

STATE OF NEW YORK

5718--B

2023-2024 Regular Sessions

IN ASSEMBLY

March 22, 2023

Introduced by M. of A. KELLES, FAHY, LEVENBERG, GONZALEZ-ROJAS, ARDILA, McMAHON, OTIS, BRONSON, LUNSFORD, EPSTEIN, CLARK, SHRESTHA, BURDICK, REYES, CONRAD, SHIMSKY, STIRPE, JACOBSON, SIMONE, STECK, BURGOS, BORES -- Multi-Sponsored by -- M. of A. SIMON -- read once and referred to the Committee on Insurance -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee -- again reported from said committee with amendments, ordered reprinted as amended and recommitted to said committee

AN ACT to amend the insurance law and the vehicle and traffic law, in relation to owner's policies of liability insurance issued by a risk retention group not chartered within this state

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

1 Section 1. Section 5913 of the insurance law, as added by chapter 109
2 of the laws of 1988, is amended to read as follows:

3 § 5913. Financial responsibility. [~~Wherever~~ Except as provided in
4 sections three hundred eleven and three hundred seventy of the vehicle
5 and traffic law, wherever pursuant to the laws of this state or any
6 political subdivision of this state a demonstration of financial respon-
7 sibility is required as a condition for obtaining a license or permit to
8 undertake specified activities, if any such requirement may not be
9 satisfied by obtaining insurance coverage from an insurer not authorized
10 to do business in this state, such requirement may not be satisfied by
11 purchasing insurance from a risk retention group not chartered in this
12 state. Every insurance policy issued by a risk retention group not
13 chartered in this state pursuant to sections three hundred eleven and
14 three hundred seventy of the vehicle and traffic law shall contain the
15 notice set forth in section five thousand nine hundred five of this
16 article.

17 § 2. Paragraphs (b) and (c) of subdivision 4 of section 311 of the
18 vehicle and traffic law, paragraph (c) as amended by chapter 200 of the
19 laws of 1974, are amended to read as follows:

20 (b) In the case of a vehicle registered in this state, a policy issued
21 by (i) an insurer duly authorized to transact business in this state or

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

LBD10375-11-3

1 (ii) a risk retention group not chartered in this state but which is
2 registered with the superintendent under the federal liability risk
3 retention act of 1986, comprised entirely of organizations that are
4 tax-exempt under section 501(c)(3) of the federal internal revenue code
5 and where the risk retention group qualifies as a charitable risk pool
6 under section 501(n) of the federal internal revenue code; or

7 (c) In the case of a vehicle lawfully registered in another state, or
8 in both this state and another state, [~~either~~] (i) a policy issued by an
9 authorized insurer, or (ii) a risk retention group not chartered in this
10 state but which is registered with the superintendent under the federal
11 liability risk retention act of 1986, comprised entirely of organiza-
12 tions that are tax-exempt under section 501(c)(3) of the federal inter-
13 nal revenue code and where the risk retention group qualifies as a char-
14 itable risk pool under section 501(n) of the federal internal revenue
15 code, or (iii) a policy issued by an unauthorized insurer authorized to
16 transact business in another state if such unauthorized insurer files
17 with the commissioner in form to be approved by [~~him~~] ~~them~~ a statement
18 consenting to service of process and declaring its policies shall be
19 deemed to be varied to comply with the requirements of this article; and

20 § 3. The opening paragraph of subdivision 5 of section 311 of the
21 vehicle and traffic law, as amended by chapter 569 of the laws of 1981,
22 is amended to read as follows:

23 The term "certificate of insurance" shall mean any evidence issued by
24 or on behalf of an insurance company duly authorized to transact busi-
25 ness in this state, or a risk retention group authorized to issue an
26 owner's policy of liability insurance pursuant to subdivision four of
27 this section, stating in such form as the commissioner may prescribe or
28 approve that such company or such risk retention group has issued an
29 owner's policy of liability insurance on the motor vehicle or vehicles
30 designated therein. Such certificate shall contain information as
31 required by the commissioner including at least the following except as
32 otherwise provided:

33 § 4. Subdivision 10 of section 311 of the vehicle and traffic law, as
34 amended by chapter 103 of the laws of 1972, is amended to read as
35 follows:

36 10. "Insurance Identification Card" shall mean a card issued by or on
37 behalf of an insurance company or bonding company duly authorized to
38 transact business in this state, or a risk retention group authorized to
39 issue an owner's policy of liability insurance pursuant to subdivision
40 four of this section, stating in such form as the commissioner may
41 prescribe or approve that such company or such risk retention group has
42 issued an owner's policy of liability insurance or a financial security
43 bond on the motor vehicle or vehicles designated therein. Such card
44 shall contain such information and shall be valid during such period as
45 may be prescribed by the commissioner. If an owner shall have filed a
46 financial security deposit, or shall have qualified as a self-insurer
47 under section three hundred sixteen of this [~~chapter~~] ~~article~~, the term
48 "insurance identification card" shall mean a card issued by the depart-
49 ment which evidences that such deposit has been filed or that such owner
50 has so qualified.

51 § 5. The opening paragraph of subdivision 1 of section 370 of the
52 vehicle and traffic law, as amended by chapter 20 of the laws of 2002
53 and as further amended by section 104 of part A of chapter 62 of the
54 laws of 2011, is amended to read as follows:

55 Every person, firm, association or corporation engaged in the business
56 of carrying or transporting passengers for hire in any motor vehicle or

1 motorcycle, except street cars, and motor vehicles or motorcycles owned
2 and operated by a municipality, and except as otherwise provided in this
3 section, which shall be operated over, upon or along any public street
4 or highway of the state of New York shall file with the commissioner of
5 motor vehicles for each motor vehicle or motorcycle intended to be so
6 operated evidence, in such form as the commissioner may prescribe, of a
7 corporate surety bond or a policy of insurance[7]: (a) approved as to
8 form by the superintendent of financial services in a company authorized
9 to do business in the state, approved by the superintendent as to
10 solvency and responsibility[7]; or (b) a risk retention group not char-
11 tered in this state but which is registered with the superintendent of
12 financial services under the federal liability risk retention act of
13 1986, comprised entirely of organizations that are tax-exempt under
14 section 501(c)(3) of the federal internal revenue code and where the
15 risk retention group qualifies as a charitable risk pool under section
16 501(n) of the federal internal revenue code. Such surety bond or policy
17 of insurance shall be conditioned for the payment of a minimum sum,
18 hereinafter called minimum liability, on a judgment or judgments for
19 damages, including damages for care and loss of services, because of
20 bodily injury to, or death of any one person in any one accident, and
21 subject to such minimum liability a maximum sum, hereinafter called
22 maximum liability on a judgment or judgments for damages, including
23 damages for care and loss of services because of bodily injury to, or
24 death of two or more persons in any one accident and for the payment of
25 a minimum sum, called minimum liability on all judgments for damages
26 because of injury to or destruction of property of others in any one
27 accident, recovered against such person, firm, association or corpo-
28 ration upon claims arising out of the same transaction or transactions
29 connected with the same subject of action, to be apportioned ratably
30 among the judgment creditors according to the amount of their respective
31 judgments for damage or injury caused in the operation, maintenance, use
32 or the defective construction of such motor vehicle or motorcycle as
33 follows:

34 § 6. Three years after the effective date of this act, the superinten-
35 dent of financial services, in consultation with the commissioner of
36 motor vehicles, shall study the impact of this act to determine the
37 efficacy of risk retention groups not chartered in this state issuing
38 vehicle insurance policies. Such study shall examine certain factors,
39 including, but not limited to: the quality and practicability of cover-
40 age on automotive accidents covered under such insurance policies, the
41 magnitude of need and interest in these types of insurance policies
42 across the state, customer satisfaction and fiscal surety using such
43 policies, the ability of the state to regulate such policies through the
44 federal limited risk retention act, and other data as is practicable
45 that would assess the potential impact on nonprofits that could be
46 covered by the expansion of eligibility of these policies for organiza-
47 tions that are tax-exempt under section 501(c)(3) of the federal inter-
48 nal revenue code. Such superintendent shall report the findings and any
49 recommendations of such study to the governor and the legislature no
50 later than four years after the effective date of this act.

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