

New York PIP Insurance Update:

Is New York's No-Fault Crisis Solved?

Insurance Information Institute



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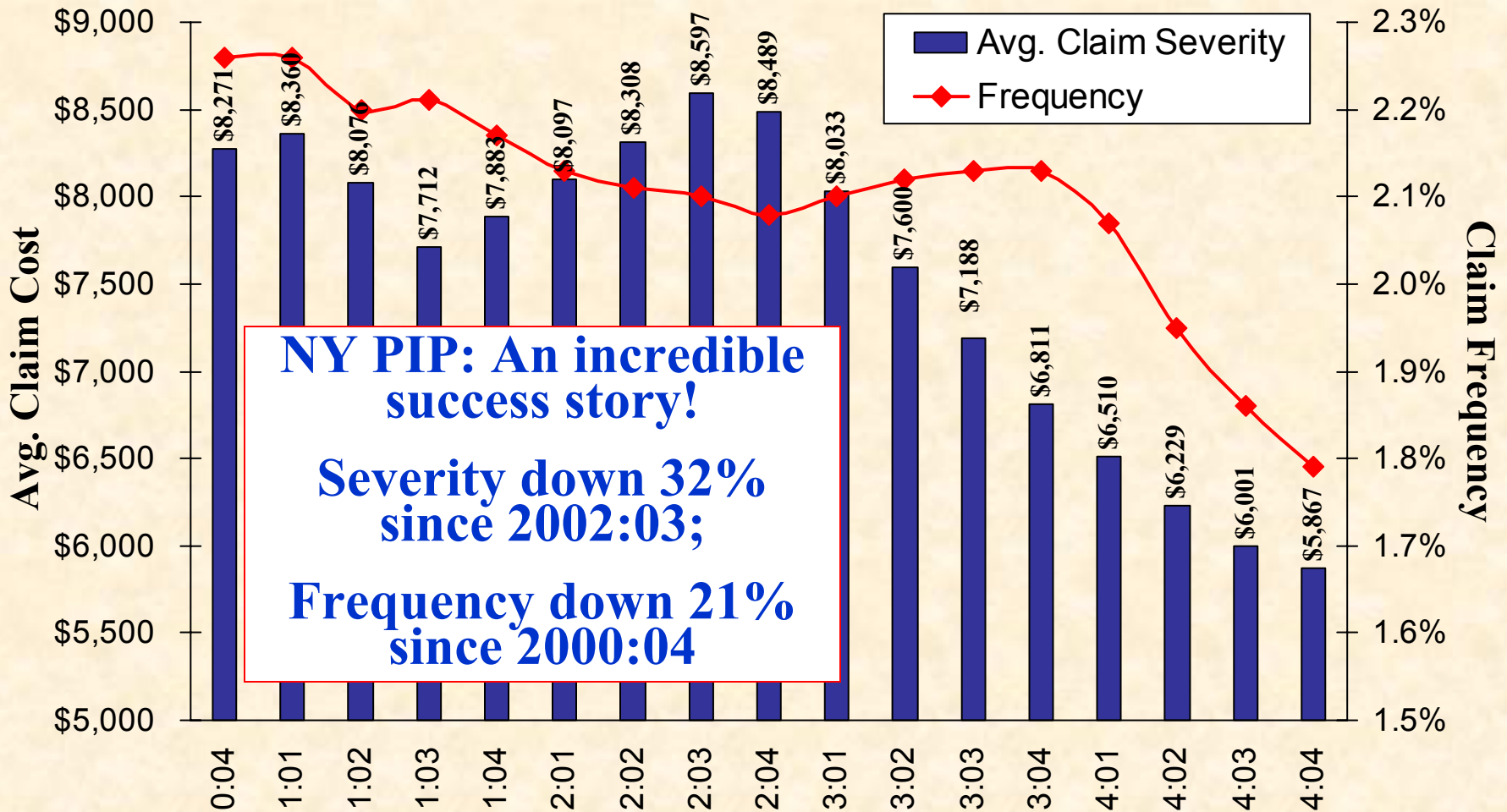
NY PIP UPDATE

