

AFFORDABLE INSURANCE FOR ALL NEW YORKERS

Why the Governor's Reform Agenda Matters—and Why It Must Move Now

THE STAKES ARE REAL

Insurance isn't abstract—it's the safety net that protects New Yorkers when life's worst moments arrive. But that safety net is fraying. Fraud, organized crime, and runaway litigation are driving up costs, pushing insurers out of the market, and leaving hard working families with fewer choices and higher bills. New York cannot afford to wait. States that acted decisively to reduce fraud and litigation are now reaping the rewards—lower premiums, broader coverage, and healthier markets. New York can be next.

WHAT'S BROKEN—AND WHO'S PAYING FOR IT

New York's no-fault system was designed to do one thing: Get injured people the care they need, quickly and without conflict. It has been hijacked. Medical mills operating at the direction of organized crime fabricate injuries, bill for treatment never rendered, and cycle vulnerable patients through unnecessary procedures—all to generate fraudulent claims. The result:

- No-fault costs in New York are rising, while other states with similar systems are seeing declines.
- Bodily injury litigation is surging—a call direct symptom of legal system abuse, not legitimate injury claims.
- Patients are being exploited. Patient safety, not just consumer costs, is under threat.
- The result for New York families is a shrinking marketplace—fewer carriers, fewer choices, and rising costs that hit hardest when budgets are already strained.

A sustainable insurance market requires that risk can be accurately priced and responsibly managed. When fraud and litigation distort that equation, the market itself suffers—and so do the New Yorkers who depend on it.

THE GOVERNOR'S PROPOSALS: TARGETED, PROVEN, EFFECTIVE

The Executive Budget proposals take direct aim at the root causes—not the symptoms—of New York's insurance affordability crisis. These are not untested ideas. They reflect best practices from states that have already turned the tide. The proposals will:

- Crack down on organized crime rings that have made fraud a business model.
- Arm law enforcement and regulators with stronger tools to investigate and prosecute fraud.
- Reduce excessive and unfair litigation that inflates costs and protects illegitimate claimants.
- Extend investigation timeframes so insurers can identify fraud before it enters the system.

These reforms do not limit access to care or prevent anyone from being made whole. Every New Yorker retains the full right to seek medical treatment and recover lost wages. What ends is the ability of criminals to exploit that system.

WHAT REFORM DELIVERS

This is about results—real, measurable improvements in the lives of New Yorkers:

- Lower premiums for drivers, businesses, and families across the state
 - A more competitive insurance market with more options and better coverage
 - Restored integrity to the healthcare system—protecting patients, not exploiting them. A clear signal that New York is serious about being open for business.
-

WE STAND WITH THE GOVERNOR—AND WITH EVERY NEW YORKER WHO DESERVES A FAIR, AFFORDABLE, AND FUNCTIONING INSURANCE MARKET. THE TIME FOR ACTION IS NOW.

AUTO INSURANCE AFFORDABILITY

Quick Facts

THE ISSUE:

New York drivers pay some of the highest auto insurance premiums in the United States. Litigation costs and system abuse have expanded beyond what the no-fault system was designed to support.

KEY DATA POINTS:

- New York represents about 9% of the U.S. population but produces nearly 30% of the nation's auto injury lawsuits.
- Litigation costs are a significant driver of rising claim severity.
- In many areas of New York, annual auto insurance premiums exceed \$3,000 per vehicle.
- Fraud and staged accident schemes continue to exploit the no-fault system.

WHY REFORM IS NEEDED:

New York's no-fault system was designed to provide prompt medical care and wage benefits without litigation. Lawsuits for pain-and-suffering damages were intended to be limited to truly serious injuries.

Over time, litigation incentives have expanded beyond the system's original design.

CORE REFORMS:

- Restore the serious injury threshold by eliminating the 90/180 category.
- Align fault with responsibility by adopting a modified comparative negligence rule.
- Protect law-abiding drivers by limiting non-economic damages for uninsured motorists.

