

May 9, 2022

New York State Senate
New York State Capitol Building
Albany, New York 12247

RE: Support S.6028, the Auto Insurance Consumer Relief Act

Dear Members of the New York State Senate:

We, the undersigned organizations, which represent New York's property and casualty insurance industry, and small and large businesses, are writing to express our strong support for S.6028, which would permit auto insurers to waive photo inspections for comprehensive coverage. Mandatory photo inspections are a burden to consumers, and put them at risk of losing coverage if the inspection is not completed within a short timeframe. These inspections are no longer necessary due to transformative advances in how insurance companies identify and prevent fraudulent claims.

Under existing requirements, drivers who want to obtain comprehensive or collision coverage must visit an inspection site in person within 14 days of their policy's effective date. Those who cannot afford to spend time and money doing so, or who are unable to visit a site within the short time frame provided, have their coverage canceled. As a result, some drivers are left to pay out of pocket, at a cost that can prove devastating to many families.

In addition to harming consumers, the photo inspection mandate impacts the well-being of small businesses and the communities they help sustain. Frequently, customers and employees must take time off work to complete an inspection. Based on a conservative estimate of an average of one hour per inspection, including travel time, this mandate has resulted in 50 million hours of lost productivity since its inception. With underinsured drivers unable to afford repairs, local auto shops miss out on important revenue that could mean the difference between staying open and shutting down. Furthermore, small businesses with fleets of less than five vehicles must also complete these inspections.

The photo inspection mandate was originally implemented in the late 1970s to prevent insurance fraud. In the modern day however, dramatic advancements in fraud detection and investigation have rendered these inspections useless. Auto insurance companies, who understand best the importance of fraud prevention, should have the ability to waive photo inspections if they deem them unnecessary, helping save customers money and keep their coverage. Fraud prevention experts agree: Notably, John Reiersen, the former Chief Examiner of the Property and Casualty Insurance Bureau and "father" of the photo inspection law, has opined that the law is no longer effective and should be made optional. According to the National Insurance Crime Bureau, only six stolen vehicles were recovered in 2021 utilizing the photo inspection program. And crucially, S.6028 allows insurers to continue to require photo inspections if they feel they are valuable. This provides a near instantaneous "safety switch" should the incidence of fraud increase.

On behalf of our customers and employees across New York, we urge you to pass S.6028 to improve coverage and provide relief to drivers and small businesses.

Sincerely,

American Property and Casualty Insurance Association

Associated Builders and Contractors of New York State
Associated General Contractors of New York State
Big I Central New York
Big I Monroe County
Big I New York
Big I Tri-County
Big I Westchester
Big I Western New York
Capital Region Chamber of Commerce
Council of Insurance Brokers of Greater New York
Empire State Forest Products Association
Greater Binghamton Chamber of Commerce
Long Island African American Chamber of Commerce
National Association of Mutual Insurance Companies
National Federation of Independent Business/NY
New York Farm Bureau
New York Insurance Association
Northeastern Retail Lumber Association
Professional Insurance Agents of New York
Queens Chamber of Commerce
The Business Council of New York
The Business Council of Westchester

cc: Shontell M. Smith, Esq., Chief of Staff and Majority Counsel