LEGISLATIVE POSITION

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Protections for homeowners and personal auto policyholders

PIANY supports additional protections for their clients who have purchased homeowners and personal auto policies.

Today, insurers and third-party data collection firms increasingly record, save and report information about communications by insurance clients. This includes records of conversations between clients and agents or company claim centers, where the policyholder is simply asking a question about coverage under the policy, not reporting a claim. Records also persist where a client reports an incident that does not result in a claim being paid.

Such questions or reports can stay on a consumer's record for years. Sometimes, they cause an insurance company to nonrenew a policy or increase the premium. Or, they can be accessed and used by a prospective new insurer to deny coverage.

PIANY believes such adverse actions discourage policyholders from freely communicating their questions and providing timely notice of occurrences which they believe may never develop into a claim. Under New York law, failure to give timely notice can allow the insurer to deny the claim, even if the late notice did not prejudice the insurer's ability to defend the claim. Fear also may cause the policyholder to pay losses out-of-pocket that would be legitimate claims under coverage they have paid for. So, deterring free communication can have dire consequences for the policyholder.

In 2006, PIANY will be seeking legislation to protect consumers who make inquiries or report claims or losses for which no payment is made. Such communications could not be used for the basis of a later adverse action against the policyholder.

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