STATE OF NEW YORK

5970

2017-2018 Regular Sessions

IN SENATE

May 9, 2017

Introduced by Sens. KLEIN, AVELLA, CARLUCCI, SAVINO, VALESKY -- read twice and ordered printed, and when printed to be committed to the Committee on Insurance

AN ACT to amend the insurance law, in relation to insurance fraud

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

Section 1. Section 401 of the insurance law is amended by adding a new subsection (d) to read as follows:

(d) The superintendent shall have authority pursuant to this chapter to investigate fraudulent activities with regard to individuals that operate motor vehicles with no insurance coverage, and motor vehicle insureds who misrepresent the principal place where insured motor vehicles are garaged and operated. Operating motor vehicles without proper insurance in violation of article six of the vehicle and traffic law is a significant danger to the public because drivers are unable to compensate individuals for personal injuries, death and property damage they inflict upon others. Furthermore, motor vehicle insureds who misrepresent the principal place where such vehicles are garaged and operated improperly shift their high liability exposure costs to other motor vehicle insureds that do not face such high liability risk and insurance premium costs.

§ 2. Subsection (a) of section 405 of the insurance law, as amended by section 7 of part A of chapter 62 of the laws of 2011, is amended to read as follows:

(a) Any person licensed or registered pursuant to the provisions of this chapter, and any person engaged in the business of insurance or life settlement in this state who is exempted from compliance with the licensing requirements of this chapter, including the state insurance fund of this state, who has reason to believe that an insurance transaction or life settlement act may be fraudulent, or has knowledge that a fraudulent insurance transaction or fraudulent life settlement act is

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

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about to take place, or has taken place shall, within thirty days after determination by such person that the transaction appears to be fraudulent, send to the superintendent on a form prescribed by the superintendent, the information requested by the form and such additional information relative to the factual circumstances of the transaction and the parties involved as the superintendent may require. The superintendent shall accept reports of suspected fraudulent insurance transactions or fraudulent life settlement acts from any self insurer, including but not limited to self insurers providing health insurance coverage**, those providing motor vehicle liability insurance** or those defined in section fifty of the workers' compensation law, and shall treat such reports as any other received pursuant to this section.

§ 3. This act shall take effect on the one hundred eightieth day after it shall have become a law.