Is New York's No-Fault System Truly

iii *Under Control?*



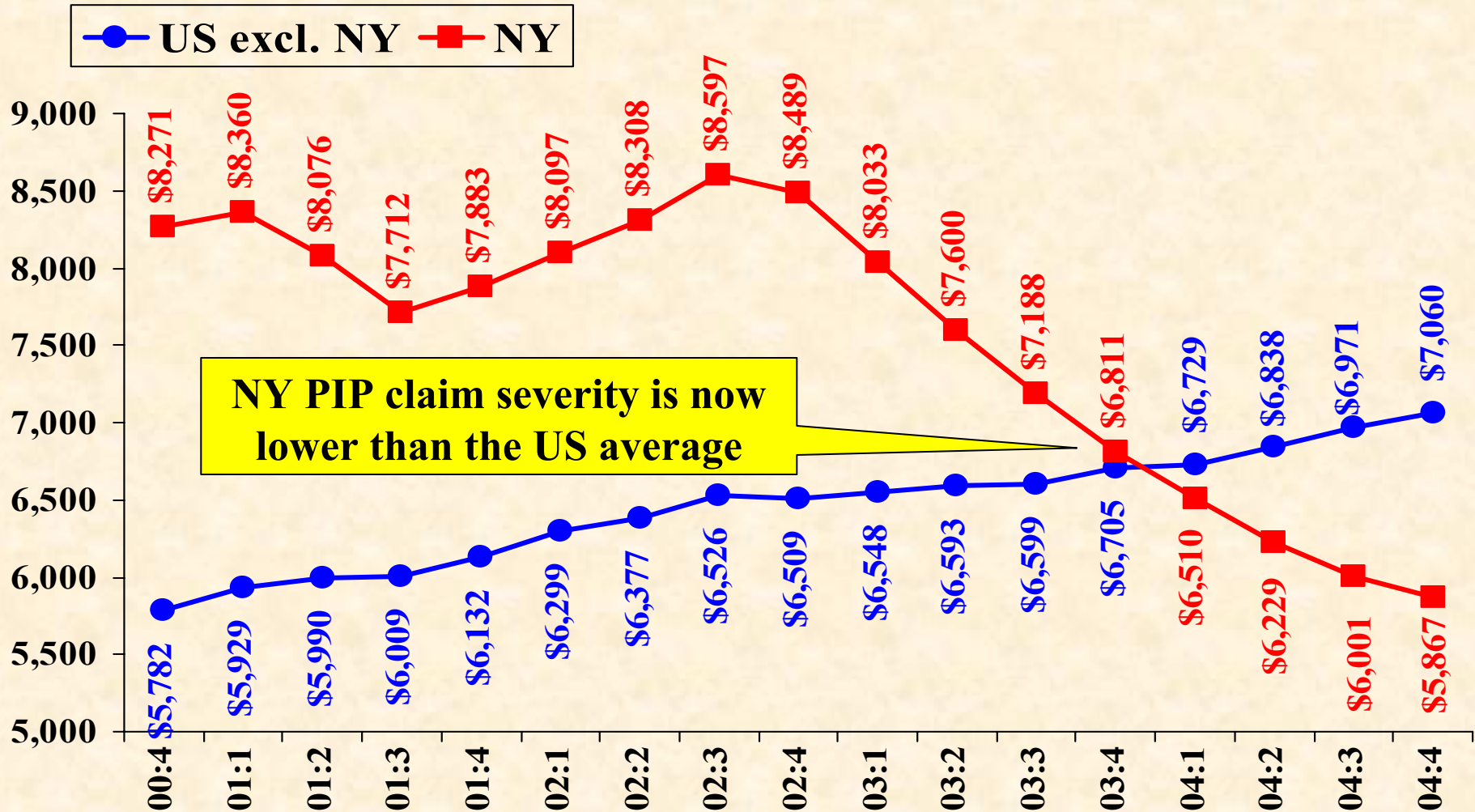
NY PIP Claim Frequency & Severity, (2000:04 – 2004:04)



Sources: Insurance Information Institute based on ISO Fast Track data.



