

# STATE OF NEW YORK

6591

2021-2022 Regular Sessions

## IN ASSEMBLY

March 19, 2021

Introduced by M. of A. BLANKENBUSH -- read once and referred to the Committee on Insurance

AN ACT to amend the insurance law, the penal law and the executive law, in relation to establishing the New York automobile insurance fraud and premium reduction act; and making an appropriation therefor

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 "New York  
2 automobile insurance fraud and premium reduction act".

3 § 2. The insurance law is amended by adding a new section 5110 to read  
4 as follows:

5 § 5110. Certification of managed care organizations. (a)(1) Any indi-  
6 vidual or group authorized to provide medical or other health care  
7 services in this state may, directly or through an authorized insurer,  
8 make written application to the superintendent to become certified to  
9 provide managed care to injured covered persons under this article.

10 (2) Certification shall be valid for such period and for such service  
11 areas as the superintendent may prescribe, unless sooner revoked,  
12 suspended or amended.

13 (3) Each application for certification shall be accompanied by a  
14 reasonable fee prescribed by the superintendent and a proposed managed  
15 care program detailing its significant features, methods and procedures.

16 (b) Application for certification shall be made in such form and  
17 manner, and shall set forth such information regarding the proposed plan  
18 of managed care for providing medical and other health care services, as  
19 the superintendent may prescribe, including:

20 (1) the names and credentials of all individuals or organizations that  
21 will provide services under the managed care program, together with  
22 appropriate evidence of compliance with any licensing or certification  
23 requirements for such individuals or organizations to practice in this  
24 state;

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

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1 (2) a description of the times, places and manner of providing  
2 services under the managed care program;

3 (3) a description of the times, places and manner of providing other  
4 related optional services the applicant may wish to provide; and

5 (4) a description and representative copies of all remuneration and  
6 related arrangements between the managed care organization and individ-  
7 ual providers of services under the managed care program.

8 (c) The superintendent shall certify an applicant, if the superinten-  
9 dent finds that the managed care program:

10 (1) provides medical and other health care services that meet quality,  
11 continuity and other treatment standards prescribed by the superinten-  
12 dent or the commissioner of health, in a manner that is timely, effec-  
13 tive and convenient for injured persons;

14 (2) includes a sufficient number of each category of provider through-  
15 out the proposed service areas to give injured persons adequate flexi-  
16 bility to choose an authorized provider from among those health care  
17 providers who participate in the managed care program;

18 (3) provides appropriate financial incentives or other approaches to  
19 reduce costs and minimize improper utilization without sacrificing qual-  
20 ity of service;

21 (4) provides adequate methods of peer review, utilization review, and  
22 dispute resolution, including where applicable, access to the external  
23 appeal process as provided in article forty-nine of this chapter, in  
24 order to: (A) prevent inappropriate or excessive treatment; (B) avoid  
25 conflicts of interest; (C) exclude from participation in the program  
26 those providers who violate reasonable treatment standards; and (D)  
27 provide for the resolution of medical disputes;

28 (5) provides a timely and accurate method of reporting to the super-  
29 intendent or the commissioner of health as appropriate, necessary infor-  
30 mation regarding medical and health care service cost and utilization to  
31 monitor the effectiveness of the managed care program;

32 (6) provides a mechanism for an injured person to obtain treatment  
33 outside of the managed care program if the services are not available or  
34 accessible within the program;

35 (7) provides for a reasonable and appropriate coordination with another  
36 health care provider where the injured person has been receiving  
37 treatment from another health care provider for a previously existing  
38 condition or injury which has been aggravated by the motor vehicle acci-  
39 dent;

40 (8) provides for a mechanism for notification about and transition  
41 from emergency care; and

42 (9) complies with any other requirement the superintendent determines  
43 is necessary to provide quality medical and other health care services  
44 to injured persons.

