

STATE OF NEW YORK

8004

IN SENATE

January 5, 2024

Introduced by Sen. SKOUFIS -- 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 standards for prompt investigation and settlement of claims; and to amend a chapter of the laws of 2023 amending the insurance law relating to standards for prompt investigation and settlement of claims arising from states of emergency, as proposed in legislative bills numbers S. 5201 and A. 2078, in relation to the effectiveness thereof

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

1 Section 1. Section 2618 of the insurance law, as added by a chapter of
2 the laws of 2023 amending the insurance law relating to standards for
3 prompt investigation and settlement of claims arising from states of
4 emergency, as proposed in legislative bills numbers S. 5201 and A. 2078,
5 is amended to read as follows:

6 § 2618. Standards for prompt investigation and settlement of claims.

7 (a) (1) For the purpose of this section, "natural disaster" means the
8 occurrence of widespread catastrophic or severe damage, injury, or loss
9 of life or property resulting from any natural cause, including fire,
10 flood, earthquake, hurricane, tornado, high water, landslide, mudslide,
11 wind, storm, wave action, and ice storm.

12 (2) This section shall apply to every insurer who writes policies that
13 cover loss of or damage to real property, personal property or other
14 liabilities for loss of, damage to, or injury to persons or property
15 when:

16 (A) a local state of emergency is declared pursuant to section twen-
17 ty-four of the executive law, when the governor declares a disaster
18 emergency pursuant to section twenty-eight of the executive law, or when
19 the President issues a major disaster or emergency declaration pursuant
20 to the Robert T. Stafford Disaster Relief and Emergency Assistance Act
21 (P.L. 93-288)[~~, for claims arising from such emergency~~];

22 (B) the disaster is a natural disaster or a disaster caused by an act
23 of terrorism; and

24 (C) the claims are a result of such disaster.

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

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1 ~~[(1)]~~(3) An insurer shall acknowledge the receipt of all claims in
2 writing to the claimant or the claimant's authorized representative in
3 accordance with regulations promulgated by the superintendent;

4 ~~[(2)]~~ (4) If the insurer wishes its investigation to include an
5 inspection of damaged or destroyed property, the inspection, whether
6 performed by the insurer, an independent adjuster, or other represen-
7 tative of the insurer, shall occur in accordance with regulations
8 promulgated by the superintendent. Furthermore, where necessary to
9 protect ~~[the]~~ health and safety ~~[of the claimant]~~, immediate repairs to
10 windows, exterior walls, exterior doors, roofs, heating systems, water
11 systems and electrical systems may be made and alternative proof of loss
12 such as photographs, video recordings, inventories and all receipts for
13 repairs or replacement property shall satisfy policy requirements;

14 ~~[(3)]~~(5) A claim filed with an agent of an insurer shall be deemed to
15 have been filed with the insurer unless, consistent with law or
16 contract, the agent notifies the person filing the claim that the agent
17 is not authorized to receive notices of claim; and

18 ~~[(4)]~~(6) An insurer shall furnish to such claimant, or the claimant's
19 authorized representative, a notification of all items, statements and
20 forms, if any, which the insurer reasonably believes will be required of
21 the claimant in order to investigate such claim in accordance with regu-
22 lations promulgated by the superintendent.

23 (b)(1) An insurer shall, within fifteen business days of receipt of a
24 properly executed proof of loss and receipt of all items, statements and
25 forms requested under this section from the claimant, or the claimant's
26 authorized representative, advise the claimant in writing whether the
27 insurer has accepted or rejected the non-commercial claim. When the
28 insurer suspects that the non-commercial claim involves arson, the fore-
29 going fifteen business days shall be read as thirty business days.

30 (2) An insurer shall be granted a one-time extension of fifteen busi-
31 ness days to determine whether a non-commercial claim should be accepted
32 or rejected. If the insurer elects to utilize this extension, it shall
33 so notify the claimant, or the claimant's authorized representative, in
34 writing. Such notification shall include the reasons additional time is
35 needed for the investigation.