PIP Average Claim Severity: New York State vs. US*

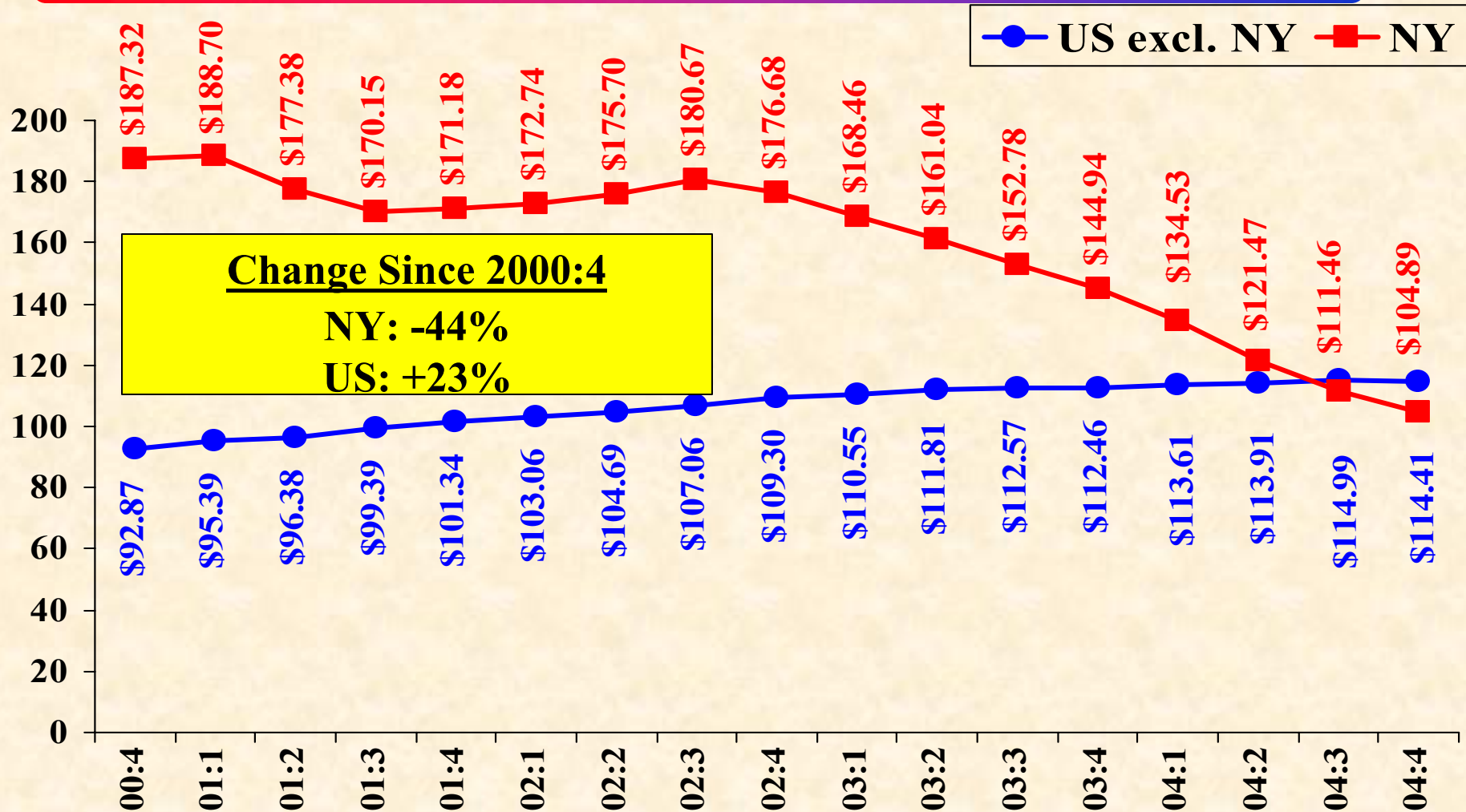


*ISO Fast Track PIP data as of 2004:Q4 include the following states: FL, HI, KY, KS, MA, MI, MN, NY, ND, SC and UT.

Source: Insurance Information Institute calculations based on ISO *Fast Track* Data.



PIP Pure Premium: New York State vs. US*

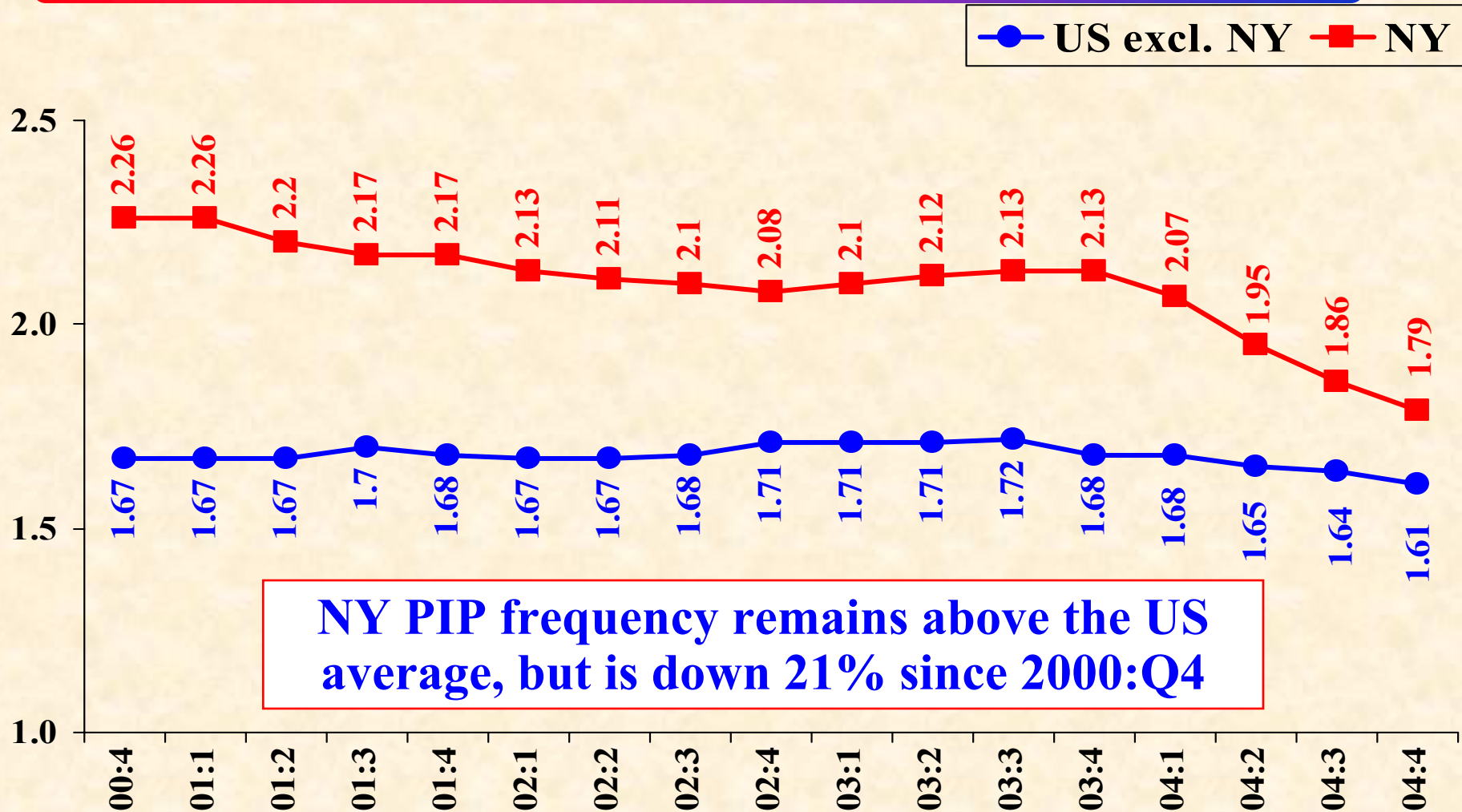


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