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

7785

I N S E N A T E

June 18, 2012

Introduced by Sen. DeFRANCISCO -- read twice and ordered printed, and when printed to be committed to the Committee on Rules

AN ACT to amend the insurance law, in relation to limits on certain supplementary insurance

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

Section 1. Paragraph 2 of subsection (f) of section 3420 of the insurance law, as separately amended by chapters 547 and 568 of the laws of 1997, is amended to read as follows:

(2) (A) Any such policy shall[, at the option of the insured, also] provide supplementary uninsured/underinsured motorists insurance for bodily injury[, in an amount up to] IN THE SAME AMOUNT AS the bodily injury liability insurance limits of coverage provided under such policy[, subject to a maximum of two hundred fifty thousand dollars because of bodily injury to or death of one person in any one accident and, subject to such limit for one person, up to five hundred thousand dollars because of bodily injury to or death of two or more persons in any one accident, or a combined single limit policy of five hundred thousand dollars because of bodily injury to or death of one or more persons in any one accident. Provided however, an insurer issuing such policy, in lieu of offering to the insured the coverages stated above, may provide supplementary uninsured/underinsured motorists insurance for bodily injury, in an amount up to the bodily injury liability insurance limits of coverage provided under such policy, subject to a maximum of one hundred thousand dollars because of bodily injury to or death of one person in any one accident and, subject to such limit for one person, up to three hundred thousand dollars because of bodily injury to or death of two or more persons in any one accident, or a combined single limit policy of three hundred thousand dollars because of bodily injury to or death of one or more persons in any one accident, if such insurer also makes available a personal umbrella policy with liability coverage limits up to at least five hundred thousand dollars which also provides coverage for supplementary uninsured/underinsured motorists claims]. THE COVERAGE REQUIRED UNDER THIS PARAGRAPH IS NOT APPLICABLE WHEN, OR TO

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

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THE EXTENT THAT, AN INSURED NAMED IN THE POLICY MAKES A REJECTION OF THE COVERAGE ON BEHALF OF ALL INSUREDS UNDER THE POLICY. SUCH REJECTION SHALL BE MEMORIALIZED BY THE INSURER THROUGH A SIGNED WRITING, AUDIO RECORDING OR ELECTRONIC SIGNATURE EVIDENCING THE INSURED'S REJECTION OF SUCH COVERAGE. THE FAILURE OF THE CARRIER TO MAINTAIN THE MEMORIALIZATION OF SUCH REJECTION OF COVERAGE THROUGH THE TIME A CLAIM IS MADE SHALL RESULT IN THE SUPPLEMENTARY UNINSURED/UNDERINSURED MOTORIST COVERAGE BEING EQUAL TO THE BODILY INJURY LIABILITY COVERAGE IN EFFECT AT THE TIME A CLAIM ARISES. Supplementary uninsured/underinsured motorists insurance shall provide coverage, in any state or Canadian province, if the limits of liability under all bodily injury liability bonds and insurance policies of [another] ANY OTHER motor vehicle liable for damages are in a lesser amount than the bodily injury liability insurance limits of coverage provided by such policy. Upon written request by any insured covered by supplemental uninsured/underinsured motorists insurance or his duly authorized representative and upon disclosure by the insured of the insured's bodily injury and supplemental uninsured/underinsured motorists insurance coverage limits, the insurer of any other owner or operator of another motor vehicle against which a claim has been made for damages to the insured shall disclose, within forty-five days of the request, the bodily injury liability insurance limits of its coverage provided under the policy or all bodily injury liability bonds. The time of the insured to make any supplementary uninsured/underinsured motorist claim, shall be tolled during the period the insurer of any other owner or operator of another motor vehicle that may be liable for damages to the insured, fails to so disclose its coverage. As a condition precedent to the obligation of the insurer to pay under the supplementary uninsured/underinsured motorists insurance coverage, the limits of liability of [all] ANY ONE bodily injury liability [bonds] BOND or insurance [policies] POLICY applicable at the time of the accident shall be exhausted by payment of judgments or settlements.

