

April 12, 1991

SUBJECT: INSURANCE

Circular Letter No. 10 (1991)

April 12, 1991

TO: ALL AUTHORIZED AUTO INSURERS IN THIS STATE AND INSURANCE PRODUCER ORGANIZATIONS

RE: AUTO INSURANCE PREMIUM DISCOUNTS FOR PASSIVE RESTRAINTS

The Insurance Department is working with our Attorney General's Office to encourage highway safety and to ensure that auto insurance consumers receive the premium discounts to which they are entitled. Highway safety is at a premium in auto insurance, as stressed by Circular Letter No. 10 (1990), concerning appropriate discounts for anti-lock brakes.

The purpose of this Circular Letter is to remind insurers as well as producers that passive restraints -- not only airbags but automatic seatbelts -- demand and deserve appropriate discounts. As a result of requirements imposed by Federal regulations phased-in over four years since September 1, 1986, most new private passenger types of vehicles must have passive restraint systems. Thus more and more new cars come factory-equipped with automatic seatbelts or airbag(s).

Insurers, in turn, are required by Section 2336(b) of the Insurance Law to give their policyholders an appropriate premium reduction, for personal injury protection and medical payment coverages only, if the insured vehicle is equipped with a passive restraint system that meets federal or equivalent standards.

Ongoing efforts should be exerted so that all policyholders whose vehicles are duly equipped with passive restraints, in fact, receive the appropriate discounts based upon duly approved filings. Under § 160.2(g) of Regulation No. 57, insurers need to establish procedures designed to minimize improperly charged rates and premiums. While insurers are always responsible for proper pricing of their insurance policies, a critical part of the producer's role is to inform both insured and insurer whenever there is a factual foundation for these important discounts.

Analysis of the Vehicle Identification Number (VIN), among other ways such as the application form and photo inspection process, can verify the presence of passive restraints. Within the VIN is a digit that indicates whether or not the vehicle has a passive restraint system. We understand that VIN-edit software packages are now available that enable insurers to quickly ascertain the existence of a passive restraint system.

Please acknowledge receipt of this Circular Letter, and direct any questions, to Stephen R. Solomon (212-602-0337), Principal Insurance Examiner, Property & Casualty Insurance Bureau, at the Insurance Department.

Very truly yours,

[SIGNATURE]

SALVATORE R. CURIALE

SUPERINTENDENT OF INSURANCE