

STATE OF NEW YORK

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2023-2024 Regular Sessions

IN ASSEMBLY

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Introduced by M. of A. GUNTHER, WEPRIN, BUTTENSCHON, ZEBROWSKI, STECK, McDONALD, STERN, THIELE, DINOWITZ, FAHY, HUNTER, WOERNER, McMAHON, JACKSON, RIVERA, BENEDETTO, WALLACE, STIRPE, J. A. GIGLIO, JONES, ZACCARO, DE LOS SANTOS, BURKE, BERGER -- Multi-Sponsored by -- M. of A. SIMON -- read once and referred to the Committee on Transportation -- recommitted to the Committee on Transportation 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 vehicle and traffic law, in relation to establishing an online insurance verification system for motor vehicle insurance

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

1 Section 1. Subdivisions 2, 3 and 4 of section 313 of the vehicle and
2 traffic law, subdivision 2 as amended by chapter 678 of the laws of
3 1997, paragraphs (a), (b) and (d) of subdivision 2 and subdivision 4 as
4 amended by chapter 509 of the laws of 1998, paragraph (b) of subdivision
5 4 as amended by chapter 161 of the laws of 2004, paragraph (d) of subdi-
6 vision 4 as further amended by section 104 of part A of chapter 62 of
7 the laws of 2011, subdivision 3 as amended by chapter 781 of the laws of
8 1983, are amended to read as follows:

9 2. (a) [~~Upon~~] Except as otherwise provided in sections three hundred
10 twelve-b and three hundred twelve-c of this article, the termination of
11 an owner's policy of liability insurance, other than an owner's policy
12 of liability insurance for a motorcycle, at the request of the insured
13 or by cancellation by the insurer, the insurer shall file a notice of
14 termination with reference to such policy, as opposed to any insured
15 vehicle or vehicles under such policy, with the commissioner not later
16 than thirty days following the effective date of such cancellation or
17 other termination, in accordance with the regulations required by para-
18 graph (c) of this subdivision. An insurer shall not file a notice of
19 termination with the commissioner except as required by this subdivi-
20 sion.

21 (b) [~~Upon~~] Except as otherwise provided in sections three hundred
22 twelve-b and three hundred twelve-c of this article, upon the issuance

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

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1 of an owner's policy of liability insurance the insurer shall file a
2 notice or confirmation of issuance with reference to such policy not
3 later than fourteen days following the effective date of such issuance,
4 and not later than seven days following the effective date for policies
5 issued after January first, two thousand one, in accordance with the
6 regulations required by paragraph (c) of this subdivision.

7 (c) The commissioner shall promulgate regulations establishing proce-
8 dures for issuance of proof of insurance and, except as otherwise
9 provided in sections three hundred twelve-b and three hundred twelve-c
10 of this article, for reporting by insurers of notices of termination and
11 policy issuance, either electronically or by paper copy, at the option
12 of the department. Such reporting or, if required pursuant to sections
13 three hundred twelve-b and three hundred twelve-c of this article, such
14 online verification shall be required for every cancellation or termi-
15 nation which is effective on or after July first, nineteen hundred
16 eighty-four and for every policy issuance which is effective on or after
17 January first, two thousand[; ~~provided, however, that should the commis-~~
18 ~~sioner find, after testing of reporting procedures, that it would be~~
19 ~~feasible to require reporting for policy cancellations, terminations or~~
20 ~~issuances effective on an earlier date, he may by regulation so require~~
21 ~~reporting on such earlier date, but in no event shall reporting be~~
22 ~~required for cancellations or terminations effective prior to February~~
23 ~~first, nineteen hundred eighty four nor for policy issuances effective~~
24 ~~prior to September first, nineteen hundred ninety-nine. Insurers shall~~
25 ~~cooperate fully with the commissioner in any such testing of reporting~~
26 ~~procedures~~].

27 (d) Upon application by an insurer, the commissioner may extend the
28 period for filing of notices of termination by such insurer pursuant to
29 paragraph (c) of this subdivision for up to fifteen days, and for seven
30 days for policies issued by an insurer. Extensions shall not be granted
31 unless the insurer demonstrates to the satisfaction of the commissioner
32 that compliance with the notice period would result in substantial hard-
33 ship to the insurer. The commissioner shall maintain a list of exten-
34 sions granted pursuant to this paragraph.