WHAT REMAINS PROTECTED:

- Medical care for injured individuals
- Wage replacement benefits
- Compensation for serious injuries

BOTTOM LINE:

These reforms restore the balance originally intended by New York's no-fault system while helping address the rising cost of auto insurance for drivers across the state.

NEW YORK COMPARED TO OTHER STATES

Auto Liability Framework

ISSUE: COMPARATIVE FAULT

NEW YORK

Pure comparative negligence allows plaintiffs to recover damages even if they are primarily responsible for the accident.

MOST STATES

Modified comparative negligence prevents recovery when a plaintiff is more than 50% responsible for the accident.

IMPLICATION

New York's rule can allow individuals who are largely responsible for a crash to recover pain-and-suffering damages.

ISSUE: LITIGATION THRESHOLDS

NEW YORK

The serious injury threshold includes the 90/180 rule, which relies largely on temporary activity limitations.

MANY OTHER STATES

Thresholds generally focus on objectively verifiable injuries such as fractures, permanent impairment, or significant functional loss.

IMPLICATION

New York's framework allows more claims to enter litigation compared to other states.

ISSUE: UNINSURED MOTORIST CLAIMS

NEW YORK

Uninsured drivers may pursue unlimited non-economic damages in many circumstances.

MANY STATES

Recovery by uninsured drivers is limited or restricted.

IMPLICATION

Drivers who comply with insurance laws may bear the financial burden created by uninsured motorists.

CONCLUSION:

Several aspects of New York's current liability framework are outside the national mainstream. The Governor's proposal moves New York closer to the policies already used in many other states.

MYTH vs FACT

Auto Insurance Reform Proposal

MYTH

The proposal eliminates compensation for injured people.

FACT

Medical care and wage benefits remain guaranteed under New York's no-fault system regardless of fault.

MYTH

The proposal prevents injured individuals from recovering damages.

FACT

Individuals with serious injuries—including fractures, permanent injury, significant impairment, or disfigurement—can still pursue pain-and-suffering damages.

MYTH

Comparative fault reform punishes victims.

FACT

Most states already prevent plaintiffs who are primarily responsible for an accident from recovering non-economic damages.

MYTH

The proposal protects insurance companies.

FACT

The purpose of the proposal is to address rising litigation costs that ultimately increase premiums for drivers.

MYTH

The reforms are extreme.

FACT

The proposal largely aligns New York with policies already used across much of the United States.

BOTTOM LINE

The reforms preserve protections for injured individuals while addressing structural factors that contribute to rising insurance costs.

FACT CHECK

Assertions About “Innocent Passengers” and Staged Accident Fraud

ASSERTION FROM OPPONENTS OF FRAUD REFORM

“Under these reforms, an innocent passenger in a vehicle driven by a fraudster could be denied compensation and left with no way to recover.”

Reality: This assertion is misleading and ignores how New York law actually works. The state already has multiple legal protections that ensure legitimate accident victims—including passengers—have avenues for compensation.

ASSERTION #1: “INNOCENT PASSENGERS WOULD LOSE THEIR RIGHT TO COMPENSATION.”

Fact: New York’s no-fault system already guarantees compensation for medical expenses and lost wages regardless of fault. Passengers injured in accidents generally qualify for Personal Injury Protection (PIP) benefits, which cover:

- Medical treatment
- Lost wages
- Certain necessary expenses

These benefits exist specifically to ensure prompt compensation without litigation.

ASSERTION #2: “PASSENGERS IN STAGED ACCIDENTS WOULD AUTOMATICALLY BE DENIED BENEFITS.”

Fact: Fraud enforcement focuses on people who knowingly participate in staged accidents, not innocent bystanders. Courts evaluate evidence to determine whether a person:

- knowingly participated in the scheme
- was recruited to stage the crash
- Was linked to organized fraud rings

Benefits may be denied only when fraud participation is proven. Innocent passengers are not the target of fraud enforcement.

ASSERTION #3: “IF THE VEHICLE IS UNINSURED, PASSENGERS HAVE NO WAY TO RECOVER.”

