STATE OF NEW YORK

9420

IN SENATE

May 15, 2024

Introduced by Sen. SKOUFIS -- (at request of the Department of Financial Services) -- read twice and ordered printed, and when printed to be committed to the Committee on Insurance

AN ACT to amend the insurance law, in relation to parametric insurance

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

Section 1. Paragraph 34 of subsection (a) of section 1113 of the insurance law is renumbered paragraph 35 and a new paragraph 34 is added to read as follows:

(34) "Parametric insurance" means insurance against the occurrence of a weather-related event, such as windstorm, flood, snow, wildfire, tornado, cyclone, or earthquake, where the indemnification is based on the proximity and magnitude of the event as measured and reported by a state or federal government agency.

§ 2. Subsection (a) of section 2105 of the insurance law, as amended by chapter 359 of the laws of 2021, is amended to read as follows:

(a) The superintendent may issue an excess line broker's license to any person, firm, association or corporation who or which is licensed as an insurance broker under section two thousand one hundred four of this article, or who or which is licensed as an excess line broker in the licensee's home state, provided, however, that the applicant's home state grants non-resident licenses to residents of this state on the same basis, except that reciprocity is not required in regard to the placement of liability insurance on behalf of a purchasing group or any of its members; authorizing such person, firm, association or corporation to procure, subject to the restrictions herein provided, policies of insurance from insurers [~~which~~] **that** are not authorized to transact business in this state of the kind or kinds of insurance specified in paragraphs four through fourteen, sixteen, seventeen, nineteen, twenty, twenty-two, twenty-seven, twenty-eight, thirty-one, thirty-two [~~and~~]**,** thirty-three**, and thirty-four** of subsection (a) of section one thousand one hundred thirteen of this chapter and in subsection (h) of this section, provided, however, that the provisions of this section and section two thousand one hundred eighteen of this article shall not

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

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apply to ocean marine insurance and other contracts of insurance enumerated in subsections (b) and (c) of section two thousand one hundred seventeen of this article. Such license may be suspended or revoked by the superintendent whenever in [~~his or her~~] the superintendent's judgment such suspension or revocation will best promote the interests of the people of this state.

§ 3. The insurance law is amended by adding a new section 3416 to read as follows:

§ 3416. Parametric insurance. (a) Except as provided in subsection (b) of this section, an insurer that issues a parametric insurance policy shall disclose the following information in the application for the insurance policy and in a prominent writing upon policy issuance and renewal:

(1) the policy is not a substitute for property insurance or flood insurance, as relevant, which generally provide more comprehensive coverage in the event of a loss; and

(2) a mortgagee or loss payee may not accept a parametric insurance policy.

(b) An excess line broker who procures a parametric insurance policy pursuant to section two thousand one hundred five of this chapter shall provide the disclosures required by subsection (a) of this section on behalf of the insurer.

§ 4. Paragraph 2 of subsection (a) of section 3425 of the insurance law, as amended by chapter 235 of the laws of 1989, is amended to read as follows:

(2) "Covered policy" also means a contract of insurance, referred to in this section as "personal lines insurance", other than a contract of insurance defined in paragraph one hereof, issued or issued for delivery in this state, on a risk located or resident in this state, insuring any of the following contingencies:

(A) loss of or damage to real property used predominantly for residential purposes and [~~which~~] that consists of not more than four dwelling units, other than hotels and motels;

(B) loss of or damage to personal property in which natural persons have an insurable interest, except personal property used in the conduct of a business; [~~and~~]

(C) other liabilities for loss of, damage to, or injury to persons or property, not arising from the conduct of a business, when a natural person is the named insured under the policy; and

(D) parametric insurance, as defined in paragraph thirty-four of subsection (a) of section one thousand one hundred thirteen of this chapter.

§ 5. Subsection (b) of section 4101 of the insurance law, as amended by chapter 359 of the laws of 2021, is amended to read as follows:

(b) "Non-basic kinds of insurance" means the kinds of insurance described in the following paragraphs of subsection (a) of section one thousand one hundred thirteen of this chapter numbered therein as set forth in parentheses below:

accident and health (item (i) of (3));

non-cancellable disability (item (ii) of (3));

miscellaneous property (5);

water damage (6);

collision (12);

property damage liability (14) - non-basic as to mutual companies only;

motor vehicle and aircraft physical damage (19);

inland marine as specified in marine and inland marine (20);
marine protection and indemnity (21) - non-basic as to stock companies only;
residual value (22);
credit unemployment (24);
gap (26);
prize indemnification (27);
service contract reimbursement (28);
legal services insurance (29);
involuntary unemployment insurance (30);
salary protection insurance (31);
donor medical expense insurance (32);
excess business disability insurance (33)~~;~~
parametric insurance (34).

§ 6. Paragraph 2 of subsection (b) of section 4102 of the insurance law is amended to read as follows:

(2) If licensed to write fire (4), it may be licensed to write miscellaneous property (5), water damage (6), collision (12), motor vehicle and aircraft physical damage (19) [~~and~~], inland marine as specified in marine and inland marine (20) **and parametric (34)**;

§ 7. Note 3 of table one of paragraph 1 of subsection (a) of section 4103 of the insurance law, as amended by chapter 293 of the laws of 1986, is amended to read as follows:

{3} If licensed to write paragraph 4, no additional paid-in capital and surplus is required for a license to write paragraphs 5, 6, 12, 19 [~~and~~], 20, (inland marine only) **and 34**.

§ 8. Note 1 of table two of paragraph 1 of subsection (a) of section 4107 of the insurance law, as amended by chapter 805 of the laws of 1984, is amended to read as follows:

{1} If licensed to write paragraph 4, no additional surplus is required for a license to write [~~pargraphs~~] **paragraphs** 5, 6, 12, 19 [~~and~~], 20, (inland marine only) **and 34**.

§ 9. Note 3 of table three of subsection (b) of section 4107 of the insurance law, as amended by chapter 293 of the laws of 1986, is amended to read as follows:

{3} If licensed to write paragraph 4, no additional surplus is required for a license to write paragraphs 5, 6, 12, 19 [~~and~~], 20, (inland marine only) **and 34**.

§ 10. This act shall take effect on the thirtieth day after it shall have become a law.