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

960

2011-2012 Regular Sessions

I N A S S E M B L Y

(PREFILED)

January 5, 2011

Introduced by M. of A. DESTITO, MAGNARELLI, ENGLEBRIGHT, PERRY, V. LOPEZ -- Multi-Sponsored by -- M. of A. CUSICK, GUNTHER, McENENY, J. MILLER -- 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 ASSEMBLY, DO ENACT AS FOLLOWS:

Section 1. The vehicle and traffic law is amended by adding a new section 398-j to read as follows:

S 398-J. INSURER INTEREST IN MOTOR VEHICLE REPAIR SHOPS PROHIBITED. 1. PROHIBITION. ON OR AFTER THE FIRST OF SEPTEMBER FOLLOWING THE EFFECTIVE DATE OF THIS SECTION, AN INSURER MAY NOT HOLD NOR ACQUIRE ANY OWNERSHIP INTEREST IN A MOTOR VEHICLE REPAIR SHOP.

2. DISCLOSURE REQUIREMENTS. (A) AN INSURER THAT, BEFORE THE FIRST OF SEPTEMBER FOLLOWING THE EFFECTIVE DATE OF THIS SECTION, HAS AN OWNERSHIP INTEREST IN A MOTOR VEHICLE REPAIR SHOP MUST DISCLOSE TO EACH INSURED THAT THE INSURED HAS THE RIGHT TO USE ANY MOTOR VEHICLE REPAIR SHOP SELECTED BY THE INSURED. THE INSURER SHALL MAKE THE DISCLOSURE IN WRITING IN THE MANNER PRESCRIBED BY THE DEPARTMENT AND SHALL PROVIDE THE DISCLOSURE:

(1) AT THE TIME THE POLICY IS DELIVERED, ISSUED FOR DELIVERY, OR RENEWED; AND

(2) WHEN AN ACCIDENT CLAIM COVERED BY THE POLICY IS REPORTED TO THE INSURER BY THE INSURED.

(B) AN INSURER MAY NOT OFFER AN INCENTIVE OR PROVIDE COMPENSATION TO ANY PERSON TO REWARD THAT PERSON FOR REFERRING AN INSURED TO A MOTOR VEHICLE REPAIR SHOP IN WHICH THE INSURER HAS AN OWNERSHIP INTEREST.

3. DIVESTMENT. ANY INSURER THAT HOLDS OR ACQUIRES ANY OWNERSHIP INTEREST IN A MOTOR VEHICLE REPAIR SHOP PRIOR TO THE FIRST OF SEPTEMBER

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

LBD01832-01-1

FOLLOWING THE EFFECTIVE DATE OF THIS SECTION, SHALL DIVEST ITSELF OF ANY SUCH INTEREST ON OR BEFORE SUCH DATE.

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

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