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2009-2010 Regular Sessions

I N A S S E M B L Y

(PREFILED)

January 7, 2009

Introduced by M. of A. DESTITO, MAGNARELLI, ENGLEBRIGHT, PERRY, V. LOPEZ
-- Multi-Sponsored by -- M. of A. CUSICK, McENENY -- read once and
referred to the Committee on Transportation

AN ACT to amend the vehicle and traffic law, in relation to insurer
interests in certain motor vehicle repair shops

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEM-
BLY, DO ENACT AS FOLLOWS:

1 Section 1. The vehicle and traffic law is amended by adding a new
2 section 398-j to read as follows:
3 S 398-J. INSURER INTEREST IN MOTOR VEHICLE REPAIR SHOPS PROHIBITED. 1.
4 PROHIBITION. ON OR AFTER SEPTEMBER FIRST, TWO THOUSAND ELEVEN, AN INSUR-
5 ER MAY NOT HOLD NOR ACQUIRE ANY OWNERSHIP INTEREST IN A MOTOR VEHICLE
6 REPAIR SHOP.
7 2. DISCLOSURE REQUIREMENTS. (A) AN INSURER THAT, BEFORE SEPTEMBER
8 FIRST, TWO THOUSAND ELEVEN, HAS AN OWNERSHIP INTEREST IN A MOTOR VEHICLE
9 REPAIR SHOP MUST DISCLOSE TO EACH INSURED THAT THE INSURED HAS THE RIGHT
10 TO USE ANY MOTOR VEHICLE REPAIR SHOP SELECTED BY THE INSURED. THE INSUR-
11 ER SHALL MAKE THE DISCLOSURE IN WRITING IN THE MANNER PRESCRIBED BY THE
12 DEPARTMENT AND SHALL PROVIDE THE DISCLOSURE:
13 (1) AT THE TIME THE POLICY IS DELIVERED, ISSUED FOR DELIVERY, OR
14 RENEWED; AND
15 (2) WHEN AN ACCIDENT CLAIM COVERED BY THE POLICY IS REPORTED TO THE
16 INSURER BY THE INSURED.
17 (B) AN INSURER MAY NOT OFFER AN INCENTIVE OR PROVIDE COMPENSATION TO
18 ANY PERSON TO REWARD THAT PERSON FOR REFERRING AN INSURED TO A MOTOR
19 VEHICLE REPAIR SHOP IN WHICH THE INSURER HAS AN OWNERSHIP INTEREST.
20 3. DIVESTMENT. ANY INSURER THAT HOLDS OR ACQUIRES ANY OWNERSHIP INTER-
21 EST IN A MOTOR VEHICLE REPAIR SHOP PRIOR TO SEPTEMBER FIRST, TWO THOU-
22 SAND ELEVEN, SHALL DIVEST ITSELF OF ANY SUCH INTEREST ON OR BEFORE SUCH
23 DATE.

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

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1 4. DEFINITIONS. FOR PURPOSES OF THIS SECTION, "INSURER" MEANS AN
2 INSURER AUTHORIZED AS SUCH TO PERFORM AN INSURANCE BUSINESS IN THIS
3 STATE IN COMPLIANCE WITH THE INSURANCE LAW, BY REASON OF A LICENSE
4 ISSUED AND IN FORCE PURSUANT TO THE LAWS OF THIS STATE OR OF A CORPORATE
5 CHARTER GRANTED AND IN FORCE PURSUANT TO THE LAWS OF THIS STATE, BUT NOT
6 INCLUDING ANY INSURER EXEMPTED FROM COMPLIANCE WITH THE REQUIREMENT THAT
7 IT OBTAIN A LICENSE TO DO BUSINESS UNDER THE PROVISIONS OF THE INSURANCE
8 LAW.

9 S 2. This act shall take effect on the one hundred twentieth day after
10 it shall have become a law; provided, however, that effective immediate-
11 ly, the addition, amendment and/or repeal of any rule or regulation
12 necessary for the implementation of this act on its effective date is
13 authorized and directed to be made and completed on or before such
14 effective date.