(B) [In addition to the notice provided, upon issuance of a policy of motor vehicle liability insurance pursuant to regulations promulgated by the superintendent, insurers shall notify insureds, in writing, of the availability of supplementary uninsured/underinsured motorists coverage. Such notification shall contain an explanation of supplementary uninsured/underinsured motorists coverage and the amounts in which it can be purchased. Subsequently, a notification of availability shall be provided at least once a year and may be simplified pursuant to regulations promulgated by the superintendent, but must include a concise statement that supplementary uninsured/underinsured motorists coverage is available, an explanation of such coverage, and the coverage limits that can be purchased from the insurer.] IF THE REJECTION OR SELECTION OF LOWER SUPPLEMENTARY UNINSURED/UNDERINSURED MOTORISTS COVERAGE IS IN WRITTEN OR ELECTRONIC FORM, THAT SHALL BE MADE ON A FORM APPROVED BY THE SUPERINTENDENT AND FURNISHED TO THE INSURED AT THE TIME THE POLICY IS SOLD, PURCHASED, NEGOTIATED AND/OR RENEWED. THE FORM SHALL FULLY ADVISE THE INSURED OF THE NATURE OF THE COVERAGE AND SHALL STATE THAT THE COVERAGE IS EQUAL TO BODILY INJURY LIABILITY LIMITS UNLESS LOWER LIMITS ARE REQUESTED OR THE COVERAGE IS REJECTED. THE HEADING OF THE FORM SHALL BE IN 12-POINT BOLD TYPE AND SHALL STATE: "SUPPLEMENTARY UNINSURED/UNDERINSURED MOTORISTS COVERAGE (SUM COVERAGE) SHALL BE EQUAL TO BODILY INJURY LIABILITY LIMITS UNLESS LOWER LIMITS ARE REQUESTED OR THE COVERAGE IS REJECTED. A POLICYHOLDER IS URGED TO CONSIDER PURCHASING THE MAXIMUM SUM COVERAGE AVAILABLE IN ORDER TO PROTECT AGAINST THE

POSSIBILITY OF AN ACCIDENT INVOLVING ANOTHER MOTOR VEHICLE WHOSE OWNER OR OPERATOR WAS NEGLIGENT AND WHO MAY HAVE NO INSURANCE WHATSOEVER; OR EVEN IF INSURED, IS ONLY INSURED FOR THIRD-PARTY BODILY INJURY AT RELATIVELY LOW LIABILITY LIMITS, IN COMPARISON TO THE POLICYHOLDER'S OWN LIABILITY LIMITS FOR BODILY INJURY SUSTAINED BY THIRD-PARTIES. BY PURCHASING SUM COVERAGE, WHICH CANNOT BE PURCHASED IN AN AMOUNT EXCEEDING THE AMOUNT OF THIRD PARTY LIABILITY COVERAGE PURCHASED, THE POLICYHOLDER AND ANY INSURED UNDER THE POLICY CAN BE PROTECTED FOR BODILY INJURY TO THEMSELVES, UP TO THE LIMIT OF THE SUM COVERAGE PURCHASED; AND RECEIVE FROM THE POLICYHOLDER'S OWN INSURER PAYMENT FOR BODILY INJURY SUSTAINED DUE TO THE NEGLIGENCE OF THE OTHER MOTOR VEHICLE'S OWNER OR OPERATOR." IF REJECTION OR SELECTION OF LOWER LIMITS IS MADE VERBALLY, THE INSURER OR THEIR AGENT SHALL READ THE IDENTICAL LANGUAGE AS IS IN THE ABOVE REJECTION OF MATCHING LIMITS FORM AND CONFIRM THE CLIENT HAS HEARD AND UNDERSTOOD THE SAME, AND SHALL RE-READ THE FORM AS OFTEN AS IS NECESSARY UNTIL THE INSURED HAS VERBALLY CONFIRMED THAT THEY FULLY UNDERSTAND THE SAME. THE INSURER SHALL NOTIFY THE NAMED INSURED AT LEAST ANNUALLY OF HER OR HIS OPTIONS AS TO THE COVERAGE REQUIRED BY THIS PARAGRAPH. SUCH NOTICE SHALL BE PART OF, AND ATTACHED TO, THE NOTICE OF PREMIUM, SHALL PROVIDE FOR A MEANS TO ALLOW THE INSURED TO REQUEST SUCH COVERAGE, AND SHALL BE GIVEN IN A MANNER APPROVED BY THE SUPERINTENDENT. IF THE INSURED HAS REJECTED COVERAGE UNDER THIS PARAGRAPH OR HAS SELECTED LOWER LIMITS, THE NOTICE OF PREMIUM SHALL CLEARLY INDICATE THE LEVEL OF COVERAGE ACCEPTED. RECEIPT OF THIS NOTICE DOES NOT CONSTITUTE AN AFFIRMATIVE WAIVER OF THE INSURED'S RIGHT TO UNINSURED MOTORIST COVERAGE WHERE THE INSURED HAS NOT SIGNED A SELECTION OR REJECTION FORM.

S 2. This act shall take effect on the thirtieth day after it shall have become a law, and shall apply to insurance policies and contracts issued, entered into or renewed on and after such effective date.