Fact: New York has several safety nets specifically designed to protect victims when a vehicle lacks insurance:

1. If the passenger owns an insured vehicle, they can typically submit the PIP claim under their own auto insurance policy.
2. Uninsured Motorist Coverage
Passengers may also access uninsured motorist (UM) coverage through:
 - their own auto policy
 - a household member’s policy

The New York Department of Financial Services specifically notes that when the vehicle involved is uninsured, a claim may be filed with the insurer of a household relative who had an auto policy at the time of the accident.

FACT CHECK

Assertions About “Innocent Passengers” and Staged Accident Fraud

1. Motor Vehicle Accident Indemnification Corporation (MVAIC)

MVAIC exists to compensate victims when:

- the at-fault vehicle is uninsured
- the driver cannot be identified
- the driver cannot be located

2. Claims Against Other Drivers

If another vehicle contributed to the accident, passengers can pursue claims against that driver’s liability insurance.

WHAT THE TRIAL BAR ISN’T SAYING

The argument presented by opponents ignores the reality that organized staged accident rings often place multiple occupants in a vehicle specifically to generate fraudulent injury claims. These schemes:

- inflate insurance costs
- delay legitimate claims
- divert resources away from real accident victim

Fraud reforms are designed to stop organized abuse of the system, not deny compensation to legitimate victims.

THE BOTTOM LINE

- New York law already provides multiple layers of protection for innocent passengers.
- Claims that fraud reforms would leave innocent passengers with “no way to be compensated” are inaccurate and misleading.

THE REAL GOAL OF REFORM IS SIMPLE: ENSURE THAT RESOURCES GO TO LEGITIMATE ACCIDENT VICTIMS INSTEAD OF STAGED ACCIDENT FRAUD SCHEMES.

REFORMING NEW YORK'S AUTO INSURANCE MARKET

New Yorkers are now paying some of the highest personal auto insurance rates in the country – an average of \$1,935 per policy.¹ But there are proven ways to fix it, many of which are reflected in Gov. Kathy Hochul's budget proposal and the Transportation, Economic Development, and Environmental Conservation Bill.



How Auto Insurance Works:

1. New York law requires drivers to have auto insurance.
2. Insurers price policies based on risk.
3. Policyholders pay premiums for the promise to be reimbursed for covered losses if/when an accident happens.
4. When an accident happens, the policyholder files a claim, which an adjuster reviews to ensure it is a covered loss.
5. After the policyholder pays a deductible, the insurer pays the remaining covered costs up to the policy limit.

The Problem

Auto insurance fraud and excessive litigation are increasing claims frequency and severity, resulting in increased claims costs and upward pressure on insurance rates. The trickle-down effect is more expensive auto insurance for New Yorkers.

Eleven auto carriers have filed to exit the New York market in the last year.¹

New York's litigation and claims costs are 67 percent above the national average.²

Auto insurance fraud reports totaled nearly 44,000 in 2025, an **80 percent increase** from 2020 numbers.³

The Solution

The most effective way to reduce costs is to have a healthy, competitive marketplace, which Gov. Hochul's reforms would help bring forth. These widely-supported reforms would:

- Strengthen the serious injury threshold;
- Cap noneconomic damages for reckless actors;
- Enhance antifraud programs; and
- Expand penalties for fraud.

The Proof

The work by Florida's governor and Legislature to reform the state's insurance market is the perfect example.

\$155.3 Million

The reforms have generated \$206.6 million in new state revenue and \$155.3 million for local governments.

14.5%

The state's property/casualty costs are estimated to be 14.5 percent lower due to the reforms

17

Seventeen carriers have entered the state.

\$4.2 BILLION

The state's economy has been boosted by \$4.2 billion annually, with thousands of jobs supported.

¹ <https://www.iii.org/press-release/new-york-drivers-pay-fourth-highest-auto-insurance-costs-in-the-nation-triple-i-finds-012626>

² <https://pfnyc.org/news/new-report-finds-high-cost-of-litigation-and-legal-claims-are-driving-affordability-crisis-for-new-york-city-residents-businesses-government-and-nonprofits>

³ https://www.dfs.ny.gov/reports_and_publications/press_releases/pr20260211