

S.5201 (Skoufis) / A.2078 (Stern)

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BILL S.5201 (Skoufis) / A.2078 (Stern)
SUBJECT Insurance Settlement Standards
DATE April 25, 2023
OPPOSE

The Business Council opposes S.5201 (Skoufis) / A.2078 (Stern), which sets new standards for prompt investigation and settlement of claims arising from state emergencies.

Whenever the state or federal government declares a state of emergency, insurers must inform policyholders within 15 days from the time a claim is filed if the claim is accepted or rejected. The insurer would be required to pay the claim within 3 business days of the settlement.

This bill imposes unreasonable and unnecessary requirements on the settlement

process. The bill was originally introduced in the months following Superstorm Sandy and presumes that substantial problems existed in handling claims following the storm. Yet, Sandy could be used as an example of how committed insurers are to settling claims in a fair and timely manner. In fact, DFS issued a report card showing that more than 320,000 claims were closed with payment as of July 26, 2013. The report further showed that less than 1% of claims filed were followed by a complaint.

The arbitrary time frame prescribed in this legislation would also have the unintended effect of slowing down the settlement process for heavily damaged properties that need a quick response. Because all claims would have to be inspected within a fairly quick time frame, insurance adjusters would no longer be able to prioritize the most severe situations. With only so many claims adjusters in the field, many of the hardest hit property owners would face delayed claims payments as adjusters visit every affected location.

This bill also fails to consider the fact that some locations are not easily accessed following a natural disaster. Roads and highways are often severely damaged, making it impossible to inspect properties within the regulated time frame as proposed in this bill.

This bill seeks to correct problems that do not exist. The insurance industry, as judged by the public, policy holders and the state's top insurance regulator, responds remarkably well following natural disasters, like Superstorm Sandy. Legislation such as this could lead to a much less competitive property and casualty insurance market in New York, with negative results for residents and businesses.

For these reasons we urge the legislature to disapprove S.5201 (Skoufis) / A.2078 (Stern).

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