

STATE OF NEW YORK

9368

IN SENATE

March 5, 2026

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 enacting the "New York property rehabilitation protection act"

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

- 1 Section 1. This act shall be known and may be cited as the "New York
2 property rehabilitation protection act".
- 3 § 2. Legislative findings and determinations. 1. The legislature here-
4 by finds and determines that it has become apparent that unscrupulous
5 rehabilitation contractors have been using the mechanism of assignment
6 of benefit agreements to defraud and take advantage of residential prop-
7 erty owners and their insurance companies.
- 8 2. The legislature further finds and determines that these unscrupu-
9 lous rehabilitation contractors, who most often operate in the wake of
10 natural disasters, fires, or other catastrophic events, have been found
11 to use these assignment of benefit agreements, to sign up impacted home
12 owners, for inadequate, inordinately expensive, insufficient or unreli-
13 able home rehabilitation services, without appropriate consumer
14 protections, express contractual provisions outlining what actual
15 construction work will be performed and at what cost, based upon a frau-
16 dulent and/or misleading promise that all costs of such services will be
17 paid for by such home owners' insurance company.
- 18 3. The legislature further finds and determines that these unscrupu-
19 lous rehabilitation contractors, and their unreliable and often mislead-
20 ing assignment of benefit agreements, can result in homeowners not
21 receiving quality rehabilitation services, and/or ultimately becoming
22 responsible for enormous rehabilitation costs, without the benefit of
23 the necessary rehabilitation work.
- 24 4. The legislature further finds and determines that this problem, of
25 the misuse of such assignment of benefit agreements, has not only
26 happened in New York, but in many other states as well, causing such
27 other states to limit or preclude the execution of such assignment of

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

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1 benefit agreements, and mandating consumer protection for such
2 distressed homeowners.

3 5. The legislature further finds and determines, that in order to
4 provide consumer protection for such distressed homeowners in New York
5 state, as well as their insurance companies that collect premiums to
6 provide property insurance coverage for such homeowners, that similar
7 limits and preclusions on the unscrupulous use of such assignment of
8 benefit agreements, must become a part of New York state law, and that
9 in order to accomplish such consumer protection, this New York property
10 rehabilitation protection act is sought to be enacted to address limita-
11 tions with respect to assignment of benefit agreements executed prior to
12 January 1, 2027, and to expressly prohibit the use of such agreements
13 after January 1, 2027.

14 6. The legislature further finds and determines that this New York
15 property rehabilitation protection act will bring New York state and its
16 homeowners and insurers in conformance with similar protections and
17 preclusions that have been enacted in other states, and that have
18 provided such consumer protection to their homeowners and insurance
19 companies.

20 § 3. The insurance law is amended by adding a new section 3463 to read
21 as follows:

22 § 3463. New York property rehabilitation protection act. (a) Defi-
23 initions. As used in this section, the following terms shall have the
24 following meanings:

25 (1) "Assignee" shall mean a person who is assigned post-loss benefits
26 through an assignment agreement.

27 (2) "Assignment agreement" shall mean any instrument by which post-
28 loss benefits under a residential property insurance policy or commer-
29 cial property insurance policy, which are assigned or transferred, or
30 acquired in any manner, in whole or in part, to or from a person provid-
31 ing services, including, but not limited to, inspecting, protecting,
32 repairing, restoring, or replacing the property or mitigating against
33 further damage to the property. "Assignment agreement" shall not include
34 fees collected by a public or independent adjuster as defined in section
35 two thousand one hundred eight of this chapter.

36 (3) "Assignor" means a person who assigns post-loss benefits under a
37 residential property insurance policy or commercial property insurance
38 policy to another person through an assignment agreement.

39 (4) "Commercial property insurance" shall mean a contract of insurance
40 which is limited to coverage of commercial risks, excluding windstorm
41 coverage, flood insurance, federal crop insurance, crop hail insurance
42 and other federal governmental pools and associations, in accordance
43 with section three thousand four hundred twenty-five of this article.

44 (5) "Residential property insurance" shall mean insurance issued for
45 delivery in this state, on a risk located or resident in this state,
46 insuring loss of or damage to real property used predominantly for resi-
47 dential purposes and that consists of not more than four dwelling units,
48 other than hotels and motels, in accordance with section three thousand
49 four hundred twenty-five of this article.

