STATE OF NEW YORK

4495

2023-2024 Regular Sessions

IN ASSEMBLY

February 16, 2023

Introduced by M. of A. PRETLOW -- read once and referred to the Committee on Insurance

AN ACT to amend the insurance law, in relation to compensation for reports of insurance fraud to law enforcement authorities

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

Section 1. The insurance law is amended by adding a new section 405-a to read as follows:

§ 405-a. Compensation for report of insurance fraud to law enforcement authorities. (a) Any person, other than persons described in subsection (a) of section four hundred five of this article, who has reason to believe that a fraudulent insurance act prohibited pursuant to article one hundred seventy-six of the penal law has been committed or that an insurance transaction may be fraudulent, or has knowledge that a fraudulent insurance transaction is about to take place, or has taken place may report such act or transaction and any additional information relative to the factual circumstances of the transaction and the parties involved to the attorney general, district attorney or insurance frauds bureau.

(b) If the insurance frauds bureau recommends to the attorney general or district attorney to commence an action or if the attorney general or district attorney commences an action based on information provided by a person pursuant to subsection (a) of this section, then such person shall be entitled to receive an award of forty percent of the proceeds of the action. The attorney general or district attorney shall recommend to the court when a settlement is entered the amount of such award. The court shall base such award decision on the extent to which the person substantially contributed to the prosecution of the action.

§ 2. This act shall take effect immediately and shall apply to all reports of fraudulent insurance transactions made on and after such effective date.

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

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