

2987--A

2015-2016 Regular Sessions

I N   S E N A T E

January 30, 2015

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Introduced by Sens. MARTINS, AVELLA -- read twice and ordered printed, and when printed to be committed to the Committee on Insurance -- recommitted to the Committee on Insurance in accordance with Senate Rule 6, sec. 8 -- 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 2016".  
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  
17    liability insurers should make public the pertinent facts related to  
18    their premium determinations and financial solvency. It is the sense of  
19    the legislature that this data should be disclosed in an open and public  
20    manner.

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

LBD00089-04-6

1 S 3. The insurance law is amended by adding a new section 343 to read  
2 as follows:

3 S 343. FINANCIAL STATEMENT AND DETAILED CLAIM DATA TO BE FILED WITH  
4 THE DEPARTMENT. (A) FOR PURPOSES OF THIS SECTION, THE TERM "INSURER"  
5 SHALL MEAN ANY PERSON, CORPORATION, ASSOCIATION OR OTHER BUSINESS ENTITY  
6 AUTHORIZED TO ISSUE A MOTOR VEHICLE INSURANCE POLICY IN THIS STATE.

7 (B) ON OR BEFORE APRIL FIRST OF EACH YEAR, EVERY INSURER SHALL PROVIDE  
8 THE SUPERINTENDENT WITH A DETAILED FINANCIAL STATEMENT TO SUPPLEMENT AND  
9 EXPAND UPON THE INFORMATION CONTAINED IN THE STATUTORY ANNUAL STATEMENT  
10 FOR THE MOST RECENTLY CONCLUDED CALENDAR YEAR. THE FINANCIAL STATEMENT  
11 SHALL CONTAIN INFORMATION ON A COMBINED BASIS FOR ALL LINES OF INSURANCE  
12 AS WELL AS INFORMATION SEPARATELY FOR EACH OF THE FOLLOWING LINES OF  
13 INSURANCE: (1) PRIVATE PASSENGER AUTOMOBILE OTHER LIABILITY, (2) PRIVATE  
14 PASSENGER AUTOMOBILE PERSONAL INJURY PROTECTION, (3) PRIVATE PASSENGER  
15 AUTOMOBILE PHYSICAL DAMAGE, (4) COMMERCIAL AUTOMOBILE OTHER LIABILITY,  
16 (5) COMMERCIAL AUTOMOBILE PERSONAL INJURY PROTECTION, AND (6) COMMERCIAL  
17 AUTOMOBILE PHYSICAL DAMAGE. SUCH FINANCIAL STATEMENT SHALL INCLUDE THE  
18 ENTIRETY OF ITS BUSINESS ACTIVITIES CONDUCTED IN THIS STATE, OR  
19 CONDUCTED OUTSIDE THIS STATE, BUT HAVING A NEXUS TO INSURANCE POLICIES  
20 OR CONTRACTS OF INSURANCE INSURING PERSONS OR RISKS IN THIS STATE,  
21 CONSISTENT WITH THE PROCEDURES FOR DETERMINING NEW YORK STATE INSURANCE  
22 BUSINESS FOR STATUTORY ANNUAL STATEMENT REPORTING PURPOSES. SUCH STATE-  
23 MENT SHALL BE IN A FORM DETERMINED BY THE SUPERINTENDENT. THE FORM SHALL  
24 BE SUFFICIENTLY ITEMIZED IN A MANNER THAT ALLOWS FOR AN ACTUARIALLY  
25 SOUND ANALYSIS OF THE INCOME REALIZED BY THE INSURER FROM ALL SOURCES  
26 DURING SUCH YEAR, INCLUDING BUT NOT LIMITED TO PREMIUMS, INVESTMENT  
27 INCOME, PROFIT FROM SALE OF ASSETS AND ANY OTHER CATEGORY OR CATEGORIES  
28 OF INCOME AS DETERMINED BY THE SUPERINTENDENT TO REFLECT THE FULL  
29 DISCLOSURE REQUIREMENTS OF THIS SECTION. AT A MINIMUM, SUCH INFORMATION  
30 SHALL CONSIST OF THE ITEMS SET FORTH IN THE STATEMENT OF INCOME, EXCLUD-  
31 ING THE CAPITAL AND SURPLUS ACCOUNT SECTION OF THE PROPERTY/CASUALTY  
32 STATUTORY ANNUAL STATEMENT, AS APPLICABLE TO THE INSURER'S NEW YORK  
33 STATE BUSINESS, AS WELL AS THE OTHER INFORMATION DELINEATED IN THIS  
34 SUBSECTION. SUCH FINANCIAL STATEMENT SHALL ALSO CONTAIN A COMPREHENSIVE  
35 AND DETAILED DISCLOSURE OF THE INSURER'S EXPENSES ACTUALLY INCURRED AND  
36 PAID DURING SUCH CALENDAR YEAR, TO INCLUDE NORMAL BUSINESS EXPENSES,  
37 SALARIES, COMMISSIONS, CONSULTING FEES, LEGAL EXPENSES, ADVERTISING  
38 COSTS AND ANY OTHER CATEGORY DEEMED PERTINENT TO THE INTENT OF THIS  
39 SECTION. AT A MINIMUM, THE EXPENSE INFORMATION REQUIRED SHALL CONSIST OF  
40 THE ITEMS SET FORTH IN THE UNDERWRITING AND INVESTMENT EXHIBIT - PART 3  
41 - EXPENSES OF THE PROPERTY / CASUALTY STATUTORY ANNUAL STATEMENT, AS  
42 APPLICABLE TO THE INSURER'S NEW YORK STATE BUSINESS. WITH RESPECT TO  
43 SALARIES (INCLUDING ALL OTHER FORMS OF COMPENSATION), EACH INSURER SHALL  
44 ITEMIZE THE SALARY OF THE TWENTY MOST HIGHLY COMPENSATED EMPLOYEES OF  
45 SUCH INSURER DURING SUCH YEAR, PROVIDED THAT THE NAME OF SUCH EMPLOYEES  
46 NEED NOT BE DISCLOSED. SUCH FINANCIAL STATEMENT SHALL ALSO PROVIDE THE  
47 PUBLIC WITH A SYNOPSIS OF CLAIMS OR SETTLEMENTS PAID PURSUANT TO SUCH  
48 POLICIES OR CONTRACTS, LISTING THE TOTAL OF SUCH CLAIMS AND SETTLEMENTS  
49 BY TYPE OF INSURANCE OR THE RISK INSURED. AT A MINIMUM, THE CLAIM INFOR-  
50 MATION REQUIRED SHALL CONSIST OF THE ITEMS SET FORTH IN THE EXHIBIT OF  
51 PREMIUMS AND LOSSES OF THE PROPERTY / CASUALTY STATUTORY ANNUAL STATE-  
52 MENT, AS APPLICABLE TO THE INSURER'S NEW YORK STATE BUSINESS AND IDENTI-  
53 FIED AND CATEGORIZED SEPARATELY FOR EACH ZIP CODE IN THIS STATE. SUCH  
54 FINANCIAL STATEMENT SHALL BE SIGNED AND ATTESTED AS FULL, COMPLETE AND  
55 ACCURATE BY THE CHIEF EXECUTIVE OFFICER OF THE INSURER, AND HE OR SHE  
56 SHALL BE HELD PERSONALLY RESPONSIBLE WITH RESPECT TO THE ACCURACY OF THE

