STATE OF NEW YORK

5048

2025-2026 Regular Sessions

IN SENATE

February 18, 2025

Introduced by Sen. BAILEY -- 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 contractual liability insurance policies

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

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 read as follows:

(1) insure the performance of all its obligations under all service contracts pursuant to [~~a~~] one or more service contract reimbursement insurance [~~policy~~] policies issued by [~~an insurer~~] one or more insurers authorized to issue service contract reimbursement insurance in this state or procured by an excess line licensee pursuant to section two thousand one hundred eighteen of this chapter. Each service contract reimbursement insurance policy shall obligate the insurer that issued such policy to either discharge the obligations and liabilities of such provider under the terms of the service contracts issued by such provider, including the return of unearned provider fees upon any termination or cancellation of service contracts, in the event of non-performance of any such obligations or liabilities by such provider or indemnify the provider for losses sustained by reason of the performance of such provider's obligations under service contracts issued pursuant to this article. In the event the provider fails to insure its obligations pursuant to this paragraph or in the event that such insurance shall lapse or be terminated, the provider shall comply with either paragraph two or three of this subsection within forty-five days of the insurance lapse or termination;

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

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

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

§ 3. This act shall take effect immediately.