STATE OF NEW YORK

4761

2021-2022 Regular Sessions

IN SENATE

February 10, 2021

Introduced by Sen. MAY -- read twice and ordered printed, and when printed to be committed to the Committee on Consumer Protection

AN ACT to amend the general business law and the insurance law, in relation to requiring securities dealers and brokers to have a professional liability insurance policy of at least one million dollars

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

Section 1. Section 359-e of the general business law is amended by adding a new subdivision 13-a to read as follows:

13-a. (a) Beginning upon the effective date of this subdivision, it shall be unlawful for any dealer, broker or salesman to sell or offer for sale to or purchase or offer to purchase from any person within or from this state, any securities issued or to be issued, unless and until such dealer, broker or salesman, or the principal of such dealer, broker or salesman shall have (i) acquired a policy for professional liability insurance of at least one million dollars; (ii) provided proof of such professional liability insurance policy to the department of law; and (iii) provided notice of such professional liability insurance policy to such person.

(b) Provision of proof of professional liability insurance, pursuant to subparagraph (ii) of paragraph (a) of this subdivision, shall be satisfied by submitting to the department of law an attestation of compliance on a form that shall be supplied by the department of law, with a certificate of liability coverage specifying professional liability insurance, as such term is defined by section one hundred seven of the insurance law.

(c) The provisions of this subdivision shall not apply to any dealer, broker or salesman not otherwise required to register with the department of law.

(d) As used in this subdivision, the term "professional liability insurance" shall have the same meaning as defined by paragraph forty-

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

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nine of subsection (a) of section one hundred seven of the insurance law.

§ 2. Paragraph 49 of subsection (a) of section 107 of the insurance law, as added by chapter 220 of the laws of 1986, is amended to read as follows:

(49) "Professional liability insurance" means insurance covering liability arising out of the practice of any profession **or business practice** for which **(i)** a license is required by a governmental authority of this state [~~**or,**~~]**; (ii)** with respect to treatment of patients, arising out of the operation of a duly certified hospital**; or (iii) with respect to the sale or purchase of securities, a registration statement is required to be filed with the department of law**.

§ 3. This act shall take effect on the first of January next succeeding the date on which it shall have become a law. Effective immediately, the addition, amendment and/or repeal of any rule or regulation necessary for the implementation of this act on its effective date are authorized to be made and completed on or before such effective date.