

# STATE OF NEW YORK

4871--A

2021-2022 Regular Sessions

## IN SENATE

February 17, 2021

Introduced by Sen. BRESLIN -- read twice and ordered printed, and when printed to be committed to the Committee on Transportation -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

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

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. Paragraphs (b), (c) and (d) of subdivision 2 and subdivision 4 of  
4 section 313 of the vehicle and traffic law are REPEALED.

5 § 3. Paragraph (d) of subdivision 3 of section 317 of the vehicle and  
6 traffic law is REPEALED.

7 § 4. The vehicle and traffic law is amended by adding a new section  
8 312-b to read as follows:

9 § 312-b. Online insurance verification system of motor vehicle insur-  
10 ance. 1. The commissioner shall establish a system for the online  
11 verification of insurance. Information available in the online insurance  
12 verification system shall be provided by motor vehicle insurers pursuant  
13 to section three hundred twelve-c of this article. Notwithstanding any  
14 other provision of law or regulation to the contrary, the online insur-  
15 ance verification system shall be the only verification system used to  
16 verify evidence of mandatory vehicle insurance as required by section  
17 three hundred twelve of this article. The commissioner shall consult  
18 with representatives of the insurance industry and private service  
19 providers in determining the objectives, details and deadlines related  
20 to the online insurance verification system.

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

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1 2. The online insurance verification system shall include, at a mini-  
2 imum, the ability to:

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

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

12 (c) be utilized for verification of the evidence of mandatory liabil-  
13 ity insurance coverage as prescribed by the laws of the state and shall  
14 be accessible to authorized personnel of the department, the courts, law  
15 enforcement, and any other entities authorized by the state as permitted  
16 by any state or federal privacy laws, and the online insurance verifica-  
17 tion system shall be interfaced, wherever appropriate, with existing  
18 state systems;

19 (d) include information which shall enable the department to make  
20 inquiries to insurers for evidence of insurance that is consistent with  
21 the insurance industry committee on motor vehicle administration recom-  
22 mendations, including specifications and standards that utilize multiple  
23 data elements for greater matching accuracy from the national associ-  
24 ation of insurance commissioners, vehicle identification numbers, policy  
25 numbers, or as described in the specifications and standards of the  
26 insurance industry committee on motor vehicle administration; and

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

31 3. The commissioner, in conjunction with the superintendent of state  
32 police and local law enforcement officials, shall formulate a means to  
33 allow the online insurance verification system to be easily accessible  
34 to on-duty law enforcement personnel in the performance of their offi-  
35 cial duties for the purpose of verifying whether an operator of a motor  
36 vehicle maintains proper insurance coverage and to increase compliance  
37 with the motor vehicle financial security laws under this article and  
38 article eight of this title.

39 4. (a) The commissioner shall develop a computer bar code system that  
40 can be imprinted on a vehicle registration sticker or on a sticker to be  
41 affixed to the insured's license plate either simultaneously or after  
42 the online insurance verification system has been established.

43 (b) Such computer bar code shall enable authorized persons in the  
44 performance of their official duties to access information such as the  
45 registrant's name, vehicle identification number, name of insurer,  
46 current status of premium payment, driver's license number, vehicle  
47 registration number and other information that the commissioner deems  
48 necessary to implement the provisions of this section. The commissioner  
49 in developing such bar code system shall enable authorized persons in  
50 the performance of their official duties to access only such information  
51 that is necessary to detect uninsured motor vehicles or accomplish other  
52 goals clearly established and authorized by law. Such system shall be  
53 designed to protect the personal privacy interests of motorists, and  
54 shall at a minimum include security features used in PDF417 technology  
55 or greater.

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

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

10 6. The commissioner shall publish for comment and then post a detailed  
11 guide of the online insurance verification system on the department's  
12 website.

13 7. Within two years after the online insurance verification system is  
14 installed and fully operational, the commissioner, after consultation  
15 with insurers, shall prepare and submit to the governor, the temporary  
16 president of the senate, the speaker of the assembly, the minority lead-  
17 er of the senate and the minority leader of the assembly a report  
18 containing the costs of the online insurance verification system  
19 incurred by the department, insurers and the public and the effective-  
20 ness of the such system in reducing the number of uninsured motor vehi-  
21 cles.

