*** § 2502. Designation of particular insurer, agent or broker in property financing transactions and other unfair practices.** (a)(1) No person, firm, or corporation engaged in the business of financing the purchase of real or personal property, lending money on the security thereof, or servicing a mortgage thereon, and none of its trustees, directors, officers, agents or other employees, shall require, as a condition precedent to financing any such purchase or making any such loan or renewing or extending any such loan or mortgage or performing any other act in connection therewith, that the person, firm or corporation for whom the transaction is undertaken negotiate any policy of insurance or renewal thereof covering such property through a particular insurance company, agent or broker.

(2) State chartered banking institutions and federally chartered banking institutions shall not extend credit, lease or sell property of any kind, or furnish any services, or fix or vary the consideration for any of the foregoing, on the condition or requirement that the customer obtain insurance from such institution, its affiliate or subsidiary, or a particular insurer, agent or broker, provided, however, that this prohibition shall not prevent such institution from engaging in any activity described in this subdivision that would not violate section 106 of the Bank Holding Company Act Amendments of 1970, as interpreted by the Board of Governors of the Federal Reserve System. This prohibition shall not prevent a state chartered banking institution or federally chartered banking institution from informing a customer that insurance is required in order to obtain a loan or credit, that loan or credit approval is contingent upon the customer's procurement of acceptable insurance, or that insurance is available from such institution; provided, however, that the state chartered banking institution or the federally chartered banking institution shall also inform the customer in writing that his or her choice of insurance provider shall not affect the institution's credit decision or credit terms in any way. Such disclosure shall be given prior to or at the time that any such institution or person selling insurance on the premises thereof solicits the purchase of any insurance from a customer who has applied for a loan or extension of credit.

(b) This section shall not prevent the exercise of any right to approve or disapprove of the insurance company selected to underwrite

the insurance, except that in exercising such right, whether pursuant to this section or any other law, such person, firm, or corporation and its trustees, directors, officers, agents and employees shall not:

(1) discriminate against an insurance company which issues a policy of insurance that is non-assessable as to any designated mortgagee or any secured creditor designated as a loss payee because of the insurer's type of organization, or

(2) refuse to accept an insurance policy because it was not negotiated through a particular insurance company, agent or broker.

(c) No such person, firm or corporation shall, in connection with compliance with a covenant to insure, require that the person, firm or corporation for whom the purchase of the property is financed or to whom a mortgage loan is made or who owns the property shall pay a fee or other charge as a condition to accepting, during the unexpired term of a policy then held, another policy of insurance in substitution therefor. No state chartered banking institution or federally chartered banking institution shall require a debtor, insurer, or insurance agent or broker to pay a separate charge in connection with the handling of insurance that is required in connection with a loan or other extension of credit or the provision of another traditional banking product solely because the insurance is being provided by an insurance agent or broker which is not the state chartered banking institution or federally chartered banking institution or any subsidiary or affiliate thereof.

(d) Except with respect to a flood insurance policy or a credit unemployment insurance policy, group credit life insurance policy, a group credit health, group credit accident or group credit health and accident policy, or similar group credit insurance covering the person of the insured, when a customer obtains insurance and credit from a state chartered banking institution or federally chartered banking institution, then the credit and insurance transactions shall be completed through separate documents. The expense of insurance premiums may not be included in the primary credit transaction without the express written consent of the customer.

(e) Any state chartered banking institution or federally chartered banking institution and any subsidiary or affiliate thereof which is licensed to sell insurance in this state shall maintain separate and distinct books and records relating to its insurance transactions,

including all files relating to and reflecting consumer complaints, and such insurance books and records shall be made available to the superintendent for inspection upon reasonable notice.

(f) For the purposes of this section, the terms "state chartered banking institution" and "federally chartered banking institution" shall have the same meanings as set forth in subdivision one of section twelve-a of the banking law.

* NB Effective until September 10, 2029

* § 2502. Designation of particular insurer, agent or broker in property financing transactions. (a) No person, firm or corporation engaged in the business of financing the purchase of real or personal property, lending money on the security thereof, or servicing a mortgage thereon, and none of its trustees, directors, officers, agents or other employees, shall require, as a condition precedent to financing any such purchase or making any such loan or renewing or extending any such loan or mortgage or performing any other act in connection therewith, that the person, firm or corporation for whom the transaction is undertaken negotiate any policy of insurance or renewal thereof covering such property through a particular insurance company, agent or broker.

(b) This section shall not prevent the exercise of any right to approve or disapprove of the insurance company selected to underwrite the insurance, except that in exercising such right, whether pursuant to this section or any other law, such person, firm, or corporation and its trustees, directors, officers, agents and employees shall not:

(1) discriminate against an insurance company which issues a policy of insurance that is non-assessable as to any designated mortgagee or any secured creditor designated as a loss payee because of the insurer's type of organization, or

(2) refuse to accept an insurance policy because it was not negotiated through a particular insurance company, agent or broker.

(c) No such person, firm or corporation shall, in connection with compliance with a covenant to insure, require that the person, firm or corporation for whom the purchase of the property is financed or to whom a mortgage loan is made or who owns the property shall pay a fee or other charge as a condition to accepting, during the unexpired term of a policy then held, another policy of insurance in substitution therefor.

* NB Effective September 10, 2029