50 (6) "Pre-suit settlement demand" means the demand made by the assignee
51 in the written notice of intent to initiate litigation.

52 (7) "Pre-suit settlement offer" means the offer made by the insurer in
53 its written response to the notice of intent to initiate litigation.

54 (b) Assignment agreements. (1) All assignment agreements shall:

1 (A) be executed under a residential property insurance policy or under
2 a commercial property insurance policy prior to January first, two thou-
3 sand twenty-seven;

4 (B) be deemed invalid, unlawful and of no legal effect, if executed on
5 or after January first, two thousand twenty-seven;

6 (C) be in writing and executed by and between the assignor and the
7 assignee;

8 (D) be deemed to allow the assignor to rescind the assignment agree-
9 ment without a penalty or fee by submitting a written notice of rescis-
10 sion signed by the assignor to the assignee within fourteen days after
11 the execution of the agreement, at least thirty days after the date work
12 on the property is scheduled to commence if the assignee has not
13 substantially performed, or at least thirty days after the execution of
14 the agreement if the agreement does not contain a commencement date and
15 the assignee has not begun substantial work on the property;

16 (E) be deemed to require the assignee to provide a copy of the
17 executed assignment agreement to the insurer within three business days
18 after the date on which the assignment agreement is executed or the date
19 on which work begins, whichever is earlier. Delivery of the copy of the
20 assignment agreement to the insurer may be made:

21 (i) by personal service, overnight delivery, or electronic trans-
22 mission, with evidence of delivery in the form of a receipt or other
23 paper or electronic acknowledgment by the insurer; or

24 (ii) to the location designated for receipt of such agreements as
25 specified in the policy;

26 (F) be deemed to require a separate, written, itemized, per-unit cost
27 estimate of the services to be performed by the assignee;

28 (G) be deemed to relate only to work to be performed by the assignee
29 for services to protect, repair, restore, or replace a dwelling or
30 structure or to mitigate against further damage to such property;

31 (H) contain the following notice in 18-point uppercase and boldfaced
32 type as follows:

33 "PLEASE KNOW THAT BY SIGNING THIS AGREEMENT YOU ARE AGREEING TO GIVE
34 UP CERTAIN RIGHTS YOU HAVE UNDER YOUR INSURANCE POLICY TO A THIRD PARTY,
35 WHICH MAY RESULT IN LITIGATION AGAINST YOU AND/OR YOUR INSURER.

36 PLEASE READ AND UNDERSTAND THIS AGREEMENT THOROUGHLY BEFORE SIGNING
37 IT.

38 PLEASE FURTHER KNOW THAT YOU HAVE THE RIGHT TO CANCEL THIS AGREEMENT
39 WITHOUT PENALTY WITHIN 14 DAYS AFTER THE DATE THIS AGREEMENT IS
40 EXECUTED, AT LEAST 30 DAYS AFTER THE DATE WORK ON THE PROPERTY IS SCHED-
41 ULED TO COMMENCE IF THE ASSIGNEE HAS NOT SUBSTANTIALLY PERFORMED, OR AT
42 LEAST 30 DAYS AFTER THE EXECUTION OF THE AGREEMENT IF THE AGREEMENT DOES
43 NOT CONTAIN A COMMENCEMENT DATE AND THE ASSIGNEE HAS NOT BEGUN SUBSTAN-
44 TIAL WORK ON THE PROPERTY.

45 PLEASE ALSO KNOW THAT YOU FURTHER HAVE THE RIGHT TO CONSULT AN ATTOR-
46 NEY PRIOR TO SIGNING THIS AGREEMENT.

47 BY SIGNING THIS AGREEMENT, YOU SHOULD BE AWARE, THAT YOU WILL BE OBLI-
48 GATED FOR PAYMENT OF ANY CONTRACTED WORK PERFORMED BEFORE THE AGREEMENT
49 IS RESCINDED.

50 YOU SHOULD FURTHER BE AWARE, THAT THIS AGREEMENT DOES NOT CHANGE ANY
51 OBLIGATION YOU MAY HAVE TO PERFORM THE DUTIES REQUIRED UNDER YOUR PROP-
52 ERTY INSURANCE POLICY.";

53 (I) contain a provision requiring the assignee to indemnify and hold
54 harmless the assignor from all liabilities, damages, losses, and costs,
55 including, but not limited to, attorney fees; and

56 (J) not contain any provision providing for:

- 1 (i) any penalty or fee for rescission;
2 (ii) any check or mortgage processing fee;
3 (iii) any penalty or fee for cancellation of the agreement; or
4 (iv) any administrative fee.

