PIANY’s 2020 Legislative Priorities

The Professional Insurance Agents of New York State Inc. is a voluntary, membership-based professional association representing independent property/casualty insurance agents. We are your neighbors, who provide valuable insurance coverage to protect the homes, businesses and automobiles of the citizens of New York state.

PIANY serves member insurance agencies that do business in every New York state community. In every city, town and village, PIANY members are business owners who employ more than 20,000 insurance professionals and provide insurance for more than two million households and 750,000 businesses, governmental units and other organizations.

PIANY’s 2020 legislative issues serve to protect insurance consumers.

Repeal of the anti-arson application requirement in New York City

S.5126, Sanders/A.1167, D. Rosenthal—Repeals provisions relating to mandatory anti-arson applications

PIANY supports repeal of Section 3403 of the Insurance Law, which directed the New York State Department of Financial Services’ superintendent of insurance to create an “anti-arson application.” In the late 1970s, increased arson activity in some major cities prompted the Legislature to create the law.

Under Section 3403, certain people who want to cover their property from damage caused by fire or explosions have to complete this application annually. Many insureds either forget or simply fail to complete the form in time—not due to fraudulent activity, but simply an administrative lapse by the property owner. When an agent, broker or insurer fails to receive the completed and signed application, the law requires the insurer to cancel the policy, which creates a significant unnecessary expense and gaps in coverage for the named insured.

The need for the application was made irrelevant by legislation enacted in 1996, which requires insurers to file plans with the DFS regarding how they intend to detect, investigate and prevent fraudulent insurance activities. Since then, insurers have engaged in fraud prevention methods that are far more effective than the application form.

Currently, New York City is the only municipality in the state in which insureds are required to complete the anti-arson application.

NYSIF—Elimination of 30-day rule

S.3516, Breslin/A.4350, Zebrowski—Relates to the requirement for policyholders to provide 30 days’ notice to withdraw from the NYSIF

The New York State Insurance Fund is the largest single carrier of workers’ compensation insurance in the state, with approximately 40% of the market. Although it is a quasi-public agency, NYSIF was intended by the Legislature to be treated like a private insurance company. Despite this fact, NYSIF is not licensed by the New York State Department of Financial Services, or subject to the department’s oversight and regulation.

Currently, New York state law requires policyholders to provide 30 days’ advance written notice to NYSIF prior to canceling a policy—a requirement that is particularly onerous to New York’s small businesses. No other workers’ compensation carrier requires this notice.

The bill would establish a more even playing field between NYSIF and the admitted marketplace for workers’ compensation insurance, and it would afford businesses flexibility to move their insurance policies to more competitive products easily without bearing excessive penalties.

Authorize the NYSIF to pay commissions to licensed brokers

S.3753, Breslin/A.6831, Ryan—Relates to providing a commission schedule to pay licensed insurance brokers for service provided to clients who obtain coverage through the Fund

This bill would place the NYSIF on even footing with other insurers providing workers’ compensation insurance by providing for an appropriate commission schedule—allowing it to pay licensed brokers for services provided to their clients who obtain coverage through the Fund. Currently, brokers are not compensated when placing a workers’ compensation policy with the NYSIF.

(Continued on reverse)
Consumer protections from carrier ‘bait-and-switch’ activities
S.3641, Breslin/A.7901, Cahill—Requires third-party verification of driving history when used as a rating or underwriting factor

A growing trend in the auto insurance marketplace is the practice by some insurers to rerate policies post-binding after running the individual’s motor vehicle report. Often, this leads to a situation in which a policyholder’s premium is increased substantially shortly after the policy is bound. In many cases, policyholders have no idea when they agree to the terms and the price of the policy, that the policy could be rerated and premiums could increase.

Colloquially, this practice is known as “bait-and-switch.” PIANY is aware of how damaging this practice can be and is committed to addressing this issue in a way that will protect consumers from a predatory practice and ensure a level playing field for producers.

Coastal homeowners insurance— standardization of hurricane deductible triggers
S.3324, LaValle/A.2902, Pheffer Amato—Makes provisions with respect to notices of homeowners deductible triggers for hurricane windstorms

PIANY believes reasonable standards for uniformity in the triggering and operation of hurricane windstorm deductibles for coastal homeowners must be established. Doing so would promote clear understanding for policyholders of how their policy will respond, while maintaining insurance carriers’ ability to apportion hurricane risk between insurers and policyholders, with freedom to adjust deductibles. Despite the display of deductible amounts in the policy declarations, the majority of policyholders are unaware that different insurance companies have different windstorm triggers. Ultimately, it is the triggering event that determines whether a windstorm deductible applies to a policyholder’s loss and, therefore, the windstorm trigger has substantial effect on out-of-pocket costs for homeowners.

Reform automobile photo inspection requirements
S.810, Lanza/A.2812, Zebrowski (MS)—Authorizes insurers to allow insureds to take and submit photographs of their automobile for purposes of the issuance or renewal of a policy of automobile physical damage insurance

PIANY has worked on this issue for many years, and will continue to try to make this process easier for consumers who currently must take their automobile to an authorized location to have the photos taken or have their physical damage insurance canceled.

Other priorities include:

• Continuing-education credits for association members
S.4365, Breslin/A.5922, Hunter—Relates to authorizing the superintendent of financial services to grant three credit hours of continuing education for a licensee’s active membership in a statewide professional insurance producer association

This bill has passed both houses and is awaiting delivery to the governor.

• Excess-line reform
S.769, Breslin—Relates to permitting certain insurance coverage be placed by licensed excess-line brokers and unaffiliated wholesalers without regard to the diligent effort requirement and simplifies the affidavit requirement

• Scaffold Law/tort reform
PIANY continues to advocate for reform of New York’s Scaffold Law both independently and through the Lawsuit Reform Alliance of New York State.

*Bill numbers are from the 2019 session.