

4733

2011-2012 Regular Sessions

I N S E N A T E

April 18, 2011

Introduced by Sen. DeFRANCISCO -- read twice and ordered printed, and
when printed to be committed 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 THE FIRST OF SEPTEMBER FOLLOWING THE EFFECTIVE
5 DATE OF THIS SECTION, AN INSURER MAY NOT HOLD NOR ACQUIRE ANY OWNERSHIP
6 INTEREST IN A MOTOR VEHICLE REPAIR SHOP.
7 2. DISCLOSURE REQUIREMENTS. (A) AN INSURER THAT, BEFORE THE FIRST OF
8 SEPTEMBER FOLLOWING THE EFFECTIVE DATE OF THIS SECTION, HAS AN OWNERSHIP
9 INTEREST IN A MOTOR VEHICLE REPAIR SHOP MUST DISCLOSE TO EACH INSURED
10 THAT THE INSURED HAS THE RIGHT TO USE ANY MOTOR VEHICLE REPAIR SHOP
11 SELECTED BY THE INSURED. THE INSURER SHALL MAKE THE DISCLOSURE IN WRIT-
12 ING IN THE MANNER PRESCRIBED BY THE DEPARTMENT AND SHALL PROVIDE THE
13 DISCLOSURE:
14 (1) AT THE TIME THE POLICY IS DELIVERED, ISSUED FOR DELIVERY, OR
15 RENEWED; AND
16 (2) WHEN AN ACCIDENT CLAIM COVERED BY THE POLICY IS REPORTED TO THE
17 INSURER BY THE INSURED.
18 (B) AN INSURER MAY NOT OFFER AN INCENTIVE OR PROVIDE COMPENSATION TO
19 ANY PERSON TO REWARD THAT PERSON FOR REFERRING AN INSURED TO A MOTOR
20 VEHICLE REPAIR SHOP IN WHICH THE INSURER HAS AN OWNERSHIP INTEREST.
21 3. DIVESTMENT. ANY INSURER THAT HOLDS OR ACQUIRES ANY OWNERSHIP INTER-
22 EST IN A MOTOR VEHICLE REPAIR SHOP PRIOR TO THE FIRST OF SEPTEMBER
23 FOLLOWING THE EFFECTIVE DATE OF THIS SECTION, SHALL DIVEST ITSELF OF ANY
24 SUCH INTEREST ON OR BEFORE SUCH 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.