



New York Insurance Association

Albany Update

New York State Budget Finalized

After nearly two months of stalemate, and the passage of multiple extenders, the last of the budget bills have been introduced and are currently being voted on. Both houses of the legislature are expected to finish voting in the near future. Notably on Thursday, May 7, Governor Hochul held a press conference to announce a three-way (Governor, Assembly Speaker and Senate Majority Leader) [conceptual agreement](#) but there was continued back and forth until last week when final budget language started to be introduced. NYIA would not normally send a message before all bills have been enacted, but we did not want to delay in reporting as the legislation appears to be in final form. We will send a communication out once all budget bills have been signed by the Governor.

The original proposed executive budget offered a state fiscal plan with \$260 billion in state spending, which is reported to be \$268 billion in the final enacted version. Issues hitting the headlines include lowering the cost of auto insurance, providing universal childcare, revising the climate emission law, and reforming the Tier 6 pension system.

The public policy provisions within the state budget are contained within the Article VII bills, which are [PPGG](#), [ELFA](#), [HMH](#), [TED](#) and [REV](#). These bills contain thousands of pages and dozens of statutory policy initiatives.

Notably, the Governor held a [press conference](#) this morning highlighting the auto insurance reforms included in the final budget. The press release specifically references lowering the cost of auto insurance while ensuring that savings are returned to consumers.

The Quick Scorecard

WIN: Criminalizing Staging a Motor Vehicle Crash – Included

WIN: Litigation Reforms to Address Abusive and Excessive Litigation – Included

WIN: Excess Medical Malpractice Insurance Program – Modified to a Straight Extender

WIN: Homeowners Loss Ratio Benchmark – Omitted

WIN: Homeowners, Multifamily Housing & Auto Mandatory Discounts – Omitted

WIN: Proposal on Workers Compensation Fine Increase – Omitted

The legislature began to vote on these bills, after receiving messages of necessity from the Governor, which allows for the bypassing of the three-day aging rule ordinarily required the legislature. Due to the messages of necessity, most of these bills were passed within hours of their release to the legislators and the public.

NYIA has been tracking policy initiatives that impact the property and casualty insurance industry, from their original proposal to enactment. The following is a summary of the outcome based on our initial review. The provisions listed below by line of insurance were all included in

the final budget. The language is the same as what was in the Executive Budget unless noted otherwise. The last section lists all of the measures that had been proposed throughout the process but were not enacted as part of the final budget. Refer to the table of contents for further guidance.

Given the number of proposals affecting our industry, NYIA will be providing more information in the future to assist companies with implementation and compliance related to the various provisions. Please reach out with any questions or let NYIA know how we can be of the greatest help to your company.

Below are items that were included in the final budget

Contents

Taxes, Assessments and Fees	2
General Insurance	3
Auto Insurance and Roadway Safety	3
Medical Liability Insurance	4
Property Insurance	5
Workers Compensation Insurance	5
Measures NOT Included in the Final Budget	5

Taxes, Assessments and Fees

DFS Funding

NYIA’s review has not indicated major increased taxes or fees on the property and casualty insurance industry, which means *no* increase in the premium tax *nor* an extension of the two percent premium tax to cooperatives.

In relation to DFS’s budget and the Financial Services Law section 206 assessments, the total DFS budget enacted for fiscal year 2027 totals \$583 million, roughly eleven million less than the executive proposal, due to a decrease to the Digital Innovation, Governance, Integrity, and Trust Program. It is also a 1 percent increase from the last fiscal year. This figure includes a small increase to the insurance program portion of DFS’s budget including over 1 percent to DFS’s insurance operations and no change to the sub-allocations. NYIA strenuously advocated for the insurance portion of the budget to remain at the figures proposed in the Executive Budget or decreased.

The Department of Motor Vehicles assesses writers of motor vehicle liability insurance for administration of the state's compulsory insurance program, which includes the Insurance Information Enforcement System (IIES), for the 2027 fiscal year is \$11,577,000, which is flat from the previous fiscal year.

