

# STATE OF NEW YORK

6335

2021-2022 Regular Sessions

## IN ASSEMBLY

March 16, 2021

Introduced by M. of A. GUNTHER -- read once and referred to the Committee on Transportation

AN ACT to amend the vehicle and traffic law, in relation to establishing an online insurance verification system for proof of insurance

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

1 Section 1. Short title. This act shall be known and may be cited as  
2 the "New York state vehicle insurance verification act".

3 § 2. The vehicle and traffic law is amended by adding a new section  
4 312-b to read as follows:

5 § 312-b. Online insurance verification system of motor vehicle insur-  
6 ance. 1. The commissioner shall establish a system for the online  
7 verification of insurance. Information available in the online insurance  
8 verification system shall be provided by motor vehicle insurers pursuant  
9 to section three hundred twelve-c of this article. The online insurance  
10 verification system shall be the only verification system used to verify  
11 evidence of mandatory vehicle insurance as required by section three  
12 hundred twelve of this article. The commissioner shall consult with  
13 representatives of the insurance industry and private service providers  
14 in determining the objectives, details and deadlines related to the  
15 online insurance verification system.

16 2. The online insurance verification system shall include, at a mini-  
17 mum, the ability to:

18 (a) send requests to insurers for verification of evidence of insur-  
19 ance via web services established by the insurers, through the internet,  
20 or a similar proprietary or common carrier electronic system, in compli-  
21 ance with the specifications and standards of the insurance industry  
22 committee on motor vehicle administration;

23 (b) include appropriate provisions to secure data against unauthorized  
24 access and the department shall maintain a historical record of the  
25 system data for six to twelve months from the date of all requests and  
26 responses;

27 (c) be utilized for verification of the evidence of mandatory liabil-  
28 ity insurance coverage as prescribed by the laws of the state and shall

EXPLANATION--Matter in italics (underscored) is new; matter in brackets  
[-] is old law to be omitted.

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1 be accessible to authorized personnel of the department, the courts, law  
2 enforcement, and any other entities authorized by the state as permitted  
3 by any state or federal privacy laws, and the online insurance verifica-  
4 tion system shall be interfaced, wherever appropriate, with existing  
5 state systems;

6 (d) include information which shall enable the department to make  
7 inquiries to insurers for evidence of insurance that is consistent with  
8 the insurance industry committee on motor vehicle administration recom-  
9 mendations, including specifications and standards that utilize multiple  
10 data elements for greater matching accuracy from the national associ-  
11 ation of insurance commissioners, vehicle identification numbers, policy  
12 numbers, or as described in the specifications and standards of the  
13 insurance industry committee on motor vehicle administration; and

14 (e) respond to each request for insurance information within a reason-  
15 able amount of time which shall be determined by the commissioner and  
16 the online insurance verification system shall be capable of responding  
17 within the time established.

18 3. (a) Nothing in this section shall prohibit the commissioner from  
19 contracting with a private service provider or providers who have  
20 successfully implemented similar online insurance verification systems  
21 in other states or to assist in establishing and maintaining such system  
22 in this state.

23 (b) The commissioner and any private service provider shall each sepa-  
24 rately maintain a contact person for insurers during the establishment,  
25 implementation and operation of the online insurance verification  
26 system.

27 4. The commissioner shall publish for comment and then post a detailed  
28 guide of the online insurance verification system on the department's  
29 website.

30 5. Within two years after the online insurance verification system is  
31 installed and fully operational, the commissioner, after consultation  
32 with insurers, shall prepare and submit to the governor, the temporary  
33 president of the senate, the speaker of the assembly, the minority lead-  
34 er of the senate and the minority leader of the assembly a report  
35 containing the costs of the online insurance verification system  
36 incurred by the department, insurers and the public and the effective-  
37 ness of the such system in reducing the number of uninsured motor vehi-  
38 cles.

39 6. The online insurance verification system shall be installed and  
40 fully operational by December thirty-first, two thousand twenty-two and  
41 shall undergo an appropriate testing and pilot period of not less than  
42 nine months. Until the successful completion of the testing and pilot  
43 period, no enforcement action shall be taken based on the online insur-  
44 ance verification system.

45 § 3. The vehicle and traffic law is amended by adding a new section  
46 312-c to read as follows:

47 § 312-c. Insurer responsibilities for the online insurance verifica-  
48 tion system. 1. (a) Insurers shall coordinate with the commissioner in  
49 establishing and maintaining the online insurance verification system  
50 established pursuant to section three hundred twelve-b of this article,  
51 and shall provide access to motor vehicle insurance policy status infor-  
52 mation as provided by any rules and regulations promulgated by the  
53 commissioner.

54 (b) Every insurer that is licensed to issue motor vehicle insurance  
55 policies or is authorized to do business in the state shall comply with  
56 this section and section three hundred twelve-b of this article for

1 verification of evidence of vehicle insurance for every vehicle insured  
2 by that insurer in the state as required by the rules and regulations  
3 promulgated by the commissioner.

4 (c) Insurers shall maintain a historical record of the online insur-  
5 ance verification system data for a maximum period of six months from  
6 the date any request and response is made.

7 (d) Insurers shall respond to requests from the online insurance  
8 verification system within the time period prescribed by the specifica-  
9 tions and standards set by the insurance industry committee on motor  
10 vehicle administration.

11 2. (a) This section shall not apply to vehicles insured under commer-  
12 cial auto coverage, however insurers of such vehicles may participate on  
13 a voluntary basis.

14 (b) Insurers shall provide commercial automobile customers with  
15 documentation that the vehicle is insured under a commercial auto poli-  
16 cy. Documentation shall be an insurance identification card clearly  
17 marked in the title with the following, "Commercial Auto Insurance Iden-  
18 tification Card".

19 (c) For the purposes of this subdivision, "commercial auto coverage"  
20 shall be defined as any coverage provided to an insured, regardless of  
21 the number of vehicles or entity covered under the commercial auto  
22 coverage and rated from a commercial manual approved by the department  
23 of financial services.

24 3. Insurers shall be immune from any civil and administrative liabil-  
25 ities for a good faith effort to comply with this section or section  
26 three hundred twelve-b of this article.

27 4. Nothing in this section shall prohibit an insurer from using the  
28 services of a third-party vendor or provider in order to comply with the  
29 online insurance verification system required by sections three hundred  
30 twelve and three hundred twelve-b of this article.

31 5. The commissioner shall promulgate any rules and regulations neces-  
32 sary to accommodate insurers that write a limited number of policies in  
33 the state and such insurers that would be unduly burdened by this  
34 section.

35 § 4. Subdivision 1 of section 312 of the vehicle and traffic law is  
36 amended by adding a new paragraph (c) to read as follows:

37 (c) (i) When the department has evidence that a motor vehicle has been  
38 or is currently being operated without insurance, the owner's vehicle  
39 registration may be suspended or revoked. The current registration shall  
40 not be reinstated and new registration shall not be issued unless  
41 evidence of insurance has been provided to the department and any appli-  
42 cable reinstatement fees as prescribed by the department have been paid.  
43 Any applicable fees are in addition to any other fines, penalties and  
44 fees required by law.

45 (ii) When the department has evidence that a vehicle owner does not  
46 have valid vehicle insurance as required by this section, the department  
47 may also request that an insurer verify the existence of an automobile  
48 liability insurance policy in a form approved by the commissioner, no  
49 later than seven days from the date that the request is made.

50 § 5. This act shall take effect one year after it shall have become a  
51 law. Effective immediately, the addition, amendment and/or repeal of any  
52 rule or regulation necessary for the implementation of this act on its  
53 effective date are authorized to be made on or before such date.