



NEW YORK

News Release

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PIANY supports no-fault reform at N.Y. state Senate hearing

GLENMONT, N.Y. — The Professional Insurance Agents of New York State Inc. argued for no-fault reform in New York state at today's New York State Senate Standing Committee on Insurance hearing on the issue in Albany.

PIANY President Kevin M. Ryan, CIC, reiterated the association's long-standing support for the system, but addressed the need for reform: "Our member agents have been well-served by the state's adoption of no-fault, as such policies were able to more quickly prove their value in the event of an accident. However, insurance costs in New York state have reached record highs, as a direct result of the abuse of the no-fault system. It's clear that the time has come for true, comprehensive reform to the system in order to fight the epidemic of insurance fraud."

A recent Insurance Information Institute analysis found that New York's automobile insurers saw their typical no-fault payment for the medical care of accident victims rise by 56 percent in the second quarter of 2009. As a result, the costs associated with fraud and abuse of the state's no-fault system are borne by insurance consumers, who now have the second highest premium rates in the country, 111 percent higher than the U.S. average.

Ryan explained to the committee how such abuse was possible: "Unfortunately, the very strengths of the no-fault system, such as expedited payment without needing to prove responsibility for an accident, also make it a target for the unscrupulous, as staged accidents, medical mills and dishonest health-care providers and attorneys exploit the system for personal gain."

(more)

PIANY supports a number of changes to no-fault policy, including:

1. **Requiring the use of medical guidelines** for specific auto-related injuries to reduce over-treatment and unnecessary procedures;
2. **Requiring that disputes be resolved by arbitration** to speed up the resolution of claims and avoid the costs and uncertainty of a trial;
3. **Permitting those with claims for less than \$5,000 to submit proof based on a doctor's sworn affidavit** instead of requiring physicians to appear in person;
4. **Strengthening the penalty for acting as a runner** and facilitating fraudulent transactions to a felony;
5. **Raising the burden of proof for receipt of no-fault benefits** by requiring the plaintiff to produce a witness with personal knowledge of the facts alleged in the complaint; and
6. **Overturn the New York State Court of Appeals decision in *Presbyterian Hospital v. Maryland Cas. Co.***, which held that failure to pay or deny claims within the statutory 30-day period effects a waiver of essentially all defenses an insurance company would otherwise have to paying such claims, rendering insurance companies virtually defenseless in subsequent actions.

Ryan concluded by reminding the committee of the necessity for change: “We believe a comprehensive reform of the regulation, combined with the adoption of key legislative changes long advocated by PIANY, will benefit the vast majority of honest insureds and claimants, and strengthen insurers’ hands in investigating suspected fraud.”

PIANY is a trade association representing professional, independent insurance agencies, brokerages and their employees throughout the state.