General Insurance

Lobbyist Registration (Part Z PPGG, A10005C/S9005C)

Increases lobbyist registration fees from \$200 to \$250 and requires lobbyists to pay the registration fee in both years of the biennial registration period.

Extend the Metropolitan Transportation Authority's Tax Increment Financing

Authorization (Part H of TED, A10008C/S9008C)

Extends the Metropolitan Transportation Authority (MTA) tax from April 1, 2026, to April 1, 2027. The tax applies to employers within the 12-county Metropolitan Commuter Transportation District (MCTD) around New York City.

Premium Increase Explanations (Part BB of TED, A10008C/S9008C)

Requires insurers subject to Article 23 of the Insurance Law to include the amount a premium will increase from a prior policy period, and an explanation of why the increase occurred, prior to renewal when the premiums associated with a homeowners or automobile insurance policy increase by more than 10 percent. Additionally, specific language would be required on premium bills or declaration pages that will inform consumers of their right to request a written explanation for any premium increase. Upon receiving a written request for a premium increase explanation, the insurance company would be required to respond to the insured within 20 days. Lastly, it requires private passenger auto carriers to notify insureds of premium reductions due to reforms in the budget. The adopted provisions were amended from the executive proposal.

Reducing Unnecessary Litigation (Part EE of TED, A10008C/S9008C)

Deletes the 90/180 day rule from the definition of serious injury in no-fault auto insurance; provides for the bifurcation of trials in auto accident personal injury cases; caps non-economic damages at \$100,000 to those operating an uninsured vehicle, driving while impaired, or committing a felony or fleeing one at the time of the accident; and bars recovery for non-economic damages in auto accidents if a plaintiff is primarily at fault for the accident or more at fault than the combined defendants, by implementing a modified comparative negligence standard. The adopted provisions were amended from the executive proposal, and most notably deleted the provision that would remove joint and several liability in auto personal injury cases for non-economic damages.

Auto Insurance and Roadway Safety

Criminalizing Staging a Motor Vehicle Crash (Part F of PPGG, A10005C/S9005C)

Expands the definition of “fraudulent insurance act” to include staging a motor vehicle accident. The adopted provisions were amended from the executive proposal and did not lower the monetary threshold for insurance fraud.

Repeal of Flexible Rating (Part II of PPGG, A10005C/S9005C)

Repeals flex rating for private passenger auto insurance increases six months after becoming law, and for both increases and decreases 4 years after becoming law. This provision was not included in the executive budget proposal or either one house proposal but was included as part of negotiations between the Governor and Legislature.

Underwriting Prohibitions (Part JJ of PPGG, A10005C/S9005C)

Prohibits the use of employment, education, homeownership, and single zip code for private passenger auto tiers or rates. This provision was not included in the executive budget proposal or either one house proposal but was included as part of negotiations between the Governor and Legislature. Note that language is included to preserve DFS's regulatory discretion.

Extend the Internet Point Insurance Reduction Program (Part B of TED, A10008C/S9008C)
Extends the internet point insurance reduction program from April 1, 2026, to April 1, 2028.

Super Speeder Pilot Program (Part D of TED, A10008C/S9008C)
Allows New York City to establish an intelligent speed assistance device pilot program. The program could require those with repeat convictions of speeding through school zones to install technologies in their car that limit the speed of the vehicle. The adopted provisions were amended from the executive proposal.

Autonomous Vehicle Testing Program (Part E of TED, A10008C/S9008C)
Extends the autonomous vehicle demonstration program until April 1, 2028. The adopted provisions were amended from the executive proposal and does not include provisions related to for-hire vehicles.

Automated Work Zone Speed Enforcement Program (Part G of TED, A10008C/S9008C)
Expands the Automated Work Zone Speed Enforcement Program to highways. The part further defines highways.