35 (e) Notwithstanding the provisions of paragraphs (b), (c) and (d) of
36 this subdivision, the commissioner may, in lieu of promulgating regu-
37 lations for reporting by insurers to the department of notices of termi-
38 nation and policy issuance either electronically or by paper copy pursu-
39 ant to such paragraphs, promulgate regulations pursuant to sections
40 three hundred twelve-b and three hundred twelve-c of this article estab-
41 lishing procedures for online verification by motor vehicle insurers of
42 motor vehicle owners' policies of liability insurance to the department.

43 3. A cancellation or termination for which notice is required to be
44 filed with the commissioner pursuant to subdivision two of this section
45 or which must be verified online pursuant to sections three hundred
46 twelve-b and three hundred twelve-c of this article shall not be effec-
47 tive with respect to persons other than the named insured and members of
48 the insured's household until the insurer has filed a notice thereof
49 with the commissioner or verified such cancellation or termination
50 online, as applicable, or until another insurance policy covering the
51 same risk has been procured, except that a notice filed with the commis-
52 sioner, in the format prescribed by the commissioner, within the period
53 prescribed in subdivision two of this section, or a verification made
54 online in compliance with sections three hundred twelve-b and three
55 hundred twelve-c of this article, shall be effective as of the date
56 certified therein, regardless of whether a suspension order is issued

1 pursuant to section three hundred eighteen of this article. A receipt
2 from the department stating that a notice of termination has been filed
3 shall be deemed conclusive evidence of such filing. An insurer shall
4 cooperate with the commissioner in attempting to identify persons not in
5 compliance with this article in cases where the information reported by
6 the insurer does not correspond with records maintained by the depart-
7 ment.

8 4. Notwithstanding any other provision of this article to the contra-
9 ry, the commissioner shall establish a ~~[pilot]~~ program to maintain an
10 up-to-date insured vehicle identification database to assist in identi-
11 fying uninsured motor vehicles. Such ~~[databases]~~ database shall be
12 implemented by the department pursuant to standards prescribed by the
13 commissioner or an agent designated by the commissioner which shall seek
14 technical assistance from affected insurers and the New York Automobile
15 Insurance Plan. This program shall utilize all information collected
16 pursuant to this section or pursuant to sections three hundred twelve-b
17 and three hundred twelve-c of this article and shall also include the
18 following elements:

19 (a) In addition to and in conjunction with either the provisions of
20 subdivision two of this section or the provisions of sections three
21 hundred twelve-b and three hundred twelve-c of this article, insurers
22 that write private passenger or commercial motor vehicle insurance in
23 this state shall also submit to the department, either electronically
24 ~~[or]~~, by paper copy or, if established pursuant to the provisions of
25 section three hundred twelve-b of this article, by online verification,
26 at the option of the department, information that identifies those poli-
27 cies that have been cancelled, terminated or non-renewed and all poli-
28 cies that have been issued, the date when such insurance lapses, and any
29 other information that the commissioner deems necessary to efficiently
30 identify and track uninsured vehicles in this state such as a
31 policyholder's address, policy number, vehicle registration number, and
32 vehicle identification number. The department may exempt from such
33 ~~[pilot]~~ program the transfer of information on certain classifications
34 of vehicles that are in the opinion of the department generally insured
35 and which it is difficult to identify uninsured vehicles within such
36 classification, such as large commercial vehicle fleets;

37 (b) ~~[The]~~ Except as otherwise provided in section three hundred
38 twelve-b of this article, the department shall forward to each motor
39 vehicle insurer, at such times as deemed necessary and appropriate by
40 the commissioner, a listing of all the registrants the department has on
41 file as insured with that insurer. Such insurer shall then review the
42 listing within thirty days of receipt of the listing and report to the
43 department which of the registrants the insurer does not insure;

44 (c) The commissioner shall, in conjunction with the superintendent of
45 state police and local law enforcement officials formulate a means to
46 allow such database established pursuant to this subdivision to be easi-
47 ly accessible to on-duty law enforcement personnel in the performance of
48 their official duties for the purpose of verifying whether an operator
49 maintains proper insurance coverage and to increase compliance with the
50 motor vehicle financial security laws under this article and article
51 eight of this title;

52 (d) In developing the mechanism to electronically transfer information
53 to the department pursuant to this section or, at the department's
54 option, pursuant to sections three hundred twelve-b and three hundred
55 twelve-c of this article, the commissioner shall consult with the super-
56 intendent of financial services and insurers to adopt a standardized