5 (2) Any assignment agreement containing any prohibited provision item-
6 ized in subparagraph (J) of paragraph one of this subsection shall be
7 deemed unlawful, and shall be afforded no legal effect.

8 (3) If an assignor acts under an urgent or emergency circumstance to
9 protect property from damage and executes an assignment agreement to
10 protect, repair, restore, or replace property or to mitigate against
11 further damage to the property, an assignee may not receive an assign-
12 ment of post-loss benefits under a residential property insurance policy
13 in excess of the greater of three thousand dollars or one percent of the
14 limit under such policy. For purposes of this paragraph, the term
15 "urgent or emergency circumstance" shall mean a situation in which a
16 loss to property, if not addressed immediately, shall result in addi-
17 tional damage until measures are completed to prevent such damage.

18 (4) Any assignment agreement that does not comply with this section
19 shall be deemed invalid and unenforceable.

20 (c) Assignment agreement claims. (1) In any claim arising under an
21 assignment agreement, an assignee shall have the burden to demonstrate
22 that the insurer is not prejudiced by the assignee's failure to:

23 (A) maintain all records, including but not limited to all photographs
24 of damaged areas taken upon inspection of the damage prior to any reha-
25 ilitation efforts, as well as all pre-rehabilitation moisture readings,
26 all mitigation logs, all detailed determinations regarding scope of work
27 performed or to be performed, all itemized estimates, and all estimated
28 and actual timelines, of all services provided under the assignment
29 agreement;

30 (B) cooperate with the insurer in the claim investigation;

31 (C) provide the insurer with requested records and documents related
32 to the services provided, and permit the insurer to make copies of such
33 records and documents; and

34 (D) deliver a copy of the executed assignment agreement to the insurer
35 within three business days after executing the assignment agreement or
36 work has begun, whichever is earlier.

37 (2) In any claim arising under an assignment agreement, an assignee
38 shall:

39 (A) provide the assignor with accurate and up-to-date revised esti-
40 mates of the scope of work to be performed as supplemental or additional
41 repairs are required;

42 (B) perform the work in accordance with generally accepted industry
43 standards, as well as all building codes and local planning and zoning
44 regulations;

45 (C) not seek payment from the assignor exceeding the applicable deduc-
46 tible under the policy unless the assignor has chosen to have additional
47 work performed at the assignor's own expense;

48 (D) as a condition precedent to filing suit under the policy, and, if
49 required by the insurer, submit to examinations under oath and recorded
50 statements conducted by the insurer or the insurer's representative that
51 are reasonably necessary, based on the scope of the work and the
52 complexity of the claim, which such examinations and recorded statements
53 shall be limited to matters related to the services provided, the cost
54 of the services, and the assignment agreement; and

55 (E) as a condition precedent to filing suit under the policy, and, if
56 required by the insurer, participate in appraisal or other alternative

1 dispute resolution methods in accordance with the terms of the insurance
2 policy under which the claim is filed.

3 (d) Defenses under assignment agreements. An assignment agreement and
4 the provisions of this section shall not be deemed to modify or elimi-
5 nate any term, condition, or defense relating to any managed repair
6 arrangement provided under any insurance policy.

7 (e) Transfer of authority. No assignment agreement shall be deemed to
8 transfer or create any authority to adjust, negotiate, or settle any
9 portion of a claim to a person or entity not authorized to adjust, nego-
10 tiate, or settle a claim on behalf of an assignor or a claimant, in
11 accordance with any provision of this chapter.

12 (f) Exclusivity of assignment agreement. (1) Notwithstanding any other
13 provision of law to the contrary, the acceptance by an assignee of an
14 assignment agreement shall be deemed a waiver by the assignee, as well
15 as its subcontractors, of any and all claims against a named insured for
16 payments arising from the assignment agreement.

17 (2) The assignee, as well as its subcontractors, may not collect or
18 attempt to collect any money from an insured, maintain any action at law
19 against an insured, claim a lien on the real property of an insured, or
20 report an insured to a credit agency for payments arising from the
21 assignment agreement.