Automobile Insurance Excess Profit Law (Part KK of TED, A10008C/S9008C)
Amends the current excess profit law for auto insurers by redefining an excess profit as an underwriting gain for the three most recent calendar years combined which is greater than the anticipated underwriting profit plus five percent of earned premiums for those calendar years; provides that if an insurer distributes a credit they must provide notice to policyholders of this credit and indicate that the credit was due to the reforms enacted in the budget; provides that auto insurers submit an annual report to DFS on excess profits and corresponding information; calls on the Superintendent to consider potential impacts of the budget reforms when reviewing rate filings; and requires the Superintendent to submit a report to the governor and legislature on the impact of the reforms and any realized savings. The adopted provisions were significantly amended from the executive budget proposal and is not a straight extender.

Adjudication for Violation of Stop Arm School Buses (Part UU of TED, A10008C/S9008C)
Requires counties, cities, towns, and villages that operate school bus stop-arm camera programs to establish "traffic camera violations bureaus" or similar administrative tribunals to handle violations captured by school bus photo enforcement systems. New York City is exempt because it already uses its parking violations system. This proposal was not part of the executive budget, but mirrors Part OOO of TED Senate One House [S9008B](#).

Medical Liability Insurance

Excess Physician's Medical Malpractice (Part D of HMH, A10007C/S9007C)
The executive budget proposed to extend the Excess Medical Malpractice Program but restructure the payments under such program to defer half of current year payment obligations to

the following year, effectively halving the program cost for the state for the current year. This bill would have shifted the cost of this important program from the State of New York to physicians, thereby making retention and recruitment of these medical professionals more difficult and undermining the very purpose of the Physician's Excess Medical Malpractice program. The enacted budget modified the proposal to be a straight extender of the program.

Medical Indemnity Fund (Part I of HMH, A10007C/S9007C)

The executive budget proposed setting medical indemnity fund reimbursement rates to 100 percent of the Medicare rate of reimbursement for qualifying health care costs, or, if no Medicare rate of reimbursement is available, 100 percent of the Medicaid rate of reimbursement, or, if there is no Medicare or Medicaid rate of reimbursement, a rate determined by the Commissioner of Health. The enacted budget modified the proposal to be a straight extender of the program.

Property Insurance

Reporting Requirements for Insurers of Multi-Family Housing (Part GG of TED, A10008C/S9008C)

Requires insurers who issue certain policies to residential properties that contain two or more dwelling units to file a report with DFS by March 1 of each year. The contents of the report must, at a minimum, include information on collected premiums and claims paid, and be publicly posted on DFS' website.

Workers Compensation Insurance

Workers Compensation Fraud Units (Part W PPGG, A10005C/S9005C)

The executive budget proposal allowed the Workers' Compensation Board to assess and collect funding from businesses for grants to district attorneys' offices to establish and maintain dedicated workers' compensation fraud units. The enacted provisions set the assessment rate at no more than 0.4% of the total estimated statewide premiums and further required the chair of the board to report on activities of the fraud unit in their annual report.

Workers Compensation Omnibus (Part X PPGG, A10005C/S9005C)

The executive budget proposal permitted all eligible, licensed New York State medical providers in good standing to treat workers compensation patients. The enacted language also incorporated language from the Senate One House Bill, which increase the threshold for prior authorization to \$1,500, as proposed by [A3127](#) (Lunsford)/[S6217](#) (Fernandez), allow claimants' counsel and representatives to communicate with their clients' providers/consultants, without having their provider's/consultant's opinion precluded, as proposed by [A5315](#)(Reyes)/[S4518](#) (Ramos), and includes language to mirror the board's [proposed amendments](#) to assign deposition costs to the employer/carrier and give judges discretion over cross-examination.

Measures NOT Included in the Final Budget

Motor Vehicle Theft and Fraud Prevention Board (Executive Budget [PPGG](#) Part G)

Updates the Board's composition and administrative procedures, adapts its duties, clarifies the DCJS Commissioner's authority as Chair, and revises reporting timelines to allow DCJS to receive necessary data.