1 system of organizing, recording and transferring such information so as
2 to minimize insurer administrative expenses. The commissioner shall to
3 the maximum extent possible utilize nationally recognized electronic
4 data information systems such as those developed by the American
5 National Standards Institute or the American Association of Motor Vehi-
6 cle Administrators;

7 (e)(1) Either simultaneously or after the up-dated database system has
8 been established, the commissioner shall develop a computer indicator
9 that can be imprinted on a vehicle registration sticker or on a sticker
10 to be affixed to the insured's license plate. Such indicator system
11 shall enable law enforcement personnel and other authorized persons when
12 acting in the course of their official duties to access the department's
13 database so that such persons can ascertain whether a vehicle is proper-
14 ly insured or not insured;

15 (2) Such computer indicator system shall enable authorized persons in
16 the performance of their official duties to access information such as
17 the registrant's name, vehicle identification number, name of insurer,
18 current status of insurance, vehicle registration number and other
19 information that the commissioner deems necessary to implement the
20 provisions of this section or section three hundred twelve-b of this
21 article. The commissioner in developing such computer indicator system
22 shall enable authorized persons in the performance of their official
23 duties to access only such information that is necessary to detect unin-
24 insured motor vehicles or accomplish other goals clearly established and
25 authorized by law. Such computer indicator system shall be designed to
26 protect the personal privacy interests of motorists;

27 (f) The commissioner shall maintain ~~[an]~~ the insured vehicle database
28 system ~~[that is accurate to within a period of fourteen days]~~ estab-
29 lished pursuant to this subdivision and a computer indicator system
30 described in paragraph (e) of this subdivision ~~[within twenty-four~~
31 ~~months of the effective date of this subdivision and]~~ that are accurate
32 to within seven days ~~[by January first, two thousand one. The commis-~~
33 ~~sioner shall submit to the legislature a report within eighteen months~~
34 ~~from the date this subdivision takes effect which outlines the progress~~
35 ~~being made to implement such database and computer indicator system.~~
36 ~~After such database and computer indicator system is established and put~~
37 ~~into operation, the commissioner shall make recommendations to the~~
38 ~~legislature to alter, minimize or eliminate the need for the issuance of~~
39 ~~insurance identification cards, simplify the requirements to demonstrate~~
40 ~~proof of financial security and certificate of insurance currently~~
41 ~~required by this article, eliminate the requirement for production of~~
42 ~~proof of financial security to accompany applications for registrations~~
43 ~~or renewals thereof provided that such database indicates that the~~
44 ~~registrant is insured, and the repeal or modification of section three~~
45 ~~hundred twelve-a of this article. The commissioner shall also make~~
46 ~~recommendations to the legislature to streamline and shorten the notice~~
47 ~~termination requirements of subdivisions one, two and three of this~~
48 ~~section and section three hundred eighteen of this article. Such report~~
49 ~~shall be submitted to the legislature within twelve months from the date~~
50 ~~such database and indicator system has been implemented];~~

51 (g) ~~[To minimize the cost of this program, the commissioner, if he~~
52 ~~deems it necessary and prudent, can initially limit the scope of this~~
53 ~~project to a select number of vehicle classifications or insurers;~~

54 ~~(h)]~~ Notwithstanding any other provision of law, information obtained
55 by the department pursuant to this section and sections three hundred
56 twelve-b and three hundred twelve-c of this article shall not be

disclosed, used, sold, accessed, utilized in any manner or released by the department to any person, corporation, or state and local agency, except in response to a specific, individual request for such information authorized pursuant to the federal driver's privacy protection act (18 U.S.C. 2721 et.seq.). The department shall institute measures to ensure that only authorized persons are permitted to access such information for the purposes specified by this section and section three hundred twelve-b of this article. Persons who knowingly release or disclose information from such database for a purpose other than those described as authorized by this section or to a person not entitled to receive it shall be guilty of a misdemeanor for each such release or disclosure[; ~~and~~

~~(i) The commissioner may postpone implementation of such pilot database and computer indicator system for a period of time not to exceed eighteen months if he or she determines that the program is not ready for implementation. Should the commissioner determine that such system cannot be implemented during the eighteen months extension, then the commissioner shall report to the legislature the reasons why such program cannot be implemented and request that the law be amended to delay its implementation date].~~

§ 2. The vehicle and traffic law is amended by adding a new section 312-b to read as follows:

§ 312-b. Online insurance verification system of motor vehicle insurance. 1. The commissioner may establish a system for the online verification of motor vehicle owners' policies of liability insurance. Information available in the online insurance verification system shall be provided to the commissioner by motor vehicle insurers pursuant to rules and regulations promulgated by the commissioner, if the commissioner determines establishment of such system would further the purposes of this article as set forth in subdivision two of section three hundred ten of this article.

