

January 13, 1983

SUBJECT: INSURANCE

[A> UPPERCASE TEXT WITHIN THESE SYMBOLS IS ADDED <A]

WITHDRAWN

CIRCULAR LETTER NO. 2 (1983)

DATED: January 13, 1983

TO: ALL INSURERS AUTHORIZED TO WRITE FIRE INSURANCE IN NEW YORK STATE

RE: REPORTING OF FIRE LOSSES

This is an amendment to Circular Letter No. 9 (1982), dated April 30, 1982.

The Property Insurance Loss Register (PILR) was designated by the Superintendent in Section 62-2.2(a) of Regulation 96, as the central organization to which insurers are required to report fire losses in excess of \$ 500, pursuant to Section 336-a(1) of the Insurance Law, enacted by Chapter 711 of the Laws of 1981.

After the promulgation of Regulation 96, PILR advised that most states with statutory reporting requirements have reporting thresholds of \$ 1,000 and that in its experience the reports of losses between \$ 500 and \$ 1,000 have not produced significant information with respect to insurance fraud. Therefore, it recommended that the reporting threshold be increased to \$ 1,000, thereby relieving insurers of the expense of reporting small losses.

Based on this information, the Insurance Department submitted legislation amending the statute to permit the Superintendent to raise the reporting threshold. This authorization was provided by Chapter 164 of the Laws of 1982 which amended Section 336-a(1) of the Insurance Law to provide that insurers shall report all fire losses in excess of \$ 500 "or such larger amount as prescribed by the Superintendent," arising under policies covering property located in this state to a central organization engaged in property loss registration.

To implement this change in the law, the Third Amendment to Regulation 96 (copy attached) was promulgated by the Superintendent on December 29, 1982, effective upon filing with the Secretary of State, to implement Chapter 164 of the Laws of 1982. It increases the amount of fire loss claims required to be reported to PILR from an excess of \$ 500 to an excess of \$ 1,000 on claims made on or after January 1, 1982. There were no other changes made in Regulation 96.

Very truly yours,

[SIGNATURE]

ALBERT B. LEWIS

Superintendent of Insurance

Enc.

Insurance Department of the State of New York

11 NYCRR 62-2

Third Amendment to Regulation 96

I, Albert B. Lewis, Superintendent of Insurance of the State of New York, pursuant to the authority granted by Sections 10, 21 (all subdivisions), 40-d (Subdivision 1.d), 336 (all subdivisions) and 336-a (all subdivisions) of the Insurance Law, do hereby promulgate an amendment to Subpart 62-2 of Title 11 of the Official Compilation of Codes, Rules and Regulations of the State of New York (Third Amendment to Regulation 96) to take effect immediately upon filing with the Secretary of State, with respect to fire loss claims made on or after January 1, 1982.

Chapter 164 of the Laws of 1982 amended Section 336-a(1) to provide that insurers shall report all fire losses in excess of \$ 500 "or such larger amount as prescribed by the Superintendent," arising under policies covering property located in this state to a central organization engaged in property loss registration. Regulation 96 (11 NYCRR 62-2) is hereby being amended to require the reporting of all fire losses in excess of \$ 1,000.

Section 62-2.0 - Introduction of 11NYCRR 62-2[A> (REPORTS TO CENTRAL ORGANIZATION) <A] is hereby amended to read as follows:

[A> SECTION 62-2.0 - INTRODUCTION. <A] The purpose of this Part is to implement the provisions of Section 336-a of the Insurance Law, which requires insurers to report fire losses to a central organization engaged in property loss registration in order to prevent payment of fraudulent claims arising under insurance policies providing coverage against the peril of fire. Requirements shall include: reporting of data on fire losses in excess of [five hundred] [A> ONE THOUSAND <A] dollars to a central organization engaged in property loss registration as designated by the Superintendent; verification procedures to be applied by insurers prior to the payment of fire losses; notification by insurers to law enforcement agencies when the insurer is of the opinion that the fire was caused by other than accidental means; and cooperation with tax districts and agencies responsible for demolition of structures, seeking to claim proceeds of fire insurance coverage to satisfy tax liens and demolition charges.

Section 62-2.2(b) - Reporting and Follow-Up Requirements, of 11NYCRR 62-2 [A> (REPORTS TO CENTRAL ORGANIZATION) <A] is hereby amended to read as follows:

[A> SECTION 62-2.2(B) - REPORTING AND FOLLOW-UP REQUIREMENTS <A]

Insurers shall report all fire losses in excess of [five hundred] [A> ONE THOUSAND <A] dollars involving applicable property, except losses to vehicles registered for use on public highways, to PILR within 5 business days following receipt of notice of loss. If the insurer has not received a response from PILR within 15 calendar days following its submission of the fire loss report to PILR, the insurer shall continue to complete the adjustment of the loss.

I, ALBERT B. LEWIS, Superintendent of Insurance of the State of New York, do hereby certify that the foregoing is the Third Amendment to Regulation 96 (11NYCRR 62-2), promulgated by me on the 29th day of December, 1982, pursuant to the authority granted by Sections 10, 21 (all subdivisions), 40-d (Subdivision 1.d), 336 (all subdivisions) and 336-a (all subdivisions) of the Insurance Law, to be effective upon filing with the Secretary of State.

Pursuant to the provisions of the State Administrative Procedure Act, prior notice of the proposed amendment was published in the State Register on November 17, 1982. No other publication of prior notice is required by statute.

[SIGNATURE]

ALBERT B. LEWIS

Superintendent of Insurance

Dated: New York, New York

December 29, 1982