45 (d) The superintendent may certify a health maintenance organization  
46 issued a certificate of authority under article forty-four of the public  
47 health law or licensed under article forty-three of this chapter, if it  
48 meets the requirements of this section. The superintendent may also  
49 certify an accident and health insurer, including a corporation organ-  
50 ized under article forty-three of this chapter, which has a participat-  
51 ing or preferred network of providers if such insurer meets the require-  
52 ments of this section. To the extent a managed care organization has  
53 been reviewed, approved or certified by another state agency as to  
54 accessibility, quality or continuity of care or for any of the other  
55 matters within the superintendent's review, the superintendent shall  
56 consider the review, approval or certification of another state agency

1 so as not to duplicate those reviews, approvals or certifications.  
2 However, nothing in this subsection shall be deemed to limit the super-  
3 intendent's authority to impose and review additional requirements or  
4 standards above and beyond those imposed by another state agency to the  
5 extent those requirements or standards are necessary or appropriate for  
6 implementation of this section.

7 (e) The superintendent shall refuse to certify, or may revoke, or  
8 suspend or amend the certification of, any managed care organization, if  
9 the superintendent finds that:

10 (1) the managed care program for providing services fails to meet the  
11 requirements of this section; or

12 (2) service under the managed care program is not being provided in  
13 accordance with its terms as described in the application for certif-  
14 ication.

15 (f) For purposes of this section, the superintendent may consider  
16 whether providers utilized by a managed care organization or otherwise  
17 authorized to provide services under the contract are authorized to  
18 render medical care in accordance with section thirteen-b of the work-  
19 ers' compensation law.

20 (g) Utilization review, quality assurance and peer review activities  
21 pursuant to this section shall be subject to review by the superinten-  
22 dent and the commissioner of health. Findings by the commissioner of  
23 health of professional misconduct, or disciplinary actions in relation  
24 thereto, shall be reported to the appropriate licensing boards and the  
25 superintendent.

26 (h) Data generated by or received in connection with these activities,  
27 including written reports, notes or records of any such activities or of  
28 the review thereof, shall be confidential and shall not be disclosed,  
29 except to the extent determined to be necessary by the superintendent or  
30 the commissioner of health. No data generated by utilization review,  
31 quality assurance or peer review activities pursuant to this section, or  
32 the review thereof, shall be used in any action, suit or proceeding,  
33 except to the extent determined to be necessary by the superintendent or  
34 the commissioner.

35 (i) A person participating in utilization review, quality assurance,  
36 or peer review activities pursuant to this section shall not be examined  
37 as to any communication made in the course of such activities or the  
38 findings thereof, nor shall any such person be subject to a civil action  
39 for actions taken or statements made in good faith.

40 (j) Provided that there is compliance with standards governing managed  
41 care established by the superintendent, no person who participates in  
42 forming any network, collectively negotiating fees, or otherwise solici-  
43 ts or enters into contracts in a good faith effort, to provide medical  
44 or other health care services on a managed care basis in accordance with  
45 the provisions of this section, shall be subject to antitrust liability  
46 regarding such participation.

47 (k) The provisions of this section shall not affect the confidentiali-  
48 ty or admission in evidence of a claimant's medical treatment records.

49 (l) The superintendent, in consultation with the commissioner of  
50 health, shall adopt such rules as may be necessary to carry out the  
51 provisions of this section.

52 § 3. Paragraph 1 of subsection (a) of section 5102 of the insurance  
53 law, as amended by chapter 298 of the laws of 2006, is amended to read  
54 as follows:

55 (1) All necessary expenses incurred for: (i) medical, hospital  
56 (including services rendered in compliance with article forty-one of the

