



LEGISLATIVE POSITION

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**Memorandum in support of: S.5331—by Sen. Bailey
A.4404—by MOA Weprin**

AN ACT to amend the Vehicle and Traffic Law, in relation to establishing an online insurance verification system for motor vehicle insurance; and to repeal certain provisions of such law relating to motor vehicle insurance and funds for a certain pilot database system.

The Professional Insurance Agents of New York State Inc. (PIANY) strongly supports S.5331/A.4404, legislation that would establish a real-time online insurance verification system for motor vehicle insurance. This bill would modernize New York's outdated system, ensuring that insured drivers are not mistakenly identified as uninsured due to processing delays.

Why this legislation is necessary

New York's current insurance verification process relies on periodic updates between insurers and the Department of Motor Vehicles. These updates often do not reflect real-time policy status, leading to errors where insured drivers appear uninsured. Such errors can result in unwarranted fines and registration suspensions. Not to mention frustrating interactions with law enforcement, including potential vehicle impoundment.

The current system also increases administrative burdens for insurance agents and carriers, who must help resolve mistaken insurance lapse notices.

A real-time verification system would eliminate these gaps, ensuring that law enforcement, DMV personnel, and other authorized officials can access up-to-date coverage information instantly.

How real-time verification benefits consumers and agents

This modernization effort would significantly improve the insurance process for agents, insurers, and consumers. The current system's reliance on manual data transfers and batch updates can cause insured individuals to be incorrectly flagged as uninsured. Real-time verification would eliminate this issue. Agents often spend valuable time helping clients resolve DMV errors related to insurance coverage. With instant verification, the need for follow-up calls, document resubmissions, and corrections would decrease. Since insurers would provide direct access to policy information, accuracy and compliance would improve, benefiting both consumers and the industry. Adopting a real-time verification system, would also bring New York in line with current best practices. Already 18 states, including California and Illinois, have successfully implemented similar systems. New York must modernize its approach to avoid unnecessary complications for insured drivers.

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Modernize New York's insurance verification system

For these reasons, PIANY strongly urges legislators to pass S.5331/A.4404 to bring New York's insurance verification system into the modern era. By eliminating administrative inefficiencies, protecting insured drivers, and reducing unnecessary enforcement actions, this legislation would create a fairer and more effective process for verifying auto insurance coverage.