S T A T E O F N E W Y O R K

413

2009-2010 Regular Sessions

I N S E N A T E

(PREFILED)

January 7, 2009

Introduced by Sens. BRESLIN, DIAZ, DUANE, HUNTLEY, C. JOHNSON, KRUGER, MONTGOMERY, PERKINS, SCHNEIDERMAN, SMITH, STACHOWSKI, STAVISKY, STEWART-COUSINS -- read twice and ordered printed, and when printed to be committed to the Committee on Consumer Protection

AN ACT establishing the consumer advocate insurance commission

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

Section 1. Legislative intent. Consumers in New York state need to have an institutional advocate to act on their behalf. It is important for the New York state legislature to create a consumer advocate insurance commission to ensure accurate resources are available to all consumers. The consumer advocate insurance commission shall consist of individuals who have had experience and can provide expertise in the insurance industry, including individuals from the private sector who are interested in a public focus.

The consumer advocate insurance commission will promote markets and where competition is not present, the commission will exercise its regulatory authority judiciously to ensure equitable rates and superior service.

Insurance companies, health maintenance organizations and their representatives deluge consumers and the media with broad generalizations about insurance that are often designed to promote rate increases. The ideas float in a sea of numbers that can drown out opposing views and ultimately negatively impact consumers, unless consumers learn to understand insurance data for themselves.

S 2. Consumer advocate insurance commission. 1. There is hereby established the consumer advocate insurance commission hereinafter "commission". The commission shall consist of five members, to be appointed by the governor, by and with the advice and consent of the senate. The governor shall designate one of the members of the commission as chair

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

LBD03606-01-9

to serve in such capacity at the pleasure of the governor or until the member's term of office expires and a successor is appointed, whichever occurs first. The term of office of a member shall be five years, but in the first instance such members shall be appointed to hold office, one for one year, one for two years, one for three years, one for four years and one for five years, the term to be fixed by the governor in making the original appointment. Upon resignation of a member, or a vacancy occurring in any other manner, it shall be filled by appointment for the unexpired term. Three members shall constitute a quorum for the transaction of business. Members of the commission shall receive no compensation for their services, but shall be reimbursed for actual and necessary expenses incurred in the performance of their duties.

2. The commission shall use insurance data submitted by insurance companies and health maintenance organizations to support sound policy decisions that protect the consumer. The commission shall consist of trained professionals who should be able to quickly identify and rebut the misuse of insurance industry data by representatives of the insurance industry that is often used as a tool during negotiations over rates and proposed legislation. The commission shall post complete annual statements in regards to rate and legislative changes on their web site free of charge.

3. The commission shall provide the following services:

a. determine whether insurance rates charged are reasonable;

b. identify false claims of insurance companies, insurance regulators and health maintenance organizations;

c. analyze the impact of insurance law changes and regulations;

d. review individual insurer and industry-wide profitability by company and health maintenance organization and by type of insurance coverage in relation to claims for higher rates or less regulation;

e. analyze insurance availability and redlining to assist insurers in documenting their efforts to increase insurance availability in underserved areas; and

f. track services in insurance markets.

4. The commission shall hold public hearings quarterly to provide information on any changes that may affect insurance rate increases and on any new legislation that may prove detrimental to consumers. Such public hearings will allow increased public participation which will result in improved credibility in the regulation and accountability of the insurance industry.

5. The commission shall publish a handbook that will be available to all consumers. The handbook shall provide an introduction to the topic of insurance data and rate making, and shall include a glossary of insurance data terms. The handbook shall also provide information on insurance sales and markets and should serve as a tool kit for consumers by discussing the sources, use and misuses of insurance data.

S 3. This act shall take effect on the one hundred twentieth day after it shall have become a law.