

STATE OF NEW YORK

5239

2025-2026 Regular Sessions

IN SENATE

February 20, 2025

Introduced by Sen. COMRIE -- 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 providing loss prevention programs

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

1 Section 1. Section 2324 of the insurance law, subsection (a) as
2 amended by chapter 291 of the laws of 2012, is amended to read as
3 follows:
4 § 2324. Rebating and discrimination. (a) No authorized insurer, no
5 licensed insurance agent, no licensed insurance broker, and no employee
6 or other representative of any such insurer, agent or broker shall make,
7 procure or negotiate any contract of insurance other than as plainly
8 expressed in the policy or other written contract issued or to be issued
9 as evidence thereof, or shall directly or indirectly, by giving or shar-
10 ing a commission or in any manner whatsoever, pay or allow or offer to
11 pay or allow to the insured or to any employee of the insured, either as
12 an inducement to the making of insurance or after insurance has been
13 effected, any rebate from the premium which is specified in the policy,
14 or any special favor or advantage in the dividends or other benefit to
15 accrue thereon, or shall give or offer to give any valuable consider-
16 ation or inducement of any kind, directly or indirectly, which is not
17 specified in such policy or contract, other than any valuable consider-
18 ation, including but not limited to merchandise or periodical
19 subscriptions, not exceeding twenty-five dollars in value, or shall
20 give, sell or purchase, or offer to give, sell or purchase, as an
21 inducement to the making of such insurance or in connection therewith,
22 any stock, bond or other securities or any dividends or profits accrued
23 thereon, nor shall the insured, [~~his~~ the insured's] agent or represen-
24 tative knowingly receive directly or indirectly, any such rebate or
25 special favor or advantage, provided, however, a licensed insurance

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

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1 agent or a licensed insurance broker may retain the usual commission or
2 underwriting fee on insurance placed on ~~[his]~~ their own property or
3 risks, if the aggregate of such commissions or underwriting fees will
4 not exceed five percent of the total net commissions or underwriting
5 fees received by such licensed insurance agent or insurance broker
6 during the calendar year.

7 (b) Within the meaning of subsection (a) hereof, the sharing of a
8 commission with the insured shall be deemed to include any case in which
9 a licensed insurance agent or a licensed insurance broker which is a
10 subsidiary corporation of, or a corporation affiliated with, any corpo-
11 ration insured, received commissions for the negotiation or procurement
12 of any policy or contract of insurance for the insured.

13 (c) This section shall not prohibit any insurer from offering partic-
14 ipation in a loss prevention program that promotes and incentivizes safe
15 driving behavior with points-based rewards so long as participation in
16 such program is offered both to members of the general public and to the
17 insurer's policyholders.

18 (d) This section shall not prohibit any insurer from equitably
19 distributing to its policyholders dividends payable from surplus on
20 earned premiums, nor prohibit the return at any time during the term or
21 at the termination of the contract of insurance of dividends, savings or
22 the unused or unabsorbed portion of premiums and premium deposits to
23 policyholders of a mutual insurer or to subscribers of a reciprocal
24 insurer, nor prohibit any insurer or insurance agent from paying commis-
25 sions to a licensed insurance broker for negotiating a policy or
26 contract of insurance, nor prohibit any licensed insurance broker from
27 sharing or dividing a commission earned or received by ~~[him]~~ such
28 licensed insurance broker with any other licensed insurance broker or
29 brokers who shall have aided ~~[him]~~ such licensed insurance broker in
30 respect to the insurance for the negotiation of which the commission has
31 been earned or paid.

32 [~~(d)~~] (e) This section shall not prohibit the making of temporary
33 contracts of insurance, either by temporary binders or other memoranda,
34 if the premium applicable to the insurance shall be due and shall be
35 paid for the time during which the insurance is in force by virtue of
36 the temporary contract.

37 [~~(e)~~] (f) This section shall not apply to any policy or contract of
38 reinsurance nor to any contract or policy of life insurance, accident
39 insurance or health insurance which is subject to the provisions of
40 section four thousand two hundred twenty-four of this chapter, nor to
41 any contract or policy of marine insurance, other than contracts or
42 policies of automobile insurance, or of marine protection and indemnity
43 insurance, nor to any insurance contract, or rate of insurance in
44 connection with any insurance contract either against loss or damage to,
45 or legal liability in connection with, any property located wholly
46 outside of this state or any activity carried on outside of this state
47 or any motor vehicle or aircraft principally garaged and used outside of
48 this state.

49 [~~(f)~~] (g) Any person or corporation violating the provisions of this
50 section shall, in addition to all other penalties provided by law, pay
51 to the people of this state as a penalty the sum of five hundred dollars
52 for each such violation.

53 § 2. This act shall take effect immediately.