

October 20, 1981

SUBJECT: INSURANCE

WITHDRAWN

CIRCULAR LETTER NO. 18 (1981)

TO: ALL INSURERS LICENSED TO WRITE AUTOMOBILE INSURANCE IN NEW YORK STATE

SUBJECTS: A. AUTOMOBILE PHYSICAL DAMAGE DEDUCTIBLES (REVISION OF CIRCULAR LETTER NO. 13 (1977), PARAGRAPH 7);

B. PREMIUM DISCOUNTS FOR AUTOMOBILE ANTI-THEFT DEVICES - NOTICE TO INSUREDS

A. Automobile Physical Damage Deductibles

Chapter 892 of the Laws of 1977 required modification of certain coverages afforded under automobile policies either in force, with effective renewal dates, or newly issued on and after December 1, 1977. The statute also requires reductions in premiums where appropriate. The Insurance Department, in Circular Letter No. 13 (1977), paragraph 7, reviewed the law regarding automobile physical damage deductibles and set forth the deductible options which must be offered to insureds. Since the issuance of Circular Letter No. 13 (1977), it has come to our attention that the information available to insureds on mandated automobile physical damage deductible options may be inadequate. Paragraph 7 of Circular Letter No. 13 (1977) shall not be applicable to policies with inception dates commencing on and after January 1, 1982 and policies renewed after February 1, 1982. A new paragraph 7 as set forth below shall be applicable to such policies:

7. Automobile Physical Damage Deductibles.

Section 167-d (11) of the Insurance Law requires insurers to offer a standard \$ 200 deductible for all automobile physical damage coverages for policies covering private passenger vehicles issued or renewed on and after December 1, 1977. Insurers must, prior to each annual renewal anniversary, furnish their insureds with information in plain language on the estimated or approximate costs (in dollar amounts or as related to the premium for the standard \$ 200 deductible) of the various deductible options available to insureds and an appropriate form which the insured may use to request the coverage option permitted under the statute.

Policies with deductibles of \$ 200 or higher shall be renewed without change in deductible levels unless the insured subsequently requests a different permissible deductible.

The opportunity to order different deductible levels shall be afforded to insureds at policy issuance, at the annual anniversary date and at the time an automobile is added or replaced.

The options which must be offered are:

a.) Fire. Theft and Comprehensive Coverage

- i) \$ 50 deductible
- ii) \$ 50 deductible, full coverage for window glass
- iii) \$ 200 deductible *STANDARD*
- iv) \$ 200 deductible, full coverage for window glass
- v) \$ 250 deductible +
- vi) \$ 500 deductible +
- vii) \$ 1,000 deductible +

b.) Collision

- i) \$ 100 deductible
- ii) \$ 100 deductible, full coverage for window glass
- iii) \$ 200 deductible, *STANDARD*
- iv) \$ 200 deductible, full coverage for window glass
- v) \$ 250 deductible +
- vi) \$ 500 deductible +
- vii) \$ 1,000 deductible +

+ For these and higher deductible options, the offer of full glass coverage is discretionary with the insurer.

To be offered only in the event fire, theft and comprehensive coverage is not written or, if fire, theft and comprehensive coverage is written without full glass coverage.

Insurers may offer other deductible levels in addition to those set forth above. Insurers which intend to offer physical damage coverages with co-insurance or co-insurance in combination with deductibles, shall file appropriate forms, rules and rates for department approval.

B. Premium Discounts for Automobile Anti-Theft Devices - Notice to Insureds

Chapter 692 of the Laws of 1979 required that automobile insurers provide an appropriate discount to motorists whose cars are equipped with anti-theft devices. The Insurance Department, in Circular Letter No. 8 (1980), specified that insurers include on a one time basis, with their new and renewal policies, information describing the availability of the anti-theft premium reductions. Insurers shall hereafter be required to advise their insureds in writing and in plain language, at least annually, of the premium discounts available for the installation of various types of anti-theft devices in their automobiles.

Insurers should submit specimen copies of notices to be sent to insureds which are in compliance with this requirement to the Department no later than January 1, 1982. Such proof of compliance should be sent to:

Arthur Reznik
Senior Insurance Examiner
Property and Casualty Insurance Bureau, 26th Floor
Two World Trade Center
New York, New York 10047

Very truly yours,

[SIGNATURE]

ALBERT B. Lewis

Superintendent of Insurance