

STATE OF NEW YORK

1231

2023-2024 Regular Sessions

IN ASSEMBLY

January 13, 2023

Introduced by 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 Assembly, do enact as follows:

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

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

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

21 (b) Service contracts insured under [~~a~~] one or more service contract
22 reimbursement insurance [~~policy~~] policies pursuant to [~~paragraph~~] para-
23 graph one of subsection (c) of section seven thousand nine hundred three
24 of this article shall contain a statement in substantially the following
25

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

LBD01943-01-3

1 form: "Obligations of the provider under this service contract are
2 insured under a service contract reimbursement insurance policy. If the
3 provider fails to pay or provide service on a claim within sixty days
4 after proof of loss has been filed, the contract holder is entitled to
5 make a claim directly against the insurer under the service contract
6 reimbursement insurance policy." The service contract shall also state
7 the name and address and a toll-free telephone number of the insurer
8 under [~~the~~ each related service contract reimbursement insurance poli-
9 cy.
10 § 3. This act shall take effect immediately.