1 public health law, whether or not such services are rendered directly by  
2 a hospital), surgical, nursing, dental, ambulance, x-ray, prescription  
3 drug and prosthetic services; (ii) psychiatric, physical therapy  
4 (provided that treatment is rendered pursuant to a referral) and occupa-  
5 tional therapy and rehabilitation; (iii) any non-medical remedial care  
6 and treatment rendered in accordance with a religious method of healing  
7 recognized by the laws of this state; and (iv) any other professional  
8 health services; all without limitation as to time, provided that within  
9 one year after the date of the accident causing the injury it is ascer-  
10 tainable that further expenses may be incurred as a result of the inju-  
11 ry. For the purpose of determining basic economic loss, the expenses  
12 incurred under this paragraph shall be in accordance with the limita-  
13 tions of section five thousand one hundred eight of this article.  
14 Medical treatments, diagnostic tests and services provided by the policy  
15 shall be rendered in accordance with commonly accepted protocols and  
16 professional standards and practices which are commonly accepted as  
17 being beneficial for the treatment of the covered injury. Protocols and  
18 professional standards and practices which are deemed to be commonly  
19 accepted pursuant to this section shall be those recognized by national  
20 standard setting organizations, national or state professional organiza-  
21 tions of the same discipline as the treating provider or those desig-  
22 nated or approved by the superintendent in consultation with profes-  
23 sional licensing boards in the department of health and the department  
24 of education. The superintendent, in consultation with the commissioners  
25 of health and education, may reject the use of protocols, standards and  
26 practices or lists of diagnostic tests set by any organization deemed  
27 not to have standing or general recognition by the provider community or  
28 applicable licensing boards. Protocols shall be deemed to establish  
29 guidelines as to standard appropriate treatment and diagnostic tests for  
30 injuries sustained in automobile accidents, but the establishment of  
31 standard treatment protocols or protocols for the administration of  
32 diagnostic tests shall not be interpreted in such a manner as to  
33 preclude variance when warranted by reason of medical necessity. The  
34 policy form may provide for pre-certification of certain procedures,  
35 treatments, diagnostic tests or other services or for the purchase of  
36 durable medical goods or equipment, except that no pre-certification  
37 requirement shall apply within ten days of the accident giving rise to  
38 the injury.

39 § 4. Subsection (d) of section 5103 of the insurance law is amended to  
40 read as follows:

41 (d) Insurance policy forms for insurance to satisfy the requirements  
42 of subsection (a) [~~hereof~~] of this section shall be subject to approval  
43 pursuant to article twenty-three of this chapter. Minimum benefit stand-  
44 ards for such policies and for self-insurers, and rights of subrogation,  
45 examination and other such matters, shall be established by regulation  
46 pursuant to section three hundred one of this chapter, provided, howev-  
47 er, that effective immediately such regulation shall be deemed to  
48 include new provisions applicable to injuries which occur on or after  
49 the effective date of the chapter of the laws of two thousand twenty-one  
50 that amended this subsection and established the New York automobile  
51 insurance fraud and premium reduction act. Such regulation shall  
52 provide that the initial filing of a notice of the existence of a claim  
53 or claims for first party benefits by a covered person shall be made  
54 within thirty days of sustaining an injury for which such claim or  
55 claims may be made, but which permit the filing of such initial notice  
56 of the existence of a claim or claims as soon as reasonably practicable

1 after the expiration of such thirty day period where the nature of the  
2 injury results in a reasonably justifiable delay in filing the initial  
3 notice during such thirty day period.

4 § 5. Section 5108 of the insurance law is amended by adding a new  
5 subsection (d) to read as follows:

6 (d) Proof of the fact and cost of a medical or health service or  
7 treatment which is needed for a covered person to receive payment or  
8 reimbursement for that portion of a claim or claims attributable to such  
9 service or treatment, whether such proof is submitted to a first party  
10 or additional first party benefits insurer by the covered person or  
11 directly by a medical professional or health services provider on behalf  
12 of such covered person, for a service rendered by the medical or health  
13 services provider to the covered person shall be submitted within  
14 forty-five days from the date the service was rendered to the covered  
15 person. At the option of the insurer, in any case where multiple or  
16 continuing medical or health treatments or services are required, such  
17 time limit may be waived and the claims of one or more such medical or  
18 health service providers may be bundled.

