



LEGISLATIVE POSITION

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Auto insurance surcharges

PIANY supports the restoration of the insurance superintendent's authority to increase the statutory threshold for auto insurance surcharges.

Memorandum in support of: S.2683—by Sen. Seward

An act to amend the Insurance Law and Chapter 277 of the Laws of 2010 amending the Insurance Law relating to prohibiting surcharges for certain automobile accidents; in relation to motor vehicle liability insurance rates.

This bill would remedy certain technical issues which have arisen in the implementation of Chapter 277 of the Laws of 2010. Specifically, this bill would clarify that the \$2,000 accident surcharge threshold is applicable to accidents occurring on or after March 1, 2011. This bill also would restore the superintendent of insurance's authority to amend the surcharge threshold by regulation.

After months of advocacy by both PIANY members and staff, Gov. David A. Paterson signed into law Chapter 277 on July 30, 2010. The new law added a new Insurance Law Section 2335(a) which prohibits an insurer from increasing an insured's policy premium solely because the insured has had an accident that does not result in aggregate damage to property in excess of \$2,000. An insurer may still impose a surcharge if the accident results in bodily injury or if an insured has more than one accident in the insurer's filed and approved merit-rating experience period. PIANY argued in favor of this new law, citing the fact that the current threshold had not been increased since 1991, while repair costs on new vehicles continued to skyrocket. This combination led to a state where nearly any automobile accident—even the slightest fender-bender—resulted in expensive surcharges.

For many of the same reasons, PIANY supports this new proposal to remedy the technical issues which have arisen in the implementation of Chapter 277 of the Laws of 2010. Specifically, this bill would clarify that the \$2,000 accident surcharge threshold is applicable to accidents occurring on or after March 1, 2011. This bill also would restore the superintendent of insurance's authority to amend the surcharge threshold by regulation.

For all of these reasons, PIANY supports this legislation and urges its adoption.