2. Where the commissioner establishes a system for the online verification of owners' policies of liability insurance pursuant to this section, the commissioner shall verify motor vehicle owners' policies of liability insurance and maintain such system of online verification of owners' policies of liability insurance that is accurate to within a period of no less than seven days, and shall develop, implement, and maintain security features to protect the security, confidentiality, and integrity of such system's information and data and provide safeguards necessary or appropriate to preclude unauthorized access to such information and data.

3. The online insurance verification system shall, at a minimum, have the ability:

(a) for the department to send requests to motor vehicle insurers for verification of evidence of a motor vehicle owner's policy of liability insurance as prescribed by this chapter via web services, through the internet, or a similar proprietary or common carrier electronic system, as well as to receive from motor vehicle insurers verification of evidence of a motor vehicle owner's policy of liability insurance in a form and manner as determined by the commissioner;

(b) to be utilized by the commissioner for verification of mandatory motor vehicle liability insurance coverage as prescribed by this chapter;

(c) to enable the commissioner to make inquiries to motor vehicle insurers for evidence of motor vehicle owners' policies of liability insurance including, but not limited to, policyholders' addresses, poli-

1 cy numbers, vehicle registration numbers, and vehicle identification
2 numbers;

3 (d) to respond to each request by the commissioner for motor vehicle
4 liability insurance information within an amount of time determined by
5 the commissioner; and

6 (e) to respond within the time established.

7 4. If the commissioner implements an online insurance verification
8 system pursuant to this section, such system (a) shall not be accessible
9 except to the commissioner and to insurers to the extent necessary to
10 comply with the provisions of this section and section three hundred
11 twelve-c of this article, and (b) shall undergo an appropriate testing
12 and pilot period of not less than one year after which, should the
13 commissioner determine to proceed with such online insurance verifica-
14 tion system, the commissioner shall certify in writing to the governor,
15 the temporary president of the senate, and the speaker of the assembly
16 that such system is fully operational.

17 § 3. The vehicle and traffic law is amended by adding a new section
18 312-c to read as follows:

19 § 312-c. Insurer responsibilities for the online insurance verifica-
20 tion system. Where an online insurance verification system is estab-
21 lished pursuant to section three hundred twelve-b of this article:

22 1. every motor vehicle insurer shall provide the commissioner with
23 access to its motor vehicle liability insurance policy status informa-
24 tion as provided by, and consistent with any time frames established by,
25 any rules and regulations promulgated by the commissioner; and

26 2. every insurer that is licensed to issue motor vehicle insurance
27 policies or is authorized to do business in this state shall comply with
28 this section and section three hundred twelve-b of this article for
29 verification of evidence of motor vehicle liability insurance for every
30 vehicle insured by that insurer in this state, as required by this chap-
31 ter and the rules and regulations promulgated by the commissioner there-
32 under.

33 § 4. Paragraph (d) of subdivision 3 of section 317 of the vehicle and
34 traffic law, as added by chapter 678 of the laws of 1997, is amended to
35 read as follows:

36 (d) To fully fund such [~~pilot~~] database system and bar code program
37 established pursuant to subdivision four of section three hundred thir-
38 teen of this article and, where established pursuant to section three
39 hundred twelve-b of this article, such online insurance verification
40 system, the commissioner shall utilize the following three sources of
41 revenue: (1) twenty-five percent of all civil penalties imposed upon
42 persons fined pursuant to paragraph (b) of subdivision one-a of section
43 three hundred eighteen of this article, (2) monies obtained from grants
44 that may be awarded to the commissioner from the motor vehicle theft and
45 insurance fraud prevention fund, and (3) pro rata assessments upon all
46 insurance carriers subject to the provisions of this section in propor-
47 tion to the premium estimates filed by such carriers.

48 § 5. This act shall take effect on the one hundred twentieth day after
49 it shall have become a law. Effective immediately, the addition, amend-
50 ment and/or repeal of any rule or regulation necessary for the implemen-
51 tation of this act are authorized to be made and completed on or before
52 such effective date.