

1132--A

2013-2014 Regular Sessions

I N   A S S E M B L Y

(PREFILED)

January 9, 2013

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Introduced by M. of A. WEINSTEIN, ZEBROWSKI, ORTIZ, WEPRIN, DINOWITZ, PEOPLES-STOKES, COLTON, JAFFEE, CYMBROWITZ, ABINANTI, MARKEY, TITONE, MOSLEY, PERRY, BENEDETTO, SCHIMEL, BRINDISI, STIRPE, WEISENBERG, MONTESANO, STECK, THIELE, LIFTON -- Multi-Sponsored by -- M. of A. BRAUNSTEIN, ENGLEBRIGHT, HOOPER, MILLMAN, RAIA, SEPULVEDA, SWEENEY -- read once and referred to the Committee on Insurance -- recommitted to the Committee on Insurance in accordance with Assembly Rule 3, sec. 2 -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the insurance law, in relation to requiring all motor vehicle insurers to file annual financial statements and detailed claim data with the superintendent of financial services

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

1     Section 1. This act shall be known and may be cited as the "automobile  
2     insurance sunshine act of 2014".  
3     S 2. Legislative intent. The legislature hereby finds and declares  
4     that insurance companies issuing motor vehicle policies in this state  
5     owe a duty to the consumers they insure and to those who may in the  
6     future be insured by them, to fully disclose in a public and transparent  
7     manner all elements relating to their financial condition and solvency.  
8     Automobile use and operation is a cornerstone of modern life; in fact,  
9     auto insurance is the only coverage most New Yorkers are required by law  
10    to purchase. New York's consumers have a right to know the details and  
11    specifics of the factors and circumstances behind the financial solvency  
12    of their insurer as well as the bases for the rates they are required to  
13    pay to retain their legally mandated coverage. The determination of auto  
14    insurance premiums in New York has, unfortunately, gone on too long in  
15    obscurity, with those who bear the premium rates unable to learn reasons  
16    why they are set where they are. As a matter of public trust, automobile

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

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liability insurers should make public the pertinent facts related to their premium determinations and financial solvency. It is the sense of the legislature that this data should be disclosed in an open and public manner.

S 3. The insurance law is amended by adding a new section 342 to read as follows:

S 342. FINANCIAL STATEMENT AND DETAILED CLAIM DATA TO BE FILED WITH THE DEPARTMENT. (A) FOR PURPOSES OF THIS SECTION, THE TERM "INSURER" SHALL MEAN ANY PERSON, CORPORATION, ASSOCIATION OR OTHER BUSINESS ENTITY AUTHORIZED TO ISSUE A MOTOR VEHICLE INSURANCE POLICY IN THIS STATE.

