

# STATE OF NEW YORK

7583

## IN SENATE

January 28, 2020

Introduced by Sen. SANDERS -- 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 electronic delivery of property/casualty insurance notices

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 3457  
2 to read as follows:

3 § 3457. Electronic notices and documents. (a) As used in this section,  
4 the following words shall have the following meanings:

5 (1) "Delivered by electronic means" includes:

6 (A) delivery to an electronic mail address at which a party has  
7 consented to receive notices or documents; or

8 (B) posting on an electronic network or site accessible via the inter-  
9 net, mobile application, computer, mobile device, tablet, or any other  
10 electronic device, together with separate notice of the posting which  
11 shall be provided by electronic mail to the address at which the party  
12 has consented to receive notice or by any other delivery method that has  
13 been consented to by the party.

14 (2) "Party" means any recipient of any notice or document required as  
15 part of a property/casualty insurance transaction, including but not  
16 limited to an applicant, an insured, or a policyholder.

17 (3) "Clickwrap agreement" means a digital prompt that offers individ-  
18 uals the opportunity to acknowledge receipt of an electronic document.

19 (b) Subject to the requirements of this section, any notice to a party  
20 or any other document required under applicable law in a  
21 property/casualty insurance transaction or that is to serve as evidence  
22 of property/casualty insurance coverage may be delivered, stored, and  
23 presented by electronic means so long as it meets the requirements of  
24 article three of the state technology law.

25 (c) Delivery of a notice or document in accordance with this section  
26 shall be considered equivalent to any delivery method required under  
27 applicable law, including delivery by first class mail; first class

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

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1 mail, postage prepaid; certified mail; certificate of mail; or certif-  
2 icate of mailing.

3 (d) A notice or document may be delivered by electronic means by an  
4 insurer to a party under this section if:

5 (1) the party has affirmatively consented to that method of delivery  
6 and has not withdrawn the consent;

7 (2) the party, before giving consent, is provided with a clear and  
8 conspicuous statement informing the party of:

9 (A) the right of the party to withdraw consent to have a notice or  
10 document delivered by electronic means, at any time, and any conditions  
11 or consequences imposed in the event consent is withdrawn;

12 (B) the types of notices and documents to which the party's consent  
13 would apply;

14 (C) the right of a party to have a notice or document delivered in  
15 paper form; and

16 (D) the procedures a party must follow to withdraw consent to have a  
17 notice or document delivered by electronic means and to update the  
18 party's electronic mail address;

19 (3) the party:

20 (A) before giving consent, is provided with a statement of the hard-  
21 ware and software requirements for access to and retention of a notice  
22 or document delivered by electronic means; and

23 (B) consents electronically, or confirms consent electronically, in a  
24 manner that reasonably demonstrates that the party can access informa-  
25 tion in the electronic form that will be used for notices or documents  
26 delivered by electronic means as to which the party has given consent;  
27 and

28 (4) after consent of the party is given, the insurer, in the event a  
29 change in the hardware or software requirements needed to access or  
30 retain a notice or document delivered by electronic means creates a  
31 material risk that the party will not be able to access or retain a  
32 subsequent notice or document to which the consent applies:

33 (A) provides the party with a statement that describes:

34 (i) the revised hardware and software requirements for access to and  
35 retention of a notice or document delivered by electronic means; and

36 (ii) the right of the party to withdraw consent without the imposition  
37 of any condition or consequence that was not disclosed at the time of  
38 initial consent; and

39 (B) complies with paragraph two of this subsection.

40 (e) (1) Any electronic mail being sent by an insurer to a party in  
41 connection with the delivery of a notice or document delivered by elec-  
42 tronic means shall include in the subject line clear and conspicuous  
43 language alerting the receiving party as to what type of notice is being  
44 delivered to such party electronically.

45 (2) Any electronic mail being sent by an insurer to a party in  
46 connection with the delivery of a notice or document delivered by elec-  
47 tronic means shall clearly and conspicuously include a clickwrap agree-  
48 ment embedded into the body of such electronic mail or a hyperlink lead-  
49 ing to a clickwrap agreement which will allow for the receiving party to  
50 acknowledge receipt of a notice being sent to such party by an insurer.  
51 If the receiving party has not acknowledge receipt of such notice pursu-  
52 ant to this section within two weeks of such notice being sent, an  
53 insurer shall redeliver such notice in paper form to such party.

54 (f) This section does not affect requirements related to content or  
55 timing of any notice or document required under applicable law.

1 (g) If a provision of this chapter or applicable law requiring a  
2 notice or document to be provided to a party expressly requires verifi-  
3 cation or acknowledgment of receipt of the notice or document, the  
4 notice or document may be delivered by electronic means only if the  
5 method used provides for verification or acknowledgment of receipt.

6 (h) The legal effectiveness, validity, or enforceability of any  
7 contract or policy of insurance executed by a party may not be denied  
8 solely because of the failure to obtain electronic consent or confirma-  
9 tion of consent of the party in accordance with subparagraph (B) of  
10 paragraph three of subsection (d) of this section.

11 (i) (1) A withdrawal of consent by a party does not affect the legal  
12 effectiveness, validity, or enforceability of a notice or document  
13 delivered by electronic means to the party before the withdrawal of  
14 consent is effective.

15 (2) A withdrawal of consent by a party is effective within a reason-  
16 able period of time after receipt of the withdrawal by the insurer.

17 (3) Failure by an insurer to comply with paragraph four of subsection  
18 (d) and subsection (k) of this section may be treated, at the election  
19 of the party, as a withdrawal of consent for purposes of this section.

20 (j) This section does not apply to a notice or document delivered by  
21 an insurer in an electronic form before the effective date of this  
22 section to a party who, before that date, has consented to receive a  
23 notice or document in an electronic form otherwise allowed by law.

24 (k) If the consent of a party to receive certain notices or documents  
25 in an electronic form is on file with an insurer before the effective  
26 date of this section, and pursuant to this section, an insurer intends  
27 to deliver additional notices or documents to such party in an electron-  
28 ic form, then prior to delivering such additional notices or documents  
29 electronically, the insurer shall:

30 (1) provide the party with a statement that describes:

31 (A) the notices or documents that shall be delivered by electronic  
32 means under this section that were not previously delivered electron-  
33 ically; and

34 (B) the party's right to withdraw consent to have notices or documents  
35 delivered by electronic means, without the imposition of any condition  
36 or consequence that was not disclosed at the time of initial consent.

37 (2) comply with paragraph two of subsection (d) of this section.

38 (l) An insurer shall deliver a notice or document by any other deliv-  
39 ery method permitted by law other than electronic means if:

40 (1) the insurer attempts to deliver the notice or document by elec-  
41 tronic means and has a reasonable basis for believing that the notice or  
42 document has not been received by the party, or

43 (2) the insurer becomes aware that the electronic mail address  
44 provided by the party is no longer valid.

45 (m) This section may not be construed to modify, limit, or supersede  
46 the provisions of the federal Electronic Signatures in Global and  
47 National Commerce Act, Public Law 106-229, as amended.

48 § 2. This act shall take effect on the ninetieth day after it shall  
49 have become a law.