22 8. The online insurance verification system shall be installed and  
23 fully operational within eighteen months after the effective date of  
24 this section and shall undergo an appropriate testing and pilot period  
25 of not less than nine months. Until the successful completion of the  
26 testing and pilot period, no enforcement action shall be taken based on  
27 the online insurance verification system.

28 9. Notwithstanding any other provision of law or regulation to the  
29 contrary, the provisions to secure data against unauthorized access  
30 required pursuant to paragraph (b) of subdivision two of this section  
31 shall require the following:

32 (a) The information obtained by the department pursuant to this  
33 section shall be deemed confidential and proprietary information and  
34 shall not be deemed to be a public record subject to disclosure pursuant  
35 to the public officers law.

36 (i) Such information shall not be used, sold, accessed, utilized in  
37 any manner or released by the department to any person, corporation, or  
38 state and local agency, unless explicitly authorized to be released to  
39 parties that are entitled to such information pursuant to this section.

40 (ii) Such information may be released to another state or local agency  
41 or other persons if the department, insurer and attorney general all  
42 consent to the release of a certain type, class or classification of  
43 information.

44 (iii) The department shall institute appropriate measures to ensure  
45 that only authorized persons are permitted to access such information  
46 for the purposes specified by this section.

47 (b) Persons who knowingly release or disclose information from the  
48 online insurance verification system for a purpose other than those  
49 described as authorized by this section or to a person not entitled to  
50 receive it shall be guilty of a misdemeanor for each such release or  
51 disclosure.

52 (c) The department shall continue to release information that it  
53 currently discloses to the public such as motor vehicle registration and  
54 title abstracts, other reports concerning a motor vehicle operators'  
55 driving history and insurance claims history, and information to a

1 person or persons suffering a loss or injury due to a motor vehicle  
2 accident in which an insured individual was involved.

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

5 § 312-c. Insurer responsibilities for the online insurance verifica-  
6 tion system. 1. (a) Insurers shall coordinate with the commissioner in  
7 establishing and maintaining the online insurance verification system  
8 established pursuant to section three hundred twelve-b of this article,  
9 and shall provide access to motor vehicle insurance policy status infor-  
10 mation as provided by any rules and regulations promulgated by the  
11 commissioner.

12 (b) Every insurer that is licensed to issue motor vehicle insurance  
13 policies or is authorized to do business in the state shall comply with  
14 this section and section three hundred twelve-b of this article for  
15 verification of evidence of vehicle insurance for every vehicle insured  
16 by that insurer in the state as required by the rules and regulations  
17 promulgated by the commissioner.

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

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

25 2. (a) Insurers shall provide commercial automobile customers with  
26 documentation that the vehicle is insured under a commercial auto poli-  
27 cy. Documentation shall be an insurance identification card clearly  
28 marked in the title with the following, "Commercial Auto Insurance Iden-  
29 tification Card".

30 (b) For the purposes of this subdivision, "commercial auto coverage"  
31 shall be defined as any coverage provided to an insured, regardless of  
32 the number of vehicles or entity covered under the commercial auto  
33 coverage and rated from a commercial manual approved by the department  
34 of financial services.

35 3. Nothing in this section shall prohibit an insurer from using the  
36 services of a third-party vendor or provider in order to comply with the  
37 online insurance verification system required by sections three hundred  
38 twelve and three hundred twelve-b of this article.

39 4. The commissioner may promulgate any rules and regulations necessary  
40 to accommodate insurers that write a limited number of policies in the  
41 state and such insurers that would be unduly burdened by this section.

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

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

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

1 § 7. Subdivision 1 of section 312-a of the vehicle and traffic law, as  
2 amended by chapter 781 of the laws of 1983, is amended to read as  
3 follows:

4 1. Upon issuance of an owner's policy of liability insurance or other  
5 financial security required by this chapter, an insurer shall issue  
6 proof of insurance in accordance with the regulations promulgated by the  
7 commissioner pursuant to [~~paragraph (b) of subdivision two of section~~  
8 sections three hundred [~~thirteen~~] twelve-b and three hundred twelve-c of  
9 this article.

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