22 (3) The assignment agreement shall be deemed a waiver to any addi-
23 tional payments due to the assignee, and such waiver shall be deemed to
24 remain in effect after the assignment agreement is rescinded by the
25 assignor or after a determination has been made that the assignment
26 agreement is invalid.

27 (4) Under an assignment agreement, the named insured shall be deemed
28 responsible for the payment of all of the following:

29 (A) any deductible amount due under the policy;

30 (B) any betterment ordered and performed that is approved by the named
31 insured; and

32 (C) any contracted work performed before the assignment agreement is
33 rescinded.

34 (g) Additional responsibilities of assignee. (1) Under an assignment
35 agreement, the assignee shall be deemed responsible to indemnify and
36 hold harmless the assignor from all liabilities, damages, losses, and
37 costs, including, but not limited to, attorney fees.

38 (2) Under an assignment agreement, the assignee shall provide the
39 named insured, the insurer, and the assignor, if not the named insured,
40 a written notice of intent to initiate litigation before filing suit
41 under the policy. Such notice shall be served at least ten business days
42 before filing suit, but not before the insurer has made a determination
43 of coverage. Such notice shall be served by certified mail, with a
44 return receipt requested, to the name and mailing address designated by
45 the insurer in the policy forms. Such notice shall further specify the
46 damages in dispute, the amount claimed, and include a pre-suit settle-
47 ment demand. Concurrent with such notice, and as a precondition to
48 filing suit, the assignee shall provide the named insured, the insurer,
49 and the assignor with a detailed written invoice or estimate of
50 services, including itemized information on equipment, materials, and
51 supplies used, the number of labor hours expended, and, in the case of
52 work performed, proof that such work has been performed in accordance
53 with generally accepted industry standards, as well as all building
54 codes and local planning and zoning regulations.

55 (3) An insurer shall respond in writing to such notice within ten
56 business days after receiving the notice specified in paragraph two of

1 this subsection by making a pre-suit settlement offer or requiring the
2 assignee to participate in an appraisal or other method of alternative
3 dispute resolution under the insurance policy under which the claim is
4 filed. An insurer shall further have a procedure for the prompt investi-
5 gation, review, and evaluation of the dispute stated in the notice and
6 shall investigate each claim contained in the notice in accordance with
7 the provisions of this chapter.

8 (4) Notwithstanding any other provision of law to the contrary, in a
9 suit related to an assignment agreement for post-loss claims arising
10 under a residential or commercial property insurance policy, attorney
11 fees and costs may be recovered by an assignee only if such attorney
12 fees and costs are expressly allowable in accordance with the assignment
13 agreement.

14 (5) If an assignee commences an action in any court of this state
15 based upon or including the same claim against the same adverse party
16 that such assignee has previously voluntarily dismissed in a court of
17 this state, the court may order the assignee to pay the attorney fees
18 and costs of the adverse party resulting from the action previously
19 voluntarily dismissed. The court shall further stay the proceedings in
20 the subsequent action until the assignee has complied with the order.

21 (h) Exclusions. This section shall not apply to:

22 (1) an assignment, transfer, or conveyance granted to a subsequent
23 purchaser of a property with an insurable interest in such property
24 following a loss;

25 (2) a power of attorney executed in full accordance with the
26 provisions of the estates, powers and trusts law, which grants to a
27 management company, family member, guardian, or similarly situated
28 person of an insured the authority to act on behalf of the insured as it
29 relates to a property insurance claim;

30 (3) any assignment of benefit agreement made in accordance with a
31 policy of automobile insurance, including no fault coverage, or a policy
32 of health or life insurance; or

33 (4) liability coverage under a property insurance policy.

34 (i) Prohibition on assignment of any post-loss insurance benefit.
35 Except as provided in this section, a policyholder shall not assign, in
36 whole or in part, any post-loss insurance benefit under any residential
37 property insurance policy or under any commercial property insurance
38 policy that is issued on or after January first, two thousand twenty-
39 seven. Any attempt to assign such post-loss property insurance benefits
40 under such a policy shall be deemed unlawful, void, invalid, and unen-
41 forceable.

42 § 4. This act shall take effect on the one hundred twentieth day after
43 it shall have become a law.