

STATE OF NEW YORK

9746

IN SENATE

April 2, 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 clarifying that certain prohibitions on insurance companies shall apply to policies or contracts purchased and delivered or issued for delivery in the state of New York

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

1 Section 1. Section 4226 of the insurance law, paragraph 6 of
2 subsection (a) as added by chapter 616 of the laws of 1997, is amended
3 to read as follows:

4 § 4226. Misrepresentations, misleading statements and incomplete
5 comparisons by insurers. (a) No insurer authorized to do in this state
6 the business of life, or accident and health insurance, or to make annu-
7 ity contracts shall with respect to any policy or contract purchased and
8 delivered or issued for delivery in the state of New York:

9 (1) issue or circulate, or cause or permit to be issued or circulated
10 on its behalf, any illustration, circular, statement or memorandum
11 misrepresenting the terms, benefits or advantages of any of its policies
12 or contracts;

13 (2) make any estimate of the dividends or share of surplus or addi-
14 tional amounts to be received on such policies or contracts;

15 (3) make any false or misleading statement of the dividends or share
16 of surplus or additional amounts paid by any such insurer on similar
17 policies or contracts;

18 (4) make any misleading representation, or any misrepresentation of
19 the financial condition of any such insurer or of the legal reserve
20 system upon which it operates; or

21 (5) make or deliver to any person or persons any incomplete comparison
22 of any such policies or contracts for the purpose of inducing, or tend-
23 ing to induce, such person or persons to lapse, forfeit or surrender any
24 insurance policy or contract.

25 (6) replace the individual life insurance policies or individual annu-
26 ity contracts of an insurer by the same or different insurer without

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

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1 conforming to the standards promulgated by regulation by the superinten-
2 dent. Such regulation shall:

3 (A) specify what constitutes the replacement of a life insurance poli-
4 cy or annuity contract and the proper disclosure and notification proce-
5 dures to replace a policy or contract;

6 (B) require notification of the proposed replacement to the insurer
7 whose policies or contracts are intended to be replaced;

8 (C) require the timely exchange of illustrative and cost information
9 required by section three thousand two hundred nine of this chapter and
10 necessary for completion of a comparison of the proposed and replaced
11 coverage; and

12 (D) provide for a sixty-day period following issuance of the replace-
13 ment policies or contracts during which the policy or contract owner may
14 return the policies or contracts and reinstate the replaced policies or
15 contracts.

16 (b) [~~Any~~] With respect to any policy or contract purchased and deliv-
17 ered or issued for delivery in the state of New York, any comparison of
18 the policies or contracts of any such insurer or insurers shall be
19 deemed to be an incomplete comparison if it does not conform to all the
20 requirements for comparisons established by the superintendent by regu-
21 lation.

22 (c) In any determination, judicial or otherwise, of the incompleteness
23 or misleading character of any such comparison or of representation, it
24 shall not be presumed that the insured knew or knows of any of the
25 provisions or benefits contained in any insurance policy or contract
26 purchased and delivered or issued for delivery in the state of New York.

27 (d) [~~Any~~] With respect to any policy or contract purchased and deliv-
28 ered or issued for delivery in the state of New York, any such insurer
29 that knowingly violates any provision of this section, or knowingly
30 receives any premium or other compensation in consequence of such
31 violation shall, in addition to any other penalty provided in this chap-
32 ter, be liable to a penalty in the amount of such premium or compen-
33 sation, which penalty may be sued for and recovered by any person
34 aggrieved for [~~his~~] such person's own use and benefit, in accordance
35 with the provisions of the civil practice law and rules.

36 § 2. This act shall take effect immediately.