(B) ON OR BEFORE APRIL FIRST OF EACH YEAR, EVERY INSURER SHALL PROVIDE THE SUPERINTENDENT WITH A DETAILED FINANCIAL STATEMENT TO SUPPLEMENT AND EXPAND UPON THE INFORMATION CONTAINED IN THE STATUTORY ANNUAL STATEMENT FOR THE MOST RECENTLY CONCLUDED CALENDAR YEAR. THE FINANCIAL STATEMENT SHALL CONTAIN INFORMATION ON A COMBINED BASIS FOR ALL LINES OF INSURANCE AS WELL AS INFORMATION SEPARATELY FOR EACH OF THE FOLLOWING LINES OF INSURANCE: (1) PRIVATE PASSENGER AUTOMOBILE OTHER LIABILITY, (2) PRIVATE PASSENGER AUTOMOBILE PERSONAL INJURY PROTECTION, (3) PRIVATE PASSENGER AUTOMOBILE PHYSICAL DAMAGE, (4) COMMERCIAL AUTOMOBILE OTHER LIABILITY, (5) COMMERCIAL AUTOMOBILE PERSONAL INJURY PROTECTION, AND (6) COMMERCIAL AUTOMOBILE PHYSICAL DAMAGE. SUCH FINANCIAL STATEMENT SHALL INCLUDE THE ENTIRETY OF ITS BUSINESS ACTIVITIES CONDUCTED IN THIS STATE, OR CONDUCTED OUTSIDE THIS STATE, BUT HAVING A NEXUS TO INSURANCE POLICIES OR CONTRACTS OF INSURANCE INSURING PERSONS OR RISKS IN THIS STATE, CONSISTENT WITH THE PROCEDURES FOR DETERMINING NEW YORK STATE INSURANCE BUSINESS FOR STATUTORY ANNUAL STATEMENT REPORTING PURPOSES. SUCH STATEMENT SHALL BE IN A FORM DETERMINED BY THE SUPERINTENDENT. THE FORM SHALL BE SUFFICIENTLY ITEMIZED IN A MANNER THAT ALLOWS FOR AN ACTUARIALLY SOUND ANALYSIS OF THE INCOME REALIZED BY THE INSURER FROM ALL SOURCES DURING SUCH YEAR, INCLUDING BUT NOT LIMITED TO PREMIUMS, INVESTMENT INCOME, PROFIT FROM SALE OF ASSETS AND ANY OTHER CATEGORY OR CATEGORIES OF INCOME AS DETERMINED BY THE SUPERINTENDENT TO REFLECT THE FULL DISCLOSURE REQUIREMENTS OF THIS SECTION. AT A MINIMUM, SUCH INFORMATION SHALL CONSIST OF THE ITEMS SET FORTH IN THE STATEMENT OF INCOME, EXCLUDING THE CAPITAL AND SURPLUS ACCOUNT SECTION OF THE PROPERTY/CASUALTY STATUTORY ANNUAL STATEMENT, AS APPLICABLE TO THE INSURER'S NEW YORK STATE BUSINESS, AS WELL AS THE OTHER INFORMATION DELINEATED IN THIS SUBSECTION. SUCH FINANCIAL STATEMENT SHALL ALSO CONTAIN A COMPREHENSIVE AND DETAILED DISCLOSURE OF THE INSURER'S EXPENSES ACTUALLY INCURRED AND PAID DURING SUCH CALENDAR YEAR, TO INCLUDE NORMAL BUSINESS EXPENSES, SALARIES, COMMISSIONS, CONSULTING FEES, LEGAL EXPENSES, ADVERTISING COSTS AND ANY OTHER CATEGORY DEEMED PERTINENT TO THE INTENT OF THIS SECTION. AT A MINIMUM, THE EXPENSE INFORMATION REQUIRED SHALL CONSIST OF THE ITEMS SET FORTH IN THE UNDERWRITING AND INVESTMENT EXHIBIT - PART 3 - EXPENSES OF THE PROPERTY / CASUALTY STATUTORY ANNUAL STATEMENT, AS APPLICABLE TO THE INSURER'S NEW YORK STATE BUSINESS. WITH RESPECT TO SALARIES (INCLUDING ALL OTHER FORMS OF COMPENSATION), EACH INSURER SHALL ITEMIZE THE SALARY OF THE TWENTY MOST HIGHLY COMPENSATED EMPLOYEES OF SUCH INSURER DURING SUCH YEAR, PROVIDED THAT THE NAME OF SUCH EMPLOYEES NEED NOT BE DISCLOSED. SUCH FINANCIAL STATEMENT SHALL ALSO PROVIDE THE PUBLIC WITH A SYNOPSIS OF CLAIMS OR SETTLEMENTS PAID PURSUANT TO SUCH POLICIES OR CONTRACTS, LISTING THE TOTAL OF SUCH CLAIMS AND SETTLEMENTS BY TYPE OF INSURANCE OR THE RISK INSURED. AT A MINIMUM, THE CLAIM INFORMATION REQUIRED SHALL CONSIST OF THE ITEMS SET FORTH IN THE EXHIBIT OF PREMIUMS AND LOSSES OF THE PROPERTY / CASUALTY STATUTORY ANNUAL STATEMENT, AS APPLICABLE TO THE INSURER'S NEW YORK STATE BUSINESS AND IDENTIFI-

1 FIED AND CATEGORIZED SEPARATELY FOR EACH ZIP CODE IN THIS STATE. SUCH  
2 FINANCIAL STATEMENT SHALL BE SIGNED AND ATTESTED AS FULL, COMPLETE AND  
3 ACCURATE BY THE CHIEF EXECUTIVE OFFICER OF THE INSURER, AND HE OR SHE  
4 SHALL BE HELD PERSONALLY RESPONSIBLE WITH RESPECT TO THE ACCURACY OF THE  
5 CONTENT OF SUCH STATEMENT. THE SUPERINTENDENT SHALL PROVIDE INSURERS  
6 WITH A METHOD TO SUBMIT THEIR FINANCIAL STATEMENTS ELECTRONICALLY VIA  
7 THE INTERNET, WHICH METHOD SHALL INCLUDE INSTRUCTIONS RELATING TO THE  
8 USE OF AN ELECTRONIC SIGNATURE WHICH SHALL BE SUBJECT TO, AND SUBMITTED  
9 IN ACCORDANCE WITH SECTION THREE HUNDRED SIXTEEN OF THIS ARTICLE;  
10 PROVIDED, HOWEVER, THAT NO EXCEPTION AUTHORIZED IN SUCH SECTION MAY BE  
11 REQUESTED OR GRANTED.

