

S.4963 (Bailey) / A.1572 (Weprin)

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BILL S.4963 (Bailey) / A.1572 (Weprin)
SUBJECT Standardized Definitions for Insurance Policies
DATE June 11, 2025
OPPOSE

The Business Council opposes S.4963 (Bailey) / A.1572 (Weprin) which amends Sections 3425 and 3426 of the Insurance Law to require the Superintendent of Financial Services to promulgate regulations which would provide standardized definitions for commonly used terms and phrases for personal lines insurance policies.

This bill is redundant and unnecessary and will needlessly insert the Department of Financial Services, a regulator, into the drafting process of policies which will jeopardize longstanding consumer protections which have been afforded by the courts, while also taking away consumer choice to tailor insurance policies to their needs.

Section 3102(c) of Insurance Law requires that all personal lines insurance policies meet readability requirements, meaning that they must be written in a clear and coherent manner and use words with common and everyday meanings so that the policyholder can understand the coverage provided to them. These readability requirements dictate that a policy must meet a minimum score of 45 on the Flesch reading test.

Standardizing policies will hinder consumer choice; non-standardized insurance policies are tailored to the needs of the individual policy holder and benefit the policy holder. By standardizing insurance policies, the Legislature would be hindering consumer choice.

Further, this bill could remove additional consumer protections that has been afforded to consumers through case law. In New York, an insurance contract must be read in favor of the policyholder and against the insurance company (the contract's drafter) if there is ambiguity in the policy provision at issue in a dispute (*Breed v. Insurance Co. of N.Am.*, 46 NY2d 351, 353 (1978)). By requiring that DFS provide the standard terms and conditions for contracts, it would thereby make them the drafter of the contract and remove this protection for consumers.

For these reasons, The Business Council opposes S.4963 (Bailey) / A.1572 (Weprin) and urges the Legislature to reject passage.