

# STATE OF NEW YORK

5331--A

Cal. No. 580

2025-2026 Regular Sessions

## IN SENATE

February 20, 2025

Introduced by Sens. BAILEY, ADDABBO, FAHY, HELMING -- read twice and ordered printed, and when printed to be committed to the Committee on Transportation -- reported favorably from said committee, ordered to first and second report, ordered to a third reading, amended and ordered reprinted, retaining its place in the order of third reading

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. Subdivision 1 of section 312-a of the vehicle and traffic  
2 law, as amended by chapter 781 of the laws of 1983, is amended to read  
3 as follows:

4 1. Upon issuance of an owner's policy of liability insurance or other  
5 financial security required by this chapter, an insurer shall issue  
6 proof of insurance in accordance with the regulations promulgated by the  
7 commissioner pursuant to [~~paragraph (b) of~~] subdivision two of section  
8 three hundred thirteen of this article.

9 § 2. Subdivisions 2, 3 and 4 of section 313 of the vehicle and traffic  
10 law, subdivision 2 as amended by chapter 678 of the laws of 1997, para-  
11 graphs (a), (b) and (d) of subdivision 2 and subdivision 4 as amended by  
12 chapter 509 of the laws of 1998, paragraph (b) of subdivision 4 as  
13 amended by chapter 161 of the laws of 2004, paragraph (d) of subdivision  
14 4 as further amended by section 104 of part A of chapter 62 of the laws  
15 of 2011, and subdivision 3 as amended by chapter 781 of the laws of  
16 1983, are amended to read as follows:

17 2. [~~(a) Upon the termination of an owner's policy of liability insur-~~  
18 ~~ance, other than an owner's policy of liability insurance for a motorey-~~  
19 ~~ele, at the request of the insured or by cancellation by the insurer,~~  
20 ~~the insurer shall file a notice of termination with reference to such~~  
21 ~~policy, as opposed to any insured vehicle or vehicles under such policy,~~  
22 ~~with the commissioner not later than thirty days following the effective~~

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

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~~1 date of such cancellation or other termination, in accordance with the  
2 regulations required by paragraph (c) of this subdivision. An insurer  
3 shall not file a notice of termination with the commissioner except as  
4 required by this subdivision.~~

~~5 (b) Upon the issuance of an owner's policy of liability insurance the  
6 insurer shall file a notice or confirmation of issuance with reference  
7 to such policy not later than fourteen days following the effective date  
8 of such issuance, and not later than seven days following the effective  
9 date for policies issued after January first, two thousand one, in  
10 accordance with the regulations required by paragraph (c) of this subdi-  
11 vision.~~

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

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

35 3. A cancellation or termination for which notice is required to be  
36 filed with the commissioner [~~pursuant to subdivision two of this~~  
37 ~~section~~] shall not be effective with respect to persons other than the  
38 named insured and members of the insured's household until the insurer  
39 has filed a notice thereof with the commissioner or until another insur-  
40 ance policy covering the same risk has been procured, except that a  
41 notice filed with the commissioner, in the format prescribed by the  
42 commissioner, [~~within the period prescribed in subdivision two of this~~  
43 ~~section~~] shall be effective as of the date certified therein, regardless  
44 of whether a suspension order is issued pursuant to section three  
45 hundred eighteen of this article. A receipt from the department stating  
46 that a notice of termination has been filed shall be deemed conclusive  
47 evidence of such filing. An insurer shall cooperate with the commis-  
48 sioner in attempting to identify persons not in compliance with this article  
49 in cases where the information reported by the insurer does not corre-  
50 spond with records maintained by the department.

51 4. Notwithstanding any other provision of this article to the contra-  
52 ry, the commissioner shall establish a [~~pilot program~~] system for the  
53 online verification of motor vehicle liability insurance to [~~maintain~~  
54 ~~an~~] enable the commissioner to access up-to-date insured vehicle iden-  
55 tification [~~database~~] information to assist in identifying uninsured  
56 motor vehicles, and shall verify motor vehicle owners' policies of

1 liability insurance through the utilization of such online verification  
2 system. Such [~~databases~~] online verification system shall be imple-  
3 mented by the department pursuant to standards prescribed by the commis-  
4 sioner [~~or an agent designated by the commissioner which~~] who shall seek  
5 technical assistance from affected insurers and the New York Automobile  
6 Insurance Plan. This [~~program~~] online verification system shall utilize  
7 all information collected pursuant to this section and shall also  
8 include the following elements:

9 (a) [~~In addition to and in conjunction with the provisions of subdivi-~~  
10 ~~sion two of this section, insurers~~] Insurers that write private passen-  
11 ger or commercial motor vehicle insurance in this state shall [~~also~~  
12 ~~submit to the department, either electronically or by paper copy, at the~~  
13 ~~option of the department~~], with respect to every motor vehicle insured  
14 by such insurer in the state and in compliance with any rules and regu-  
15 lations promulgated by the commissioner for the online verification  
16 system established pursuant to this subdivision, provide the commis-  
17 ioner access to information that identifies those motor vehicle liability  
18 insurance policies that have been cancelled, terminated or non-renewed  
19 and all such policies that have been issued, the date when such insur-  
20 ance lapses, and any other information that the commissioner deems  
21 necessary to efficiently identify and track uninsured vehicles in this  
22 state such as a policyholder's address, policy number, vehicle registra-  
23 tion number, and vehicle identification number. The department may  
24 exempt from such [~~pilot program~~] online verification system the transfer  
25 of information on certain classifications of vehicles that are in the  
26 opinion of the department generally insured and which it is difficult to  
27 identify uninsured vehicles within such classification, such as large  
28 commercial vehicle fleets;

29 (b) [~~The department shall forward to each motor vehicle insurer, at~~  
30 ~~such times as deemed necessary and appropriate by the commissioner, a~~  
31 ~~listing of all the registrants the department has on file as insured~~  
32 ~~with that insurer. Such insurer shall then review the listing within~~  
33 ~~thirty days of receipt of the listing and report to the department which~~  
34 ~~of the registrants the insurer does not insure,~~

35 (~~e~~) The commissioner shall, in conjunction with the superintendent of  
36 state police and local law enforcement officials formulate a means to  
37 allow information from such [~~database~~] online verification system to be  
38 easily accessible to on-duty law enforcement personnel in the perform-  
39 ance of their official duties for the purpose of verifying whether an  
40 operator maintains proper insurance coverage and to increase compliance  
41 with the motor vehicle financial security laws under this article and  
42 article eight of this title;

43 [~~d~~] (c) In developing the mechanism for such online verification  
44 system to electronically transfer information to the department, the  
45 commissioner shall consult with the superintendent of financial services  
46 and insurers to adopt a standardized system of organizing, recording and  
47 transferring such information so as to minimize insurer administrative  
48 expenses. The commissioner shall to the maximum extent possible utilize  
49 nationally recognized electronic data information systems such as those  
50 developed by the American National Standards Institute or the American  
51 Association of Motor Vehicle Administrators;

52 [~~e~~] (d)(1) Either simultaneously or after the [~~up-dated database~~]  
53 online verification system has been established, the commissioner shall  
54 develop a computer indicator that can be imprinted on a vehicle regis-  
55 tration sticker or on a sticker to be affixed to the insured's license  
56 plate. Such indicator system shall enable law enforcement personnel and

1 other authorized persons when acting in the course of their official  
2 duties to access information in the department's [~~database~~] online  
3 verification system so that such persons can ascertain whether a vehicle  
4 is properly insured or not insured;

5 (2) Such computer indicator system shall enable authorized persons in  
6 the performance of their official duties to access information such as  
7 the registrant's name, vehicle identification number, name of insurer,  
8 current status of insurance, vehicle registration number and other  
9 information that the commissioner deems necessary to implement the  
10 provisions of this section. The commissioner in developing such computer  
11 indicator system shall enable authorized persons in the performance of  
12 their official duties to access only such information that is necessary  
13 to detect uninsured motor vehicles or accomplish other goals clearly  
14 established and authorized by law. Such computer indicator system shall  
15 be designed to protect the personal privacy interests of motorists;

16 [~~(f)~~] (e) (i) The commissioner shall maintain [~~an insured vehicle~~  
17 ~~database~~] such online verification system [~~that is~~] which shall be accu-  
18 rate to within a period of [~~fourteen days and a computer indicator~~  
19 ~~system described in paragraph (e) of this subdivision within twenty-four~~  
20 ~~months of the effective date of this subdivision and to within~~] seven  
21 days [~~by January first, two thousand one. The commissioner shall submit~~  
22 ~~to the legislature a report within eighteen months from the date this~~  
23 ~~subdivision takes effect which outlines the progress being made to~~  
24 ~~implement such database and computer indicator system. After such data-~~  
25 ~~base and computer indicator system is established and put into opera-~~  
26 ~~tion, the commissioner shall make recommendations to the legislature to~~  
27 ~~alter, minimize or eliminate the need for the issuance of insurance~~  
28 ~~identification cards, simplify the requirements to demonstrate proof of~~  
29 ~~financial security and certificate of insurance currently required by~~  
30 ~~this article, eliminate the requirement for production of proof of~~  
31 ~~financial security to accompany applications for registrations or~~  
32 ~~renewals thereof provided that such database indicates that the regis-~~  
33 ~~trant is insured, and the repeal or modification of section three~~  
34 ~~hundred twelve-a of this article. The commissioner shall also make~~  
35 ~~recommendations to the legislature to streamline and shorten the notice~~  
36 ~~termination requirements of subdivisions one, two and three of this~~  
37 ~~section and section three hundred eighteen of this article. Such report~~  
38 ~~shall be submitted to the legislature within twelve months from the date~~  
39 ~~such database and indicator system has been implemented~~];

