebates

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

Section 1. Subsection (d) of section 6409 of the insurance law, as amended by section 17 of part V of chapter 57 of the laws of 2014, is amended to read as follows:

(d) **(1)** No title insurance corporation, title insurance agent, or any other person acting for or on behalf of the title insurance corporation or title insurance agent, shall offer or make, directly or indirectly, any rebate of any portion of the fee, premium or charge made, or pay or give to any applicant, or to any person, firm, or corporation acting as agent, representative, attorney, or employee of the owner, lessee, mortgagee or the prospective owner, lessee, or mortgagee of the real property or any interest therein, either directly or indirectly, any commission, any part of its fees or charges, or any other consideration or valuable thing, as an inducement for, or as compensation for, any title insurance business, nor shall any applicant, or any person, firm, or corporation acting as agent, representative, attorney, or employee of the owner, lessee, mortgagee or of the prospective owner, lessee, or mortgagee of the real property or anyone having any interest in real property knowingly receive, directly or indirectly, any such rebate or other consideration or valuable thing. Any person or entity who violates this section shall be subject to a penalty of [~~(1)~~] **(i)** five thousand dollars; or [~~(2)~~] **(ii)** up to ten times the amount of any compensation or rebate received or paid in the case of a title insurance corporation or

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

LBD03106-01-9

title insurance agent; or [~~(3)~~] (iii) up to five times the amount of any compensation or rebate received or paid; or [~~(4)~~] (iv) in the case of an applicant for title insurance that covers real property used predominantly for residential purposes, and which consists of not more than four dwelling units, other than hotels and motels, an amount not to exceed the compensation or rebate received or paid, when such applicant knew that it was a violation to receive such rebate, or other consideration or valuable thing; provided, however, if such applicant did not know that it was a violation to receive such rebate, or other consideration or valuable thing, he or she shall not be assessed a penalty under this [~~subdivision~~] subsection.

(2) For the purposes of this subsection, "an inducement for, or as compensation for, any title insurance business" shall mean a benefit given with the intention to compensate or offer compensation, directly or indirectly, for any past or present placement for a particular piece of title insurance business to any applicant, or person, firm, or corporation acting as agent, representative, attorney, or employee of the owner, lessee, mortgagee or the prospective owner, lessee, or mortgagee of the real property or any interest therein. Nothing contained in paragraph one of this subsection to the contrary shall prohibit any title insurance corporation or title insurance agent, or any other person acting for or on behalf of the title insurance corporation or title insurance agent, from undertaking any usual and customary marketing activity aimed at acquainting present and prospective customers with the advantages of using a particular title insurer or title insurance agent that are not intended for the purpose of a reward for the future placement of, or the past placement, of a particular piece of title insurance business.

§ 2. This act shall take effect immediately.