

# STATE OF NEW YORK

6878

2025-2026 Regular Sessions

## IN ASSEMBLY

March 18, 2025

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:

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

3 § 405-a. Compensation for report of insurance fraud to law enforce-  
4 ment authorities. (a) Any person, other than persons described in  
5 subsection (a) of section four hundred five of this article, who has  
6 reason to believe that a fraudulent insurance act prohibited pursuant to  
7 article one hundred seventy-six of the penal law has been committed or  
8 that an insurance transaction may be fraudulent, or has knowledge that a  
9 fraudulent insurance transaction is about to take place, or has taken  
10 place may report such act or transaction and any additional information  
11 relative to the factual circumstances of the transaction and the parties  
12 involved to the attorney general, district attorney or insurance frauds  
13 bureau.

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

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

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

LBD10540-01-5