



# New York Insurance Association

## Albany Update

*January 17, 2024*

Below are summaries of major provisions in the fiscal year 2025 New York State Executive Budget pertaining to property and casualty insurance.

**Taxes, Assessments and Fees:** Our review has not revealed any major increased taxes or fees on the property and casualty insurance industry, which means no increase in the premium tax nor an extension of the two percent premium tax to cooperatives. In relation to DFS's budget and the Financial Services Law section 206 assessments, the total DFS budget proposed in the Executive Budget for fiscal year 2025 totals \$533,947,000, which represents a 2.3 percent increase from the last fiscal year. This figure includes an increase to the insurance program portion of DFS's budget, including an increase of more than 3 percent to DFS's insurance operations and what appears to be a more than 5 percent increase to the sub-allocations. NYIA will be strenuously advocating for the insurance portion of the budget to remain at these proposed figures or decreased. The Department of Motor Vehicles proposed assessment to writers of motor vehicle liability insurance for administration of the state's compulsory insurance program, which includes the insurance information enforcement system (IIES), for the 2025 fiscal year is \$11,577,000, which is flat from the previous fiscal year.

**Online Verification System (NYIA initiative):** [Part H](#) (page 36) of the Transportation, Economic Development and Environmental Conservation bill would transition New York's motor vehicle liability insurance reporting, from the present Insurance Information Enforcement System (IIES), to a modernized, real time, Online Verification System (OLV). New York's current system for auto insurance verification (IIES), relies on old technology, and manual processing, by both DMV and insurers. The architecture of this current system results in an increased likelihood of a driver mistakenly being identified as uninsured and can result in drivers being unfairly accused of failure to adequately prove verifiable insurance coverage on their vehicle. The new system would offer great benefits for insurance carriers, drivers, administrators and law enforcement. The budget language largely aligns with the bill that was introduced this past session. This is a priority issue for NYIA and the association requested the measure be included in the executive budget. We will continue to advocate for OLV to be fully advanced.

**Lowering Interest Rate on Legal Judgments (NYIA initiative):** [Part R](#) (page 118) of the Public Protection and General Government budget bill, would change the interest rate on court judgments paid by both public and private entities to the present legal rate of interest (9 percent), to a market rate of interest (the weekly average one-year constant maturity Treasury yield). This is one of NYIA's priorities on our affirmative agenda and we will work to have the measure included in the final enacted state budget.

**Expanding Penalties and Litigation Against Business and Insurers:** [Part JJ](#) (page 240) of the Transportation, Economic Development and Environmental Conservation budget bill would in section 349 of the general business law recharacterize and make unlawful, certain “Prohibited Acts and Practices,” in the conduct of any business, trade or commerce. In so doing, it uses extremely vague and amorphous definitions for unfair, deceptive and abusive with the definitions being through the perceptions of the consumer, rather than through an unbiased perspective of a neutral party. Under this bill, the Attorney General may bring an action in the name of the state to enjoin such unlawful acts or practices and to obtain restitution regardless of whether or not the underlying violation is directed at individuals or businesses, is consumer-oriented, or involves the offering of goods, services, or property for personal, family or household purposes. The bill also empowers a private right of action by any consumer feeling they have been injured. As a result, the bill would lead to an explosion of litigation in New York and will have a serious chilling effect on nearly all commerce in our state. NYIA will be working with our partners in the business community to strongly oppose this measure.

**Excess Medical Malpractice Insurance:** [Part K](#) (page 94) of the Health and Mental Hygiene budget bill would make dramatic changes to the structure of the program, and is not a straight extender. The proposal appears to require a physician or dentist to pay for 50 percent of the cost of the coverage. The appropriation for the program has been cut by half to \$39,250,000. NYIA will be working with our medical professional liability writers in voicing our concerns with this proposal.

**Affordable Housing Underwriting and Rating:** [Part FF](#) (page 227) of the Transportation, Economic Development and Environmental Conservation budget bill would prohibit insurance companies from inquiring on an application, canceling, refusing to issue, refusing to renew or increasing the premium of a policy based on the level or source of income of tenants, the property containing any residential dwelling units that must be affordable, and the owner or residents receiving government housing subsidies. NYIA will be weighing in against this push against risk-based pricing.

**Supplemental Spousal Liability:** [Part DD](#) (page 223) of the Transportation, Economic Development and Environmental Conservation budget bill would modify the recent change in the law so the opt out only applies when the first named insured has a spouse on the insurance application. The proposal also limits the applicability of the law to insurance law 3425, meaning the requirement would no longer apply to commercial insurance. NYIA is seeking feedback from members on this measure.

**Sweeps from the Insurance Fraud Prevention Fund to the General Fund:** [Part X](#) (pages 155 and 156) of the Public Protection and General Government budget bill grants the Comptroller the authority to transfer, at the request of the Director of the Division of Budget, \$115,420,000 from the motor vehicle theft and insurance fraud prevention fund to the general fund for the purposes

of operation expenses of the division of state police. Furthermore, this provision allows the Comptroller to transfer \$1,100,000 from the state police motor vehicle law enforcement and motor vehicle theft and insurance fraud prevention fund to the general fund. This allocation is a customary practice of the state and has been included in previous budgets. NYIA has voiced our opposition to the funds being used for anything other than vehicle theft and fraud and will continue to do so this year.

**Extension of Internet Point Insurance Reduction Program:** [Part F](#) (page 35) of the Transportation, Economic Development and Environmental Conservation budget bill would extend the Internet Point Insurance Reduction Program (IPIRP) until April 1, 2026. This program, overseen by the State Department of Motor Vehicles, allows drivers to reduce points on their driving record by taking an approved online accident prevention course. The program would expire on April 1, 2024 without this legislation.

**Lithium-Ion Batteries National Laboratory Certification:** [Part GG](#) (page 228) of the Transportation, Economic Development and Environmental Conservation budget bill would amend the general business law to prohibit the sale of lithium-ion batteries or refurbished lithium-ion batteries, for use in micromobility devices, to only those batteries that have been certified by a nationally recognized testing and certification laboratory such as Underwriters Laboratories. This bill seeks to promote fire safety and deter insurance losses, caused from fires with malfunctioning lithium batteries.

**Authorizes NYC to Lower Speed Limits:** [Part I](#) (page 41) of the Transportation, Economic Development and Environmental Conservation budget bill would authorize the City of New York to set speed limits as low as 20 miles per hour, and as low as 10 miles per hour in school zones and other traffic calming zones, to promote traffic safety.

**Autonomous Vehicle Technology Extender:** [Part J](#) (page 44) of the Transportation, Economic Development and Environmental Conservation budget bill would extend the authority of the Department of Motor Vehicles to continue demonstrations and tests of motor vehicles equipped with autonomous vehicle technology until April 1, 2026. This program would expire on April 1, 2024 without this legislation.

**Stretch Limousine Passenger Safety Act:** [Part K](#) (page 44) of the Transportation, Economic Development and Environmental Conservation budget bill would amend the Transportation Law and Vehicle and Traffic Law, to establish a comprehensive limousine safety package based upon recommendations from the Stretch Limousine Passenger Safety Task Force.