19 § 6. Section 5106 of the insurance law, subsection (b) as amended by  
20 chapter 452 of the laws of 2005 and subsection (d) as amended by section  
21 8 of part AAA of chapter 59 of the laws of 2017, is amended to read as  
22 follows:

23 § 5106. Fair claims settlement. (a) Payments of first party benefits  
24 and additional first party benefits shall be made as the loss is  
25 incurred. Such benefits are overdue if not paid within [~~thirty~~] forty-  
26 five days after the claimant supplies proof of the fact and amount of  
27 loss sustained. If proof is not supplied as to the entire claim, the  
28 amount which is supported by proof is overdue if not paid within [~~thir-~~  
29 ~~ty~~] forty-five days after such proof is supplied. All overdue payments  
30 shall bear interest at the rate of two percent per month. If a valid  
31 claim or portion was overdue, the claimant shall also be entitled to  
32 recover his attorney's reasonable fee, for services necessarily  
33 performed in connection with securing payment of the overdue claim,  
34 subject to limitations promulgated by the superintendent in regulations.  
35 The failure to issue a denial of a claim within the forty-five day peri-  
36 od provided for in this subsection shall not preclude the insurer from  
37 raising a defense to the claim where the insurer has made a report to  
38 the insurance frauds bureau pursuant to section four hundred five of  
39 this chapter. An insurer will also not be precluded from establishing  
40 that the claimant has failed to meet its prima facie burden of proof.

41 (b) Every insurer shall [~~provide~~] notify a claimant [~~with the option~~  
42 ~~of submitting~~] that any dispute involving the insurer's liability to pay  
43 first party benefits, or additional first party benefits, the amount  
44 thereof or any other matter which may arise pursuant to subsection (a)  
45 of this section [~~to~~] must be settled by arbitration pursuant to simpli-  
46 fied procedures to be promulgated or approved by the superintendent.  
47 Such simplified procedures shall include an expedited eligibility hear-  
48 ing option, when required, to designate the insurer for first party  
49 benefits pursuant to subsection (d) of this section. The expedited  
50 eligibility hearing option shall be a forum for eligibility disputes  
51 only, and shall not include the submission of any particular bill,  
52 payment or claim for any specific benefit for adjudication, nor shall it  
53 consider any other defense to payment.

54 (c) An award by an arbitrator shall be binding except where vacated or  
55 modified by a master arbitrator in accordance with simplified procedures  
56 to be promulgated or approved by the superintendent. The grounds for

1 vacating or modifying an arbitrator's award by a master arbitrator shall  
2 not be limited to those grounds for review set forth in article seven-  
3 ty-five of the civil practice law and rules. The award of a master arbi-  
4 trator shall be binding except for the grounds for review set forth in  
5 article seventy-five of the civil practice law and rules[, ~~and provided~~  
6 ~~further that where the amount of such master arbitrator's award is five~~  
7 ~~thousand dollars or greater, exclusive of interest and attorney's fees,~~  
8 ~~the insurer or the claimant may institute a court action to adjudicate~~  
9 ~~the dispute de novo~~].

10 (d) (1) Except as provided in paragraph two of this subsection, where  
11 there is reasonable belief more than one insurer would be the source of  
12 first party benefits, the insurers may agree among themselves, if there  
13 is a valid basis therefor, that one of them will accept and pay the  
14 claim initially. If there is no such agreement, then the first insurer  
15 to whom notice of claim is given shall be responsible for payment. Any  
16 such dispute shall be resolved in accordance with the arbitration proce-  
17 dures established pursuant to section five thousand one hundred five of  
18 this article and regulations as promulgated by the superintendent, and  
19 any insurer paying first-party benefits shall be reimbursed by other  
20 insurers for their proportionate share of the costs of the claim and the  
21 allocated expenses of processing the claim, in accordance with the  
22 provisions entitled "other coverage" contained in regulation and the  
23 provisions entitled "other sources of first-party benefits" contained in  
24 regulation. If there is no such insurer and the motor vehicle accident  
25 occurs in this state, then an applicant who is a qualified person as  
26 defined in article fifty-two of this chapter shall institute the claim  
27 against the motor vehicle accident indemnification corporation.

