

STATE OF NEW YORK

7768

IN SENATE

January 11, 2022

Introduced by Sen. BRESLIN -- 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 providing for a policy term of less than one year in certain situations

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

1 Section 1. Subparagraph (E) of paragraph 2 of subsection (d) of
2 section 3426 of the insurance law, as added by a chapter of the laws of
3 2021 amending the insurance law relating to providing for a policy term
4 of less than one year in certain situations, as proposed in legislative
5 bills numbers S. 4326 and A. 5379, is amended to read as follows:

6 (E) where an insured requests a liability insurance policy with a term
7 of less than one year from an insurer that offers such policies;
8 provided that the insurer also offers the insured the option of purchas-
9 ing a policy with a term of one year, and:

10 (i) the insurer writes the policy on an occurrence basis;

11 (ii) the insurer writes the policy on a defense cost outside limits
12 basis;

13 (iii) the insurer may extend the policy, provided that:

14 (a) the coverage remains in effect at the same terms and conditions;

15 (b) the rate accords with the rates filed with the superintendent at
16 the policy's inception; and

17 (c) the extension does not result in the policy period exceeding elev-
18 en months in total;

19 (iv) the policy has no annual aggregate liability limit but may have
20 aggregate limits for the term of the policy, and such aggregate limits
21 shall continue with any policy extension provided pursuant to item (iii)
22 of this subparagraph;

23 (v) the policy does not provide medical malpractice coverage; liabil-
24 ity insurance required by articles six, eight, or forty-four-B of the
25 vehicle and traffic law or under any other financial responsibility law
26 of this state; or public entity insurance;

27 (vi) the policy provides for a term of at least one month;

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

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1 (vii) the policy does not contain a clause limiting the timely filing
2 of a claim;

3 (viii) the policy provides for a return of premium on a pro-rata basis
4 if the insured cancels or otherwise terminates the policy before the
5 policy's expiration; and

6 (ix) the insurer provides a written disclosure to the insured that
7 explains that a policy issued pursuant to this subparagraph may be more
8 expensive than a policy with a term of one year.

9 § 2. Paragraph 9 of subsection (e) of section 3426 of the insurance
10 law, as amended by chapter 235 of the laws of 1989, is amended to read
11 as follows:

12 (9) This subsection shall not apply to a hyper limits excess liability
13 policy except in regard to nonrenewal or to a policy of the type speci-
14 fied in subparagraph (A) ~~[or]~~, (B), or (E) of paragraph two of
15 subsection (d) of this section.

16 § 3. This act shall take effect on the same date and in the same
17 manner as a chapter of the laws of 2021 amending the insurance law
18 relating to providing for a policy term of less than one year in certain
19 situations, as proposed in legislative bills numbers S. 4326 and A.
20 5379, takes effect.