12 (C) ON OR BEFORE APRIL FIRST OF EACH YEAR, EVERY INSURER SHALL PROVIDE  
13 THE SUPERINTENDENT WITH DETAILED CLOSED CLAIM INFORMATION FOR THE SAME  
14 LINES OF INSURANCE PROVIDED FOR IN SUBSECTION (B) OF THIS SECTION FOR  
15 THE MOST RECENTLY CONCLUDED CALENDAR YEAR. UNTIL THE SUPERINTENDENT  
16 PROMULGATES DATA COLLECTION FORMS AND PROCEDURES FOR PRIVATE PASSENGER  
17 AUTOMOBILE INSURANCE, DATA SHALL BE COLLECTED USING, AT A MINIMUM, THE  
18 MOST RECENT PUBLICLY AVAILABLE FORMS USED BY THE INSURANCE RESEARCH  
19 COUNCIL FOR ITS AUTO INJURY SURVEY. THE SUPERINTENDENT MAY REQUIRE ADDI-  
20 TIONAL INFORMATION BEYOND THAT WHICH IS CONTAINED IN SUCH SURVEY IF HE  
21 OR SHE DEEMS IT NECESSARY AND WARRANTED. INSTEAD OF COLLECTING INFORMA-  
22 TION FOR ALL PRIVATE PASSENGER AUTOMOBILE CLAIMS THE SUPERINTENDENT MAY  
23 COLLECT DATA FOR A STATISTICALLY VALID SAMPLE OF CLAIMS. THE MINIMUM  
24 SAMPLE SIZE SHALL REPRESENT FIVE PER CENTUM OF THE NUMBER OF CLAIMS FOR  
25 EACH YEAR. UNTIL THE SUPERINTENDENT PROMULGATES DATA COLLECTION FORMS  
26 AND PROCEDURES FOR COMMERCIAL AUTOMOBILE INSURANCE, DATA SHALL BE  
27 COLLECTED USING INFORMATION WHICH MAY BE AVAILABLE FROM ANY OTHER  
28 SOURCE. FOR COMMERCIAL AUTOMOBILE CLAIMS, INSTEAD OF COLLECTING INFORMA-  
29 TION FOR ALL CLAIMS THE SUPERINTENDENT MAY COLLECT DATA FOR A STATIS-  
30 TICALLY VALID SAMPLE OF CLAIMS. THE MINIMUM SAMPLE SIZE SHALL REPRESENT  
31 TEN PER CENTUM OF THE NUMBER OF CLAIMS FOR EACH YEAR FOR SUCH LINE OF  
32 INSURANCE. SUCH DETAILED CLAIM DATA SHALL BE SIGNED AND ATTESTED AS  
33 FULL, COMPLETE AND ACCURATE BY THE CHIEF EXECUTIVE OFFICER OF THE INSUR-  
34 ER, AND HE OR SHE SHALL BE HELD PERSONALLY RESPONSIBLE WITH RESPECT TO  
35 THE ACCURACY OF THE DATA. THE DETAILED CLAIM DATA SHALL BE SUBMITTED IN  
36 THE SAME MANNER AS PROVIDED FOR IN SUBSECTION (B) OF THIS SECTION.

37 (D) THE SUPERINTENDENT SHALL, IN BOTH WRITTEN FORM AND AS PART OF THE  
38 DEPARTMENT WEB SITE, MAKE SUCH FINANCIAL STATEMENTS AND DETAILED CLAIM  
39 INFORMATION AVAILABLE TO THE PUBLIC. THE DETAILED CLAIM INFORMATION  
40 SHALL BE PROVIDED IN AGGREGATE FORM FOR ALL INSURERS COMBINED WITHOUT  
41 ANY IDENTIFICATION OF A SPECIFIC CLAIM TO A SPECIFIC INSURER. NONE OF  
42 THE PUBLICLY AVAILABLE DETAILED CLAIM INFORMATION SHALL IDENTIFY THE  
43 INDIVIDUAL INSURER, DEFENDANT OR PLAINTIFF ASSOCIATED WITH THE CLAIM.  
44 SUCH FINANCIAL STATEMENTS AND DETAILED CLAIM INFORMATION SHALL BE DEEMED  
45 A PUBLIC DOCUMENT AND NO PERSON SHALL BE REQUIRED TO FILE A REQUEST FOR  
46 SUCH FINANCIAL STATEMENTS PURSUANT TO ARTICLE SIX OF THE PUBLIC OFFICERS  
47 LAW IN ORDER TO RECEIVE A COPY THEREOF, BUT UPON REQUEST AND PAYMENT OF  
48 THE FEE FOR COPYING SUCH DOCUMENT, IT SHALL BE PROVIDED. WITH RESPECT TO  
49 THE ELECTRONIC COPY OF SUCH FINANCIAL STATEMENTS AND DETAILED CLAIM  
50 INFORMATION, WHICH SHALL BE ACCESSIBLE ON THE DEPARTMENT'S WEB SITE, THE  
51 DEPARTMENT SHALL HIGHLIGHT THE AVAILABILITY OF SUCH INFORMATION TO THE  
52 PUBLIC ON SUCH WEB SITE, AND THE LINK TO EACH INSURER'S FINANCIAL STATE-  
53 MENT AND THE AGGREGATED DETAILED CLAIM INFORMATION SHALL BE ACCESSIBLE  
54 IN A SIMPLE AND EASY MANNER. BOTH THE FINANCIAL STATEMENT AND AGGREGATED  
55 DETAILED CLAIM INFORMATION ON THE DEPARTMENT WEB SITE SHALL BE AVAILABLE

1 IN SPREADSHEET FORMAT, IN ADDITION TO ANY OTHER FORMAT THE SUPERINTEN-  
2 DENT DETERMINES IS APPROPRIATE.

3 (E) ON OR BEFORE JULY FIRST OF EACH YEAR, THE SUPERINTENDENT SHALL  
4 ISSUE REPORTS SUMMARIZING AND EXPLAINING THE INFORMATION COLLECTED FROM  
5 THE FINANCIAL STATEMENTS AND THE DETAILED CLAIM INFORMATION. COPIES OF  
6 SUCH REPORTS SHALL BE FORWARDED TO THE TEMPORARY PRESIDENT OF THE  
7 SENATE, THE SPEAKER OF THE ASSEMBLY AND THE CHAIRS OF BOTH THE SENATE  
8 AND ASSEMBLY INSURANCE COMMITTEES. SUCH REPORTS SHALL BE PUBLIC DOCU-  
9 MENTS AND SHALL BE ACCESSIBLE BOTH IN PAPER COPY AND ON THE DEPARTMENT'S  
10 WEB SITE.

11 (F) WHERE AN INSURER FAILS OR REFUSES TO PROVIDE THE SUPERINTENDENT  
12 WITH A FULL AND COMPLETE DISCLOSURE AS REQUIRED BY THIS SECTION, THE  
13 SUPERINTENDENT SHALL TAKE SUCH ACTION HE OR SHE DEEMS NECESSARY TO BRING  
14 THE INSURER INTO FULL COMPLIANCE. SUCH ACTION MAY INCLUDE IMPOSITION OF  
15 A CIVIL PENALTY OF UP TO FIFTY THOUSAND DOLLARS ASSESSED AGAINST THE  
16 INSURER FOR EACH VIOLATION, TEMPORARY SUSPENSION OF ANY RIGHT TO ISSUE  
17 ADDITIONAL POLICIES OR CONTRACTS UNTIL THE INSURER BRINGS ITSELF INTO  
18 FULL COMPLIANCE, AN AUDIT OF THE INSURER'S RECORDS BY THE DEPARTMENT OR  
19 ITS DESIGNATED REPRESENTATIVE TO OBTAIN THE INFORMATION AND WHICH AUDIT  
20 SHALL BE PAID FOR BY THE INSURER, OR ANY OTHER CIVIL REMEDY THE SUPER-  
21 INTENDENT DEEMS WARRANTED OR NECESSARY UNTIL SUCH INSURER FULLY  
22 COMPLIES. IN ADDITION THE OFFICER WHOSE SIGNATURE IS AFFIXED TO SUCH  
23 STATEMENT MAY BE PERSONALLY PENALIZED TO THE SAME EXTENT.

24 (G) THE SUPERINTENDENT MAY PROMULGATE SUCH RULES AND REGULATIONS HE OR  
25 SHE DEEMS NECESSARY FOR THE PROPER ADMINISTRATION OF THE PROVISIONS OF  
26 THIS SECTION, AND SUCH RULES AND REGULATIONS MAY BE PROMULGATED ON AN  
27 EMERGENCY BASIS IF THE SUPERINTENDENT WARRANTS SUCH ACTION TO BE NECES-  
28 SARY.

29 S 4. Severability. If any item, clause, sentence, subparagraph, subdi-  
30 vision or other part of this act, or the application thereof to any  
31 person or circumstances shall be held to be invalid, such holding shall  
32 not affect, impair or invalidate the remainder of this act but it shall  
33 be confined in its operation to the item, clause, sentence, subpara-  
34 graph, subdivision or other part of this act directly involved in such  
35 holding, or to the person and circumstances therein involved.

36 S 5. This act shall take effect immediately.