Market-Based Interest Rate on Court Judgements (Executive Budget [PPGG](#) Part DD)

Changes the interest rate on court judgments paid by both public and private entities from the present legal rate of interest (9 percent) to a market rate of interest (the weekly average one-year constant maturity Treasury yield).

Strengthen Motorcycle Licensing Standards for New and Inexperienced Riders (Executive Budget [TED](#) Part C)

Requires those applying for a motorcycle license to complete a motorcycle rider safety course.

Labeling for AI-Generated Content (Executive Budget [TED](#) Part X)

Requires provenance data on AI-generated content, which allows users to reveal information such as origin, creation date, and editing of the content.

Regulation of Data Brokers (Executive Budget [TED](#) Part AA)

Requires that data brokers operating in New York register with an office at the Department of Financial Services, honor requests from consumers via a centralized request submission system to have their 24 personal data deleted, as well as refrain from selling or sharing new personal data, and make certain disclosures on their websites.

Homeowners' Insurance Loss Ratio Benchmark (Executive Budget [TED](#) Part CC)

Requires homeowner insurers subject to article 23 of the insurance law who meet certain requirements to refile their rates with DFS, for prior approval, if the insurer had a loss ratio below a specific benchmark that would be established for the prior two calendar years. The bill would authorize the Superintendent of DFS to conduct a study to analyze and determine a benchmark loss ratio for homeowners insurance companies.

Automatic Property Insurance Premium Reductions (Executive Budget [TED](#) Part DD)

Requires insurers subject to article 23 of the insurance law, to offer an actuarially justified premium discount to homeowners and commercial property owners who make improvements to their property that contribute to the safety and security of the insured structures, such as smart water monitors and roof improvements.

Strengthening Insurer Anti-Fraud Programs (Executive Budget [TED](#) Part FF)

Extends from 30 to 60 days the amount of time an insurer has to report suspected fraud to DFS, and would clarify the right of an insurer to deny a claim or assert a defense after the 30-day payment requirement when fraud is suspected (These provisions would overrule *Presbyterian Hospital v. Maryland Casualty Co.*, 90 N.Y.2d 274, 660 N.Y.S.2d 536 (1997)).

Dashboard Camera Premium Reductions for Automobile Insurance (Executive Budget [TED](#) Part II)

Requires automobile insurance companies to offer an actuarially justified premium discount for an insured driver who equips their vehicle with a dashboard camera, pursuant to certain verification requirements.

Increased Workers Compensation Penalties (Senate One House [ELFA](#) Part MM)

The Senate advanced language that would allow the Superintendent of the Department of Financial Services to impose up to a \$2,500 penalty on *each* violation of the workers compensation law. The language was based on [S172](#) (Ramos).

Expansion of Workers Compensation Claimant Right (Senate One House [PPGG](#) Part RR)

The Senate advanced language that would diminish the time the Workers' Compensation Board has to index a claim and hold hearings. The proposal also prohibits the limitations, prerequisites, and penalties on applications for hearings. The language was based on [S2234](#) (Ramos).

Penalties for Speeding in Work Zone (Senate One House [TED](#) Part DDD)

The Senate advanced language that would increase monetary penalties for drivers convicted of speeding in a work zone and failing to move over when legally required. The language is based on [S4649A](#) (Cooney).

Increased Penalties for Restricted Highway Speeding and Work Zone Speeding (Senate One House [TED](#) Part EEE)

The Senate advanced language that would increase monetary penalties for drivers convicted of speeding in a restricted highway zone and work zone. The language is based on [S4647A](#) (Cooney).

Office of Digital Innovation, Governance, Integrity, and Trust (Senate One House [TED](#) Part HHH)

The Senate advanced language that would create a new Office of Digital Innovation, Governance, Integrity, and Trust within DFS, responsible for registering AI developers and data brokers and maintaining public registries. The office would guide consumers, manage a statewide inventory of automated decision-making systems, and develop AI governance policies, risk management plans, and oversight standards for state agencies. It would also handle reporting of AI safety incidents and support the Attorney General and other state entities in protecting consumers.