



STATE OF NEW YORK
INSURANCE DEPARTMENT
160 WEST BROADWAY
NEW YORK, NEW YORK 10013

NOTE: WITHDRAWN EFFECTIVE OCTOBER 11, 2002

**Circular Letter No. 15 (1995)
October 3, 1995**

TO: All Insurers Licensed to Write Motor Vehicle Insurance in New York State

RE: Implementation of Chapter 305 of the Laws of 1995 Increasing the Required Minimum Limits of Liability for Motor Vehicle Insurance

Chapter 305 of the Laws of 1995 increases the required minimum limits of liability for motor vehicle insurance coverages pursuant to the financial security laws of the state. The new requirements become effective on January 1, 1996, and apply to all accidents occurring on and after that date.

The required minimum coverage for liability for injury to one person in a motor vehicle accident will increase from \$10,000 to \$25,000 and the required minimum coverage for liability for injury to two or more persons will increase from \$20,000 to \$50,000. The minimum liability coverage for property damage will increase from \$5,000 to \$10,000. The minimum limits for uninsured motorists coverage ("UM") and supplementary uninsured motorists coverage ("SUM") will increase correspondingly.

Minimum bodily injury liability limits and UM limits when there is a death will continue to be \$50,000 for any resulting in death sustained by any one person in any one accident and \$100,000 limits for any injuries resulting in death sustained by two or more persons in any one accident.

As a result of this legislative change: 1. All insurers should review their policies in force in order to identify those insureds (voluntary and New York Automobile Insurance Plan, both private passenger and commercial) that will be affected by the change in minimum limits. All affected insureds should be issued a revised change of limits endorsement and an amended declarations page by January 1, 1996.

2. If the insurer has any voluntary (non-Automobile Insurance Plan) insureds with liability and/or SUM limits less than the new required minimum limits and does not have filed manual rates for these limits, filings for these new minimum limits should be made as soon as possible. The filing, with actuarial support, must be made pursuant to Section 2344 of the Insurance Law and Regulation 129 for commercial auto programs other than public auto, Section 2328 for public auto and (new) Section 2350 of the Insurance Law for non-commercial auto programs.

3. For those insurers selling policies containing combined single limits of liability (CSL), appropriate rates should be

filed with the Department for minimum CSL of \$60,000 for liability and \$50,000 for SUM to ensure that limits of at least \$25,000 are available for liability for injury to one person in a motor vehicle accident; at least \$50,000 for liability for injury to two or more persons and at least \$10,000 is available for liability for property damage.

4. All insurers should file new UM rates for voluntary policies for the new required limits of \$25,000 for injury to one person and \$50,000 for injury to two or more persons pursuant to Section 3420(f) of the New York Insurance Law. Existing SUM rates cannot be used for UM rates because UM coverage covers only accidents occurring within New York State whereas SUM coverage covers accidents occurring both in-state and out-of-state. A revised "Automobile Accident Indemnification Coverage New York" Endorsement, currently being developed by the Motor Vehicle Accident Indemnification Corporation ("MVAIC"), must be used by each company when MVAIC has filed and obtained approval for it. Subsequently, this revised form must, when it becomes available, be issued to policyholders who have this coverage.

5. If an insurer's motor vehicle liability coverage policy forms contain language regarding policy minimum limits, these forms should be reviewed and amended, if necessary, to comply with the new minimum limits.

6. To minimize confusion and consumer inquiries and complaints, it is strongly recommended that notices explaining the statutory changes in minimum limits be issued to all policyholders affected by the change. Producers should also be made aware of the changes and how the insurer intends to implement them.

7. The filed manual rating rules of each insurer should govern any changes in limits of liability during the policy period.

8. An insurer may choose to offer its affected insureds the option of spreading out the payment of any additional premiums resulting from this change over the remaining installment payments, and it may waive any de minimis premium adjustments that may result from this change.

New York Automobile Insurance Plan (Auto Plan)

The Auto Plan has informed the Department that it will issue a circular informing its subscribers how to handle any premium billings and endorsements for those Auto Plan insureds affected by the change in the minimum limits.

In addition, the Department recognizes that if the Limited Assignment Distribution (LAD) buy-out fee, which was negotiated between the Buy-Out Company and the LAD Servicing Company, on those contracts terminating after January 1, 1996, were to be applied to the 1996 written premiums, the fee may not have taken into account the increased exposure to the LAD Servicing Company as a result of the legislative change. It is suggested that the Buy-Out Company and the LAD Servicing Carrier review their existing agreements that extend into 1996 and beyond and attempt to rectify any inequities resulting from this legislative change.

Please direct any questions concerning this Circular Letter to the following:

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