

Some of Albany's unfinished insurance business

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by Penny WilliamsALBANY — New York has a growing auto insurance market availability problem but most agree the solution is not a major reform, it's a simple reinstatement of provisions allowed to lapse two years ago.

The "flex rating" law and the "2 percent" law both expired in August 2001. The flex rating law allowed insurers to increase or decrease premiums by up to 7 percent without seeking prior approval. The 2 percent law allowed carriers to cancel or nonrenew 2 percent of policies every year.

Without these flexible options in place, more risks are winding up in the assigned risk plan with its higher premiums.

The industry would also like to address the cost of fraud in auto insurance by wiping out networks of personal injury lawyers, health care providers and others who file fraudulent no-fault claims. A host of bills address this concern. Last year, both branches passed auto fraud measures but they could not come to a final agreement before the session ended.

The New York FAIR Plan, which provides insurance for 50,000 high risk homeowners and 70,000 businesses, went out of business at the end of April because lawmakers failed to pass reauthorization legislation. If the plan is not extended, consequences could vary from homeowners facing foreclosure to property insurance groups shutting down.

Changes to the state's law governing liability for general contractors has been on the top of the industry's "wish list" for several years. Lobbyists are hoping these prior years of education on the problem will finally pay off this session.

Gov. Pataki's bill to expand the state's captive insurance market, a measure requiring annual audits of HMOs and health insurers, and a provision to alter car leasing firms' liability are also on the busy calendar of unfinished business.

The legislature adjourns on June 19. □