28 (2) A group policy issued pursuant to section three thousand four  
29 hundred fifty-five of this chapter shall provide first party benefits  
30 when a dispute exists as to whether a driver was using or operating a  
31 motor vehicle in connection with a transportation network company when  
32 loss, damage, injury, or death occurs. A transportation network company  
33 shall notify the insurer that issued the owner's policy of liability  
34 insurance of the dispute within ten business days of becoming aware that  
35 the dispute exists. When there is a dispute, the group insurer liable  
36 for the payment of first party benefits under a group policy shall have  
37 the right to recover the amount paid from the driver's insurer to the  
38 extent that the driver would have been liable to pay damages in an  
39 action at law.

40 § 7. Subsection (c) of section 5303 of the insurance law is amended  
41 to read as follows:

42 (c) Such plan shall provide for the method of classifying risks,  
43 establishing territories and making rates applicable thereto. Such  
44 rates[, ~~except with respect to rates for the minimum limits of insurance~~  
45 ~~required by article six or seven of the vehicle and traffic law,~~] shall  
46 be based upon loss and expense experience of the risks insured pursuant  
47 to the plan.

48 § 8. The insurance law is amended by adding a new section 405-a to  
49 read as follows:

50 § 405-a. Compensation for report of insurance fraud to law enforce-  
51 ment authorities. (a) Any person, other than persons described in  
52 subsection (a) of section four hundred five of this article, who has  
53 reason to believe that a fraudulent insurance act prohibited pursuant to  
54 article one hundred seventy-six of the penal law has been committed or  
55 that an insurance transaction may be fraudulent, or has knowledge that a  
56 fraudulent insurance transaction is about to take place, or has taken

1 place may report such act or transaction and any additional information  
2 relative to the factual circumstances of the transaction and the parties  
3 involved to the attorney general, district attorney or insurance frauds  
4 bureau.

5 (b) If the insurance frauds bureau recommends to the attorney general  
6 or district attorney to commence an action or if the attorney general or  
7 district attorney commences an action based on information provided by a  
8 person pursuant to subsection (a) of this section, then such person  
9 shall be entitled to receive an award of at least fifteen percent, but  
10 not more than twenty-five percent of the proceeds of the action or  
11 settlement of the claim up to a maximum of twenty-five thousand dollars.  
12 The attorney general or district attorney shall recommend to the court  
13 when a settlement is entered the amount of such award. The court shall  
14 base such award decision on the extent to which the person substantially  
15 contributed to the prosecution of the action.

16 § 9. Section 176.00 of the penal law is amended by adding three new  
17 subdivisions 6, 7 and 8 to read as follows:

18 6. "Provider" means an attorney, a health care professional, an owner  
19 or operator of a health care practice or facility, any person who  
20 creates the impression that he or she, or his or her practice can  
21 provide legal or health care services, or any person employed or acting  
22 on behalf of any such person.

23 7. "Public media" means telephone directories, professional directo-  
24 ries, newspapers and other periodicals, radio and television, bill-  
25 boards, and mailed or electronically transmitted written communications  
26 that do not involve in-person contact with a specific prospective  
27 client, patient, or customer.

28 8. "Runner" means a person who, for a pecuniary benefit, procures or  
29 attempts to procure a client, patient or customer at the direction of,  
30 request of or in cooperation with a provider when such person knows or  
31 has reason to know that the purpose of such provider is to seek to  
32 falsely or fraudulently: obtain benefits under a contract of insurance;  
33 or assert a claim against an insured or an insurance carrier for provid-  
34 ing services to the client, patient or customer. Such term shall not  
35 include a person who procures or attempts to procure clients, patients  
36 or customers for a provider through public media or a person who refers  
37 clients, patients or customers as authorized by law. Nothing in this  
38 article shall be deemed to prohibit an agent, broker or employee of a  
39 health maintenance organization from seeking to sell health maintenance  
40 organization coverage or health insurance coverage to an individual or  
41 group.

