§ 577-a. Premium finance agreements. 1. Any amount advanced by a premium finance agency, with regard to any insurance policy issued pursuant to any plan established under article fifty-three of the insurance law shall be paid either by check or draft made payable to the insurance company, or, if the company is not known, by check or draft made payable to the entity which pursuant to the plan established under article fifty-three of the insurance law designates which insurer shall insure or service the risk. The check or draft shall not be made payable to the insurance agent or broker.

2. Where insurance coverage is procured through a wholesale producer for insurance policies financed with a premium finance agency, other than policies subject to subdivision one of this section:

(a) Prior to or contemporaneously with the advancement of any funds to an insurance retail producer who has procured an insurance policy through a wholesale producer, the retail producer shall provide the premium finance agency with the name and address of the wholesale producer through whom coverage was procured and, if available, the policy number of the insurance policy being financed, in writing;

(b) The premium finance agency shall notify, in writing, the wholesale producer and the insurance company of the gross premium, the borrower's name and address, and, if available, the policy number, within ten (10) business days of acceptance of the agreement;

(c) Failure by the retail producer to comply with paragraph (a) of this subdivision shall be a violation of subsection (d) of section twenty-one hundred twenty of the insurance law, and the retail producer shall be liable for actual damages caused by his or her failure to disclose;

(d) For the purposes of this subdivision, a "retail insurance producer" or "retail producer" means an insurance producer who directly deals with an insured; a "wholesale insurance producer" or "wholesale producer" means the producer from whom or through whom the retail producer has procured coverage on behalf of the insured.