

STATE OF NEW YORK

10529

IN ASSEMBLY

July 6, 2022

Introduced by COMMITTEE ON RULES -- (at request of M. of A. Lunsford) --
read once and referred to the Committee on Insurance

AN ACT to amend the insurance law, in relation to contractual liability
insurance policies

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

Section 1. Paragraph 1 of subsection (c) of section 7903 of the insur-
ance law, as amended by chapter 578 of the laws of 2000, is amended to
read as follows:

(1) [~~insure the performance of all its obligations under all service
contracts pursuant to a~~] purchase one or more service contract
reimbursement insurance [~~policy~~] policies issued by [~~an insurer~~] one or
more insurers authorized to issue service contract reimbursement insur-
ance in this state or procured by an excess line licensee pursuant to
section two thousand one hundred eighteen of this chapter. Each
reimbursement insurance policy shall obligate the insurer that issued
such policy to either provide reimbursement to the provider for all
obligations incurred by a provider under the terms of a service
contract, or in the event of the provider's nonperformance, provide or
pay on behalf of the provider all covered contractual obligations
incurred by the provider. In the event the provider fails to insure its
obligations pursuant to this paragraph or in the event that such insur-
ance shall lapse or be terminated, the provider shall comply with either
paragraph two or three of this subsection within forty-five days of the
insurance lapse or termination;

§ 2. Subsection (b) of section 7905 of the insurance law, as added by
chapter 614 of the laws of 1997, is amended to read as follows:

(b) Service contracts insured under [~~a~~] one or more service contract
reimbursement insurance [~~policy~~] policies pursuant to [~~paragraph~~] para-
graph one of subsection (c) of section seven thousand nine hundred three
of this article shall contain a statement in substantially the following
form: "Obligations of the provider under this service contract are
insured under a service contract reimbursement insurance policy. If the
provider fails to pay or provide service on a claim within sixty days

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

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1 after proof of loss has been filed, the contract holder is entitled to
2 make a claim directly against the insurer under the service contract
3 reimbursement insurance policy." The service contract shall also state
4 the name and address and a toll-free telephone number of the insurer
5 under [~~the~~] each related service contract reimbursement insurance poli-
6 cy.

7 § 3. This act shall take effect immediately.