42 § 10. Subdivision 1 of section 176.05 of the penal law, as amended by  
43 chapter 211 of the laws of 2011, is amended to read as follows:

44 1. any written statement as part of, or in support of, an application  
45 for the issuance of, or the rating of a policy insuring against losses  
46 or liabilities arising out of the ownership, operation, or use of a  
47 motor vehicle, a commercial insurance policy, or certificate or evidence  
48 of self insurance for commercial insurance or commercial self insurance,  
49 or a claim for payment or other benefit pursuant to an insurance policy  
50 or self insurance program for commercial or personal insurance that he  
51 or she knows to:

52 (a) contain materially false information concerning any fact material  
53 thereto; or

54 (b) conceal, for the purpose of misleading, information concerning any  
55 fact material thereto; or

1 § 11. The penal law is amended by adding a new section 176.66 to read  
2 as follows:

3 § 176.66 Unlawful procurement of clients, patients or customers.

4 A person is guilty of unlawful procurement of clients, patients or  
5 customers when, he or she knowingly:

6 1. acts as a runner; or

7 2. uses, solicits, directs, hires or employs another person to act as  
8 a runner.

9 Unlawful procurement of clients, patients or customers is a class E  
10 felony.

11 § 12. Section 176.15 of the penal law, as amended by chapter 515 of  
12 the laws of 1986, is amended to read as follows:

13 § 176.15 Insurance fraud in the fourth degree.

14 A person is guilty of insurance fraud in the fourth degree when he or  
15 she commits a fraudulent insurance act and thereby wrongfully takes,  
16 obtains or withholds, or attempts to wrongfully take, obtain or withhold  
17 property with a value in excess of [~~one-thousand~~] five hundred dollars.

18 Insurance fraud in the fourth degree is a class E felony.

19 § 13. Section 176.20 of the penal law, as amended by chapter 515 of  
20 the laws of 1986, is amended to read as follows:

21 § 176.20 Insurance fraud in the third degree.

22 A person is guilty of insurance fraud in the third degree when he or  
23 she commits a fraudulent insurance act and thereby wrongfully takes,  
24 obtains or withholds, or attempts to wrongfully take, obtain or withhold  
25 property with a value in excess of [~~three~~] one thousand five hundred  
26 dollars.

27 Insurance fraud in the third degree is a class D felony.

28 § 14. Section 176.25 of the penal law, as added by chapter 515 of the  
29 laws of 1986, is amended to read as follows:

30 § 176.25 Insurance fraud in the second degree.

31 A person is guilty of insurance fraud in the second degree when he or  
32 she commits a fraudulent insurance act and thereby wrongfully takes,  
33 obtains or withholds, or attempts to wrongfully take, obtain or withhold  
34 property with a value in excess of [~~fifty~~] twenty-five thousand dollars.

35 Insurance fraud in the second degree is a class C felony.

36 § 15. Section 176.30 of the penal law, as added by chapter 515 of the  
37 laws of 1986, is amended to read as follows:

38 § 176.30 Insurance fraud in the first degree.

39 A person is guilty of insurance fraud in the first degree when he or  
40 she commits a fraudulent insurance act and thereby wrongfully takes,  
41 obtains or withholds, or attempts to wrongfully take, obtain or withhold  
42 property with a value in excess of [~~one-million~~] five hundred thousand  
43 dollars.

44 Insurance fraud in the first degree is a class B felony.

45 § 16. Section 176.35 of the penal law, as added by chapter 635 of the  
46 laws of 1996, is amended to read as follows:

47 § 176.35 Aggravated insurance fraud in the third degree.

48 A person is guilty of aggravated insurance fraud in the [~~fourth~~] third  
49 degree when he or she commits [~~a fraudulent insurance act~~] the offense  
50 of insurance fraud in the fifth degree, and has been previously  
51 convicted within the preceding five years of any offense, an essential  
52 element of which is the commission of a fraudulent insurance act.

53 Aggravated insurance fraud in the [~~fourth~~] third degree is a class D  
54 felony.

55 § 17. The penal law is amended by adding two new sections 176.36 and  
56 176.37 to read as follows:

1 § 176.36 Aggravated insurance fraud in the second degree.

