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2009-2010 Regular Sessions

I N S E N A T E

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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:

1 Section 1. Legislative intent. Consumers in New York state need to
2 have an institutional advocate to act on their behalf. It is important
3 for the New York state legislature to create a consumer advocate insur-
4 ance commission to ensure accurate resources are available to all
5 consumers. The consumer advocate insurance commission shall consist of
6 individuals who have had experience and can provide expertise in the
7 insurance industry, including individuals from the private sector who
8 are interested in a public focus.
9 The consumer advocate insurance commission will promote markets and
10 where competition is not present, the commission will exercise its regu-
11 latory authority judiciously to ensure equitable rates and superior
12 service.
13 Insurance companies, health maintenance organizations and their repre-
14 sentatives deluge consumers and the media with broad generalizations
15 about insurance that are often designed to promote rate increases. The
16 ideas float in a sea of numbers that can drown out opposing views and
17 ultimately negatively impact consumers, unless consumers learn to under-
18 stand insurance data for themselves.
19 S 2. Consumer advocate insurance commission. 1. There is hereby estab-
20 lished the consumer advocate insurance commission hereinafter "commis-
21 sion". The commission shall consist of five members, to be appointed by
22 the governor, by and with the advice and consent of the senate. The
23 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.

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1 to serve in such capacity at the pleasure of the governor or until the
2 member's term of office expires and a successor is appointed, whichever
3 occurs first. The term of office of a member shall be five years, but in
4 the first instance such members shall be appointed to hold office, one
5 for one year, one for two years, one for three years, one for four years
6 and one for five years, the term to be fixed by the governor in making
7 the original appointment. Upon resignation of a member, or a vacancy
8 occurring in any other manner, it shall be filled by appointment for the
9 unexpired term. Three members shall constitute a quorum for the trans-
10 action of business. Members of the commission shall receive no compen-
11 sation for their services, but shall be reimbursed for actual and neces-
12 sary expenses incurred in the performance of their duties.

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

22 3. The commission shall provide the following services:

- 23 a. determine whether insurance rates charged are reasonable;
- 24 b. identify false claims of insurance companies, insurance regulators
25 and health maintenance organizations;
- 26 c. analyze the impact of insurance law changes and regulations;
- 27 d. review individual insurer and industry-wide profitability by compa-
28 ny and health maintenance organization and by type of insurance coverage
29 in relation to claims for higher rates or less regulation;
- 30 e. analyze insurance availability and redlining to assist insurers in
31 documenting their efforts to increase insurance availability in under-
32 served areas; and
- 33 f. track services in insurance markets.

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

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

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