

Bulletin No. 2021-19

August 17, 2021

RE: EXCESS BUSINESS DISABILITY INSURANCE
AUTHORIZED IN NEW YORK

On August 2, 2021, Governor Andrew Cuomo signed [Senate Bill 5760-A](#) into law authorizing a new line of insurance that may be placed in the excess line market. The law became effective upon signing. The new law creates “excess business disability insurance” to protect businesses from financial loss when a key individual becomes disabled. A policy can be placed in the excess line market when it is either excess of primary coverage or primary coverage when not available from admitted carriers.

The legislation creates a new [§1113\(33\)](#) of the Insurance Law that reads:

(33) "Excess business disability insurance," means insurance against financial loss experienced by a corporate entity or a partnership where an individual integral to the successful operation of such corporate entity or partnership becomes disabled due to sickness, ailment or bodily injury. Such insurance may be obtained in excess of a primary business-related disability policy or in the absence of such a policy if coverage cannot be obtained from an authorized insurer. Excess business disability insurance coverage may include, but is not limited to, reimbursement for all overhead costs and expenses and all capital outlays of a corporate entity or partnership which such corporate entity or partnership incurs in the ordinary course of business during the period of disability; and buy/sell arrangements in an amount sufficient to purchase the disabled individual's interest share in the corporate entity or partnership.

Should you have any questions regarding the content of this bulletin, please direct them to Howard Greene at hgreene@elany.org or (646) 292-5591.

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