



**STATE OF NEW YORK
INSURANCE DEPARTMENT
25 BEAVER STREET
NEW YORK, NEW YORK 10004**

George E. Pataki
Governor

Howard Mills
Superintendent

**Circular Letter No. 11 (2005)
July 15, 2005**

TO: ALL INSURERS AUTHORIZED TO WRITE MOTOR VEHICLE INSURANCE IN NEW YORK STATE, RATE SERVICE ORGANIZATIONS, NEW YORK AUTOMOBILE INSURANCE PLAN, AND INSURANCE PRODUCER ORGANIZATIONS

RE: MOTOR VEHICLE CANCELLATION AND NONRENEWAL NOTICE REQUIREMENTS

STATUTORY REFERENCE: Chapters 61 and 63 of the Laws of 2005, Section 318 of the Vehicle and Traffic Law, and Parts 34 and 35 of the Commissioner of Motor Vehicles Regulations (15 NYCRR 34 and 15 NYCRR 35)

Part V of Chapters 61 and 63 of the Laws of 2005 includes amendments to Section 318 of the Vehicle and Traffic Law that impact motor vehicle liability insurance cancellation and nonrenewal notice requirements. These amendments include revisions to the civil penalty amounts that may be paid in lieu of surrendering plates for an order of suspension of the registration of a motor vehicle. These changes do *not* apply to vehicles subject to Section 370 of Article 8 of the Vehicle and Traffic Law, e.g., for-hire vehicles.

Paragraph (b) of subdivision 1-a of Section 318 of the Vehicle and Traffic Law, as amended, provides that if there is a lapse in motor vehicle insurance coverage of 90 days or less, the vehicle and traffic law permits an avoidance of suspension of motor vehicle registration by payment of a civil penalty for each day for which insurance coverage was not in effect. This civil penalty option provision applies only once every three years. The civil penalties are:

1 - 30 day lapse - \$ 8 per each day of lapse

31 - 60 day lapse - \$240 for the first 30 days plus \$10 per day for days 31 - 60.

61 - 90 day lapse - \$540 for the first 60 days plus \$12 per day for days 61 - 90.

The effective date of the changes referenced above is October 1, 2005.

All insurers should review their cancellation and nonrenewal notices and make the necessary revisions to comply with the requirements set forth by the Department of Motor Vehicles in Parts 34 and 35 of the Commissioner of Motor Vehicles regulations (15 NYCRR 34 and 15 NYCRR 35). Such notices are not policy forms and therefore are not required to be filed with the Department.

All insurers are also reminded to review their procedures for the Insurance Information and Enforcement System (IIES) to ensure that the reporting requirements are met. Insurers are

encouraged to review the Department of Motor Vehicles IIES web page www.nydmv.state.ny.us/iies.htm for updates and further information.

If you have any questions concerning the content of this Circular Letter, contact Alan Goren, Associate Insurance Examiner, at 212-480-5598, or via e-mail to [Alan Goren](mailto:Alan.Goren).

Very truly yours,

Mark Presser
Assistant Deputy Superintendent
& Chief Examiner
Property Bureau