



LEGISLATIVE POSITION

PROFESSIONAL INSURANCE AGENTS OF NEW YORK STATE INC.

25 Chamberlain St.
PO Box 997
Glenmont, NY
12077-0997
(518) 434-3111
(800) 424-4244

**LEGISLATIVE
REPRESENTATIVE**
The Roffe Group P.C.

**DIRECTOR OF
GOVERNMENT &
INDUSTRY AFFAIRS**
Bradford J. Lachut, Esq.

**EXECUTIVE
DIRECTOR**
Kelly K. Norris, CAE

**Memorandum in support of: S.6028—by Sen. Breslin
A.6877—by MOA Zebrowski**

AN ACT to amend the Insurance Law, in relation to inspections of private-passenger automobiles prior to the provision of coverage for physical damage thereto

PIANY supports this legislation that would allow automobile insurance companies to waive the photo inspection requirement for some or all insured vehicles when the insurance policy includes coverage for physical damage.

Under current law, drivers in New York must obtain an inspection of their vehicle within 14 days of obtaining physical damage coverage for their vehicle. The inspection entails bringing their vehicle to a designated inspection site operated by a third party, who then takes photographs of the vehicle with a standard tablet, digital camera or other readily available device with a built-in camera function.

These requirements were put into place in 1977 to curb insurance fraud in New York City. However, since New York Insurance Law Section 3411 and Regulation 79 went into effect, insurance companies have developed far more advanced methods to verify coverage and underwrite policies. Technological advancements have made it far easier for individuals to document and submit information directly to insurance companies as requested, rendering such specific legal requirements obsolete. Starting in 1981, standard vehicle identification numbers were required to be included for all on-road vehicles. The standardization of VINs has allowed for easier tracking of vehicles. For example, the federal government requires uniform salvage disposal, which requires insurers to report vehicles that are determined to be a total loss to the New York State Department of Motor Vehicles. In addition, insurance companies utilize ClaimSearch, a central registry for all property damage claims. Insurers are required to check this database before paying a claim. These are just two of the advancements in technology that have rendered the photo inspection requirement unnecessary.

Despite photo inspections being unnecessary, there are real consequences if not performed. New York law requires an insurance company to cease physical damage coverage for any driver who fails to obtain the inspection within the 14-day time frame. Drivers would have already paid for the coverage and may not be aware of the abrupt cancellation. This creates a high risk that they may not have the coverage in place that they already purchased.

Unfortunately, it can be very difficult for drivers to get these inspections completed. For many New Yorkers, the nearest inspection site can be more than 20 miles away with limited availability—hours during which these sites do photo

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inspections are often limited to a few hours a day a couple times a week. This places an unnecessary burden on the driver who will spend more than two-to-three times the amount of time driving to and from the inspection site than it takes to complete the inspection. There are additional problems once a driver gets to the inspection site. CARCO—the company solely responsible for processing these photos—has made changes to their processes and now requires the use of an app. Drivers, or their representatives, can no longer take photos from their phone and go back to office to upload on the computer. The photos must now be taken on a tablet device and uploaded immediately while the insured waits and signs off. Unreliable internet in many areas of the state has made it impossible for many to engage in this new process. It is very time-consuming for the customer, as they now must wait and sign off. Additionally, the photos must be taken exactly at the corners of the vehicle or it will not process correctly, in which case they would have to start the process over again.

The proposed legislation provides insurance companies the opportunity to waive the New York Insurance Law Section 3411 and Regulation 79 verification requirements to provide physical damage coverage for drivers. Insurance companies that no longer find a need for the independent verification for vehicles may cease to require the inspections, improving consumer experience and ensuring drivers have the coverages they paid for.

For these reasons, PIANY supports this legislation to allow insurance companies to better structure their policies to reflect current technology and greatly improve the process of obtaining physical damage coverage for drivers across the state.