36 (3) (i) If the insurer needs more time to determine whether the non-
37 commercial claim should be accepted or rejected because the insurer is
38 prohibited from accessing the property to investigate the claim, the
39 insurer shall be granted one additional extension of fifteen business
40 days. If the insurer elects to utilize this extension, it shall so noti-
41 fy the claimant, or the claimant's authorized representative, in writ-
42 ing, setting forth the reasons additional time is needed for the inves-
43 tigation.

44 (ii) If the insurer needs more time to be able to physically access
45 the property because the insurer is prohibited from accessing it, the
46 insurer shall so notify the claimant, or the claimant's authorized
47 representative, every fifteen business days, in writing, setting forth
48 the reasons additional time is needed for the investigation. When the
49 insurer is no longer prohibited from accessing the property, and the
50 property can be accessed, the insurer shall have no more than fifteen
51 days to adjudicate the claim.

52 (c) (1) An insurer shall, within fifteen business days of receipt of a
53 properly executed proof of loss and receipt of all items, statements and
54 forms requested under this section from the claimant, or the claimant's
55 authorized representative, advise the claimant in writing whether the
56 insurer has accepted or rejected the commercial claim.

1 (2) An insurer shall be granted a one-time extension of thirty busi-
2 ness days to determine whether a commercial claim should be accepted or
3 rejected. If the insurer elects to utilize this extension, it shall so
4 notify the claimant, or the claimant's authorized representative, in
5 writing, setting forth the reasons additional time is needed for the
6 investigation.

7 (3) If succeeding the one-time extension of thirty business days the
8 insurer needs more time to determine whether the commercial claim should
9 be accepted or rejected, the insurer shall so notify the claimant, or
10 the claimant's authorized representative, every thirty business days, in
11 writing, setting forth the reasons additional time is needed for the
12 investigation.

13 (4) Once the claim is accepted by the insurer, the insurer shall
14 advise the claimant, or the claimant's authorized representative, in
15 writing of the amount the insurer is offering to settle the claim. The
16 insurer shall also provide to the claimant, or the claimant's authorized
17 representative, in writing, of all applicable policy provisions regard-
18 ing the claimant's right to reject ~~[and appeal]~~ the offer and request an
19 appraisal.

20 ~~[(4)]~~(5) In any case where the claim is rejected by the insurer, the
21 insurer shall notify the claimant, or the claimant's authorized repre-
22 sentative, in writing, of all applicable policy provisions ~~[regarding~~
23 ~~the claimant's right to appeal the decision]~~ and deadlines by which a
24 claimant may sue the insurer. Any notice rejecting any element of a
25 claim involving personal property insurance shall contain the identity
26 and the claims processing address of the insurer, the insured's policy
27 number, the claim number, and information regarding how to file a
28 complaint with the department in accordance with regulations promulgated
29 by the superintendent.

30 ~~[(c) - An]~~ (d) Every insurer shall pay ~~[the]~~ any amount finally agreed
31 upon in settlement of all or part of any claim not later than ~~[three]~~
32 four business days from the ~~[settlement of the claim]~~ receipt of such
33 agreement by the insurer, or from the date of the performance by the
34 claimant of any condition set by such agreement, whichever is later,
35 except as provided in section three hundred thirty-one of this chapter
36 with respect to liens by tax districts on fire insurance proceeds.

37 ~~[(d)]~~(e) The superintendent may promulgate any rules or regulations
38 necessary to implement the provisions of this section.

39 § 2. Section 2 of a chapter of the laws of 2023 amending the insurance
40 law relating to standards for prompt investigation and settlement of
41 claims arising from states of emergency, as proposed in legislative
42 bills numbers S. 5201 and A. 2078, is amended to read as follows:

43 § 2. This act shall take effect ~~[immediately]~~ on the thirtieth day
44 after it shall have become a law.

45 § 3. This act shall take effect immediately; provided, however,
46 section one of this act shall take effect on the same date and in the
47 same manner as a chapter of the laws of 2023 amending the insurance law
48 relating to standards for prompt investigation and settlement of claims
49 arising from states of emergency, as proposed in legislative bills
50 numbers S. 5201 and A. 2078, takes effect.