

Commissioners of the State Ins. Fund v Strekte Corp.

2025 NY Slip Op 34783(U)

December 12, 2025

Supreme Court, New York County

Docket Number: Index No. 451792/2021

Judge: Sabrina Kraus

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This opinion is uncorrected and not selected for official publication.

**SUPREME COURT OF THE STATE OF NEW YORK
NEW YORK COUNTY**

PRESENT: HON. SABRINA KRAUS PART 57M

Justice

-----X

COMMISSIONERS OF THE STATE INSURANCE FUND

Plaintiff,

- v -

STREKTE CORP.,

Defendant.

-----X

INDEX NO. 451792/2021

MOTION DATE 09/11/2025

MOTION SEQ. NO. 001

**DECISION + ORDER ON
MOTION**

The following e-filed documents, listed by NYSCEF document number (Motion 001) 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30, 31, 32, 33, 34

were read on this motion to/for VACATE - DECISION/ORDER/JUDGMENT/AWARD.

BACKGROUND

On June 7, 2021, the Commissioners of the State Insurance Fund (“NYSIF”) commenced this action for breach of contract against Strekte Corp. (“Strekte”) seeking damages for the alleged nonpayment of \$120,802.37 in insurance premiums to the New York State Insurance Fund.

On October 19, 2021, Strekte filed an answer denying the nonpayment of insurance premiums totaling \$120,802.37 (NYSCEF Doc No. 11).

On March 3, 2023, the parties filed a stipulation of settlement (NYSCEF Doc No. 16) with the Court indicating that the action had settled between the parties pursuant to the terms of a March 1, 2023, confidential settlement agreement (“the Settlement”).

On October 24, 2025, Strekte moved for an order to vacate paragraph five (“Paragraph Five”) of the Settlement as violative of public policy. Paragraph 5 of the Settlement reads:

Plaintiff [NYSIF] hereby acknowledges and agrees that Defendant [Strekte] . . . [is] hereby released and discharged from all actions, causes of action, suits, debts, dues,

sums of money, accounts, reckonings, bonds, bills, specialties, covenants, contractors, controversies, agreements, promises, variances, trespasses, damages, judgments, extents, executions, claims and demands, whatsoever, in law, admiralty or equity, which against [Strekte], [NYSIF] . . . ever had, now [has], or hereafter can, shall or may have for upon or by reason of any matter, cause or thing whatsoever from the beginning of the world to the date of this Agreement concerning all claims or disputes made or which could have been made in connection with the workers' compensation policy afforded to [Strekte] Notwithstanding the foregoing, [NYSIF] hereby reserves and retains its rights pursuant to Section 93 (b) and (c) of the Workers' Compensation Law of the State of New York, as provided by law, if applicable. (NYSCEF Doc No. 29 at 2–3, ¶ 5).

The Court denies Strekte's motion for the reasons set forth below.

DISCUSSION

The Court denies Strekte's motion to set aside Paragraph Five of the Settlement

Stipulations of settlement “are favored by the courts and not lightly cast aside” (*Clark v Bristol-Myers Squibb & Co.*, 306 AD2d 82, 84 [1st Dept 2003]). Relief will be granted to a party seeking to vacate a settlement only upon a showing of “cause sufficient to invalidate a contract, such as fraud, collusion, mistake or accident” (*Prince v Great Am. Ins. Co.*, 186 AD2d 422, 422 [1st Dept 1992], quoting *Hallock v State of New York*, 64 NY2d 224, 230 [1984]).

Strekte asks the Court to invalidate the last sentence of Paragraph Five of the Settlement because it violates the public policy of this State. The Court disagrees.

In New York, freedom of contract “is deeply rooted in public policy” (*J.P. Morgan Sec. Inc. v Vigilant Ins. Co.*, 21 NY3d 324, 334 [2013]). Parties may generally contract as they wish, and the courts “will enforce their agreements without passing on the substance of them” (*New England Mut. Life Ins. Co. v Caruso*, 73 NY2d 74, 81 [1989]). The courts have “no power to invalidate . . . contracts because of their subjective view of what is sound policy or good policy” (*In re Estate of Walker*, 64 NY2d 354, 359 [1985]). When courts examine public policy, courts look to “the law of the state, whether found in the Constitution, the statutes or judicial records”

(*People v Hawkins*, 157 NY 1, 12 [1898]). An agreement is unenforceable as against public policy “only when statute or public policy dictates that the interest in freedom to contract is outweighed by an overriding interest of society” (*Caruso*, 73 NY2d at 81).

Workers’ Compensation Law § 93 reads:

(a) If a policyholder shall default in any payment required to be made by him to the state insurance fund after due notice, his insurance in the state fund may be cancelled and the amount due from him shall be collected by civil action brought against him in any county wherein the state insurance fund maintains an office in the name of the commissioners of the state insurance fund and the same when collected, shall be paid into the state insurance fund, and such policyholder’s compliance with the provisions of this chapter requiring payments to be made to the state insurance fund shall date from the time of the payment of said money to the state insurance fund.