2 A person is guilty of aggravated insurance fraud in the second degree  
3 when he or she commits the offense of insurance fraud in the fourth  
4 degree, and has been previously convicted within the preceding five  
5 years of any offense, an essential element of which is the commission of  
6 a fraudulent insurance act.

7 Aggravated insurance fraud in the second degree is a class C felony.

8 § 176.37 Aggravated insurance fraud in the first degree.

9 A person is guilty of aggravated insurance fraud in the first degree  
10 when he or she commits the offense of insurance fraud in the third  
11 degree, and has been previously convicted within the preceding five  
12 years of any offense, an essential element of which is the commission of  
13 a fraudulent insurance act.

14 Aggravated insurance fraud in the first degree is a class B felony.

15 § 18. Paragraph (a) of subdivision 2 of section 846-m of the executive  
16 law, as amended by section 6 of part T of chapter 57 of the laws of  
17 2000, is amended to read as follows:

18 (a) The moneys received by the fund shall be expended in a manner that  
19 is consistent with the plan of operation, pursuant to appropriation,  
20 only to reimburse costs incurred by provider agencies for pilot program  
21 activities relating to the detection, prevention or reduction of motor  
22 vehicle theft and motor vehicle insurance fraud, provided, however, that  
23 beginning January first, two thousand twenty-two, additional monies  
24 received by the fund pursuant to an appropriation made by a chapter of  
25 the laws of two thousand twenty-one establishing the New York automobile  
26 insurance fraud and premium reduction act shall be used exclusively to  
27 support efforts undertaken by district attorneys to detect, identify and  
28 prosecute fraud pertaining to article fifty-one of the insurance law.

29 § 19. No later than eighteen months after the effective date of this  
30 act, the superintendent of financial services shall study, evaluate and  
31 report to the governor and legislature on the impact and effect of this  
32 act on private passenger automobile insurance costs, by rating territo-  
33 ry, in New York state. The superintendent of financial services shall  
34 recommend for each insurer, by rating territory, a one-time premium  
35 reduction for the insurance required pursuant to article 51 of the  
36 insurance law that reflects the reduced cost of this type of coverage as  
37 a result of the provisions enacted pursuant to this act. Notwithstanding  
38 the provisions of article 23 of the insurance law, any such recommended  
39 reduction shall be binding unless demonstrated by an insurer, based on  
40 sound underwriting and actuarial principles reasonably related to actual  
41 or anticipated loss experience, that such reduction would result in  
42 underwriting losses for policies issued in such rating territory.

43 § 20. The sum of three million one hundred thousand dollars  
44 (\$3,100,000), or so much thereof as may be necessary, is hereby appro-  
45 priated to the department of transportation out of any moneys in the  
46 state treasury in the general fund to the credit of the motor vehicle  
47 theft and insurance fraud prevention fund, not otherwise appropriated,  
48 and made immediately available, for the purpose of carrying out the  
49 provisions of paragraph (a) of subdivision 2 of section 846-m of the  
50 executive law, as amended pursuant to section eighteen of this act.  
51 Such moneys shall be payable on the audit and warrant of the comptroller  
52 on vouchers certified or approved by the commissioner of transportation  
53 in the manner prescribed by law.

54 § 21. Severability clause. If any clause, sentence, paragraph, subdi-  
55 vision, section or part contained in any part of this act shall be  
56 adjudged by any court of competent jurisdiction to be invalid, such

1 judgment shall not affect, impair, or invalidate the remainder thereof,  
2 but shall be confined in its operation to the clause, sentence, para-  
3 graph, subdivision, section or part of this act contained in any part  
4 thereof directly involved in the controversy in which such judgment  
5 shall have been rendered. It is hereby declared to be the intent of the  
6 legislature that this act would have been enacted even if such invalid  
7 provisions had not been included herein.

8 § 22. This act shall take effect on the ninetieth day after it shall  
9 have become a law.