40 (ii) The commissioner shall provide that such online verification  
41 system shall, at a minimum:

42 (1) have the capability for the department to send requests to motor  
43 vehicle insurers for verification of evidence of a motor vehicle owner's  
44 policy of liability insurance as prescribed by this chapter via web  
45 services, through the internet, or a similar proprietary or common  
46 carrier electronic system, as well as to receive from motor vehicle  
47 insurers verification of evidence of a motor vehicle owner's policy of  
48 liability insurance in a form and manner as prescribed by the commis-  
49 sioner;

50 (2) incorporate information security protections for such system. For  
51 the purposes of this section, "information security" shall mean protect-  
52 ing information and information systems from unauthorized access, use,  
53 disclosure, disruption, modification, or destruction in order to provide  
54 (A) integrity, which shall mean guarding against improper information  
55 modification or destruction, and includes ensuring information nonrepu-  
56 diation and authenticity, (B) confidentiality, which shall mean preserv-

1 ing authorized restrictions on access and disclosure, including means  
2 for protecting personal privacy and proprietary information, and (C)  
3 availability, which shall mean ensuring timely and reliable access to  
4 and use of information as authorized by this subdivision;

5 (3) have the capability of being utilized for verification of mandato-  
6 ry motor vehicle liability insurance coverage as prescribed by this  
7 chapter and the ability to be interfaced, wherever authorized by law,  
8 with existing or future state systems, in a form and manner as  
9 prescribed by the commissioner;

10 (4) have the capability of enabling the department to make inquiries  
11 to motor vehicle insurers for evidence of a motor vehicle owner's policy  
12 of liability insurance as set forth in paragraph (a) of this subdivi-  
13 sion;

14 (5) have the capability of responding to each request of the depart-  
15 ment for motor vehicle liability insurance information within an amount  
16 of time determined by the commissioner; and

17 (6) have the capability of responding within the time established;

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

21 ~~(h)]~~ (f) Notwithstanding any other provision of law, information  
22 obtained by the department pursuant to this section shall not be  
23 disclosed, used, sold, accessed, utilized in any manner or released by  
24 the department to any person, corporation, or state and local agency,  
25 except in response to a specific, individual request for such informa-  
26 tion authorized pursuant to the federal driver's privacy protection act  
27 (18 U.S.C. 2721 et.seq.). The department shall institute measures to  
28 ensure that only authorized persons are permitted to access such infor-  
29 mation for the purposes specified by this section. Persons who knowingly  
30 release or disclose information from such [~~database~~] online verification  
31 system for a purpose other than those described as authorized by this  
32 section or to a person not entitled to receive it shall be guilty of a  
33 misdemeanor for each such release or disclosure; and

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

42 (g) Undergo an appropriate testing and pilot period of not less than  
43 one year, after which the commissioner shall certify in writing to the  
44 governor, the temporary president of the senate, and the speaker of the  
45 assembly that such system is fully operational.

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

49 (d) To fully fund such [~~pilot database~~] system for the online verifi-  
50 cation of motor vehicle liability insurance and bar code program estab-  
51 lished pursuant to subdivision four of section three hundred thirteen of  
52 this article, the commissioner shall utilize the following three sources  
53 of revenue: (1) twenty-five percent of all civil penalties imposed upon  
54 persons fined pursuant to paragraph (b) of subdivision one-a of section  
55 three hundred eighteen of this article, (2) monies obtained from grants  
56 that may be awarded to the commissioner from the motor vehicle theft and

1 insurance fraud prevention fund, and (3) pro rata assessments upon all  
2 insurance carriers subject to the provisions of this section in propor-  
3 tion to the premium estimates filed by such carriers.

4 § 4. This act shall take effect December 31, 2028. Effective imme-  
5 diately, the addition, amendment and/or repeal of any rule or regulation  
6 necessary for the implementation of this act are authorized to be made  
7 and completed on or before such effective date.