June 7, 1979

SUBJECT: INSURANCE

WITHDRAWN

Circular Letter No. 13 (1979)
June 7, 1979

TO: ALL AUTOMOBILE INSURANCE COMPANIES AUTHORIZED TO WRITE AUTOMOBILE INSURANCE IN NEW YORK STATE

RE: Energy Crisis

As a result of the current energy crisis in this state, it is apparent that many owners of private passenger vehicles will be changing their driving habits. These changes may have an effect on the rate classifications and premium charges applied under their respective auto insurance policies. The holder of such a policy who has changed the nature or amount of the use of the auto in a way that would place the holder in a different rating classification shall be entitled, on application to the insurer, to receive an immediate change in rate.

Inasmuch as the energy crisis is an extraordinary situation, it is important that all changes in rate classification and all credits or refunds as a result of such changes be effective immediately upon notification.

In view of this, all automobile insurers are required to establish procedures for expeditiously processing all requests from policyholders for changes in rate classifications based on changes in the use of the vehicles.

Companies are urged to periodically review their experience in order to accord policyholders the dividends or reductions in rates that may be warranted due to the decline in accident frequencies.

Accordingly, all companies are requested to take prompt action to achieve an effective implementation of this emergency measure during the current energy crisis.

Attached is a copy of the Department's Press Release.

[SIGNATURE]

ATTACHMENT

ISSUED: 6/5/79

FOR RELEASE:
THURSDAY, JUNE 7, 1979

Superintendent of Insurance Albert B. Lewis announced today that he has ordered all automobile insurance companies to establish procedures for the prompt reduction in premiums for New York motorists who may be eligible for changes in their rate classifications as a result of changes in their driving habits because of the current energy crisis.

Most insurance companies have rating rules which provide for different rates depending on the ways in which the car is used and the extent the car is driven. Companies generally charge more if a car is driven to and from work, and charge substantially more if the distance driven to work is more than 10 miles each way. In addition, a number of companies charge different rates on the basis of total annual mileage, charging less for vehicles driven less than 7500 miles a year.

Insurance companies encourage car pools, particularly during this crisis, and provide favorable rates for the car owner who reduces the use of their own car through such an arrangement. The public should be aware that car pooling as a means of getting to work will not subject the policyholder to higher rates, provided that it is not done for profit and is merely a share-the-cost arrangement.

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