(b) An employer, whose policy of insurance has been cancelled by the state insurance fund for non-payment of premium and assessments or withdraws pursuant to section ninety-four of this article, is ineligible to contract for a subsequent policy of insurance with the state insurance fund while the billed premium on the cancelled policy remains uncollected. However, the state insurance fund shall have discretion to issue a new policy to such employer by consenting to a payment plan for the employer to pay off the balance on the prior policy provided that (1) any required payroll audit or self-audit has been completed at the time the new policy is issued, (2) the employer’s prior payment and policy history meet the state insurance fund’s underwriting standards, (3) the employer has demonstrated the ability to pay the deposit premium on the new policy and the first installment of the balance due on the prior cancelled policy prior to issuance of the new policy, and (4) the employer has demonstrated the ability to pay the overdue balance from the prior cancelled policy by installments as determined by the state insurance fund together with payments on the new policy within twelve months from the date the new policy is issued. If an employer is issued a new policy pursuant to this subdivision, such employer shall be required to make the final payment on such overdue balance within twelve months from the date the new policy is issued. If the employer defaults on payment for either the new policy or the balance due from the prior cancelled policy, the employer’s new policy is subject to cancellation for non-payment of premium as provided under this chapter. If the new policy issued pursuant to this subdivision is cancelled, the employer shall be ineligible for an additional policy until all amounts due from all prior cancelled policies have been paid.

(c) The state insurance fund shall not be required to write a policy of insurance for any employer which is owned or controlled or the majority interest of which is owned or controlled, directly or indirectly, by any person who directly or indirectly owns or controls or owned or controlled at the time of cancellation an employer

whose former policy of insurance with the state insurance fund was cancelled for non-payment of premium and assessments or withdraws pursuant to section ninety-four of this article or who is or was at the time of cancellation the president, vice-president, secretary or treasurer of such an employer until the billed premium on the cancelled policy is paid. The state insurance fund shall have discretion to write a policy to such an employer using the same terms as applicable to writing a policy of insurance to a former policyholder that owes a balance on a prior policy as provided under subdivision b of this section. (Workers' Compensation Law § 93(a)–(c)).

Strekte's moving papers cite no authority from statute or case law that directly governs whether settlement provisions like those in Paragraph Five are expressly prohibited by this State's public policy. Strekte rather delves deeply into the legislative history of the Workers' Compensation Law, arguing that this Court should invalidate a privately negotiated settlement agreement because the terms of the settlement run contrary to the Legislature's broad public policy objective to increase workers' compensation insurance coverage in this State. However, when "statutory language is unambiguous, a court need not resort to legislative history" (*Matter of Walsh v New York State Comptroller*, 34 NY3d 520, 524 [2019]).

Contrast the lack of any statutory directives bearing upon the present Settlement agreement with others that expressly prohibit settlements and other agreements based on public policy concerns (*see e.g.* General Obligations Law § 5-336 [*prohibiting employers from introducing confidentiality conditions into a settlement for workplace discrimination or harassment unless such condition is the complainant's preference*]; General Obligations Law § 5-322.1 [*making provisions in construction contracts illegal and unenforceable when they require a subcontractor to indemnify a contractor for the contractor's own negligence*]; General Obligations Law § 5-321 [*providing that agreements exempting landlords from liability for personal injuries caused by the negligence of the landlord are void*]).

The legislative history is silent as to the whether provisions of settlements such as those in Paragraph Five are unenforceable as against public policy. For the Court to vacate Paragraph Five of the Settlement based on overarching public policy concerns from the legislative history of the Workers' Compensation Law would substitute the Court's "subjective view of what is sound policy or good policy" in place of the freely negotiated Settlement agreement (*see In re Estate of Walker*, 64 NY2d 354, 359).

The Court thus denies Strekte's motion to vacate Paragraph Five of the Settlement because Strekte fails to raise any legal authority demonstrating "cause sufficient to invalidate" the Settlement (*Prince v Great Am. Ins. Co.*, 186 AD2d 422, 422 [1st Dept 1992]).

The Court has considered the remaining relief requested and finds the request for same unavailing.

CONCLUSION

WHEREFORE, it is hereby:

ORDERED that the motion of Strekte Corp. is denied in its entirety; and it is further

ORDERED that, within twenty (20) days from entry of this order, defendant shall serve a copy of this order with notice of entry on the Clerk of the General Clerk's Office (60 Centre Street, Room 119, New York, NY 10007); and it is further

ORDERED that such service upon the Clerk shall be made in accordance with the procedures set forth in the *Protocol on Courthouse and County Clerk Procedures for Electronically Filed Cases* (accessible at the "E-Filing" page on the court's website at the address www.nycourts.gov/supctmanh).

This constitutes the decision and order of this Court.



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12/12/2025
DATE

SABRINA KRAUS, J.S.C.

CHECK ONE:

CASE DISPOSED
 GRANTED DENIED

NON-FINAL DISPOSITION

APPLICATION:

SETTLE ORDER

GRANTED IN PART

OTHER

CHECK IF APPROPRIATE:

INCLUDES TRANSFER/REASSIGN

SUBMIT ORDER

FIDUCIARY APPOINTMENT

REFERENCE