1 CONTENT OF SUCH STATEMENT. THE SUPERINTENDENT SHALL PROVIDE INSURERS  
2 WITH A METHOD TO SUBMIT THEIR FINANCIAL STATEMENTS ELECTRONICALLY VIA  
3 THE INTERNET, WHICH METHOD SHALL INCLUDE INSTRUCTIONS RELATING TO THE  
4 USE OF AN ELECTRONIC SIGNATURE WHICH SHALL BE SUBJECT TO, AND SUBMITTED  
5 IN ACCORDANCE WITH SECTION THREE HUNDRED SIXTEEN OF THIS ARTICLE;  
6 PROVIDED, HOWEVER, THAT NO EXCEPTION AUTHORIZED IN SUCH SECTION MAY BE  
7 REQUESTED OR GRANTED.

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

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

54 (E) ON OR BEFORE JULY FIRST OF EACH YEAR, THE SUPERINTENDENT SHALL  
55 ISSUE REPORTS SUMMARIZING AND EXPLAINING THE INFORMATION COLLECTED FROM  
56 THE FINANCIAL STATEMENTS AND THE DETAILED CLAIM INFORMATION. COPIES OF

1 SUCH REPORTS SHALL BE FORWARDED TO THE TEMPORARY PRESIDENT OF THE  
2 SENATE, THE SPEAKER OF THE ASSEMBLY AND THE CHAIRS OF BOTH THE SENATE  
3 AND ASSEMBLY INSURANCE COMMITTEES. SUCH REPORTS SHALL BE PUBLIC DOCU-  
4 MENTS AND SHALL BE ACCESSIBLE BOTH IN PAPER COPY AND ON THE DEPARTMENT'S  
5 WEB SITE.

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

19 (G) THE SUPERINTENDENT MAY PROMULGATE SUCH RULES AND REGULATIONS HE OR  
20 SHE DEEMS NECESSARY FOR THE PROPER ADMINISTRATION OF THE PROVISIONS OF  
21 THIS SECTION, AND SUCH RULES AND REGULATIONS MAY BE PROMULGATED ON AN  
22 EMERGENCY BASIS IF THE SUPERINTENDENT WARRANTS SUCH ACTION TO BE NECES-  
23 SARY.

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

31 S 5. This act shall take effect immediately.