

# STATE OF NEW YORK

2798--B

Cal. No. 798

2023-2024 Regular Sessions

## IN SENATE

January 24, 2023

Introduced by Sen. BRESLIN -- read twice and ordered printed, and when printed to be committed to the Committee on Insurance -- recommitted to the Committee on Insurance in accordance with Senate Rule 6, sec. 8 -- reported favorably from said committee, ordered to first and second report, ordered to a third reading, amended and ordered reprinted, retaining its place in the order of third reading -- again amended and ordered reprinted, retaining its place in the order of third reading

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 insur-  
2 ance law, as amended by chapter 578 of the laws of 2000, is amended to  
3 read as follows:  
4 (1) insure the performance of all its obligations under all service  
5 contracts pursuant to [~~a~~] one or more service contract reimbursement  
6 insurance [~~policy~~] policies issued by [~~an insurer~~] one or more insurers  
7 authorized to issue service contract reimbursement insurance in this  
8 state or procured by an excess line licensee pursuant to section two  
9 thousand one hundred eighteen of this chapter. Each service contract  
10 reimbursement insurance policy shall obligate the insurer that issued  
11 such policy to either discharge the obligations and liabilities of such  
12 provider under the terms of the service contracts issued by such provid-  
13 er, including the return of unearned provider fees upon any termination  
14 or cancellation of service contracts, in the event of non-performance of  
15 any such obligations or liabilities by such provider or indemnify the  
16 provider for losses sustained by reason of the performance of such  
17 provider's obligations under service contracts issued pursuant to this  
18 article. In the event the provider fails to insure its obligations  
19 pursuant to this paragraph or in the event that such insurance shall  
20 lapse or be terminated, the provider shall comply with either paragraph

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

LBD01943-05-4

1 two or three of this subsection within forty-five days of the insurance  
2 lapse or termination;

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

5 (b) Service contracts insured under [~~a~~] one or more service contract  
6 reimbursement insurance [~~policy~~] policies pursuant to [~~paragarph~~] para-  
7 graph one of subsection (c) of section seven thousand nine hundred three  
8 of this article shall contain a statement in substantially the following  
9 form: "Obligations of the provider under this service contract are  
10 insured under a service contract reimbursement insurance policy. If the  
11 provider fails to pay or provide service on a claim within sixty days  
12 after proof of loss has been filed, the contract holder is entitled to  
13 make a claim directly against the insurer under the service contract  
14 reimbursement insurance policy." The service contract shall also state  
15 the name and address and a toll-free telephone number of the insurer  
16 under [~~the~~] each related service contract reimbursement insurance poli-  
17 cy.

18 § 3. This act shall take effect immediately.