

March 26, 1981

SUBJECT: INSURANCE

WITHDRAWN

Circular Letter No. 6 (1981)

March 26, 1981

TO: ALL AUTHORIZED INSURERS WRITING AUTOMOBILE INSURANCE IN THE STATE OF NEW YORK

RE: SAFE DRIVER INSURANCE PLANS

The Safe Driver Insurance Plan, first introduced in 1961, was revised effective July 1, 1966 to increase the property damage chargeability threshold at that time from \$ 50 to \$ 100. Later, in 1974, companies voluntarily increased this threshold to \$ 200 to keep pace with inflation. However, since 1974, the cost of automobile parts and repairs has continued to increase significantly.

This Department has received complaints from many insureds regarding inequities resulting from the provision in the Safe Driver Insurance Plan which allows for surcharges for accidents involving minor damage. Therefore, this Department is of the opinion that the \$ 200 threshold is unrealistic in view of today's spiraling costs of automobile repair parts and labor.

At present, the Department of Motor Vehicles requires the reporting of accidents involving property damage to the insured's property or to property of others in excess of \$ 400.

Accordingly, it is recommended that all insurance companies using the Safe Driver Insurance Plan, or any similar plan which classifies risks for rating purposes in accordance with their past driving records, take appropriate steps to amend their manual rules to provide that an accident which does not result in property damage to the insured's property or to property of others in excess of \$ 400, shall not result in the assignment of points or in any surcharge under the rules of the Plan.

Please acknowledge receipt of this letter to:

Mr. Arthur Reznik, Sr. Insurance Examiner  
New York State Insurance Department  
Property and Casualty Insurance Bureau  
2 World Trade Center  
New York, New York 10047

Very truly yours,

[SIGNATURE]

Donald D. Gabay

Acting Superintendent of Insurance

ATTACHMENT

ISSUED: 3/26/81

CONTACT: LEDA F. HANSON

FOR IMMEDIATE RELEASE:

Donald D. Gabay, Acting Superintendent of the New York State Insurance Department, has recommended to all automobile insurance companies in this State a change in their Safe Driver Plan rules. The change would have the effect of reducing premiums for automobile policyholders involved in accidents resulting in property damage of less than \$ 400 to each vehicle.

Insurance Department records reveal that many complaints were received over the past year from policyholders whose premiums were increased as a result of an accident involving minor property damage.

The Insurance Department's recommended change is related to the Vehicle and Traffic Law which requires reports on motor vehicle accidents involving property damage in excess of \$ 400.

It is expected that companies which now increase premiums for policyholders involved in accidents resulting in property damage of less than \$ 400 will conform with the recommendation by Acting Superintendent Gabay.

A copy of Circular Letter No 6 (1981) is attached.