



LEGISLATIVE POSITION

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An act to amend the Insurance Law, in relation to requiring insurers of property to eliminate from the claims record of an insured, any claim of loss made and paid in good faith, which is discovered to be false and the proceeds of such claim are repaid to the insurer.

PIANY supports the additional protections for their clients who have purchased homeowners and personal auto policies embodied in this proposal.

Memorandum in support of: A.5336—by M. of A. Englebright
S.2935—by Sen. Flanagan

Background: Insurers and third-party data collection firms increasingly record, save and report information about communications by insurance clients. This includes records of conversations between clients and agents or company claim centers, where the policyholder is simply asking a question about coverage under the policy, not reporting a claim. Records also persist where a client reports an incident that does not result in a claim being paid.

Such questions or reports can stay on a consumer's record for years. Sometimes, they cause an insurance company to nonrenew a policy or increase the premium. Or, they can be accessed and used by a prospective new insurer to deny coverage.

PIANY believes such adverse actions discourage policyholders from freely communicating their questions and providing timely notice of occurrences which they believe may never develop into a claim. Fear also may cause the policyholder to pay losses out-of-pocket that would be legitimate claims under coverage they have paid for. So, deterring free communication can have dire consequences for the policyholder.

This legislation takes an important step in the right direction by protecting consumers by requiring the removal from an insurer's record of claims any claim paid for lost property which was subsequently found to be not lost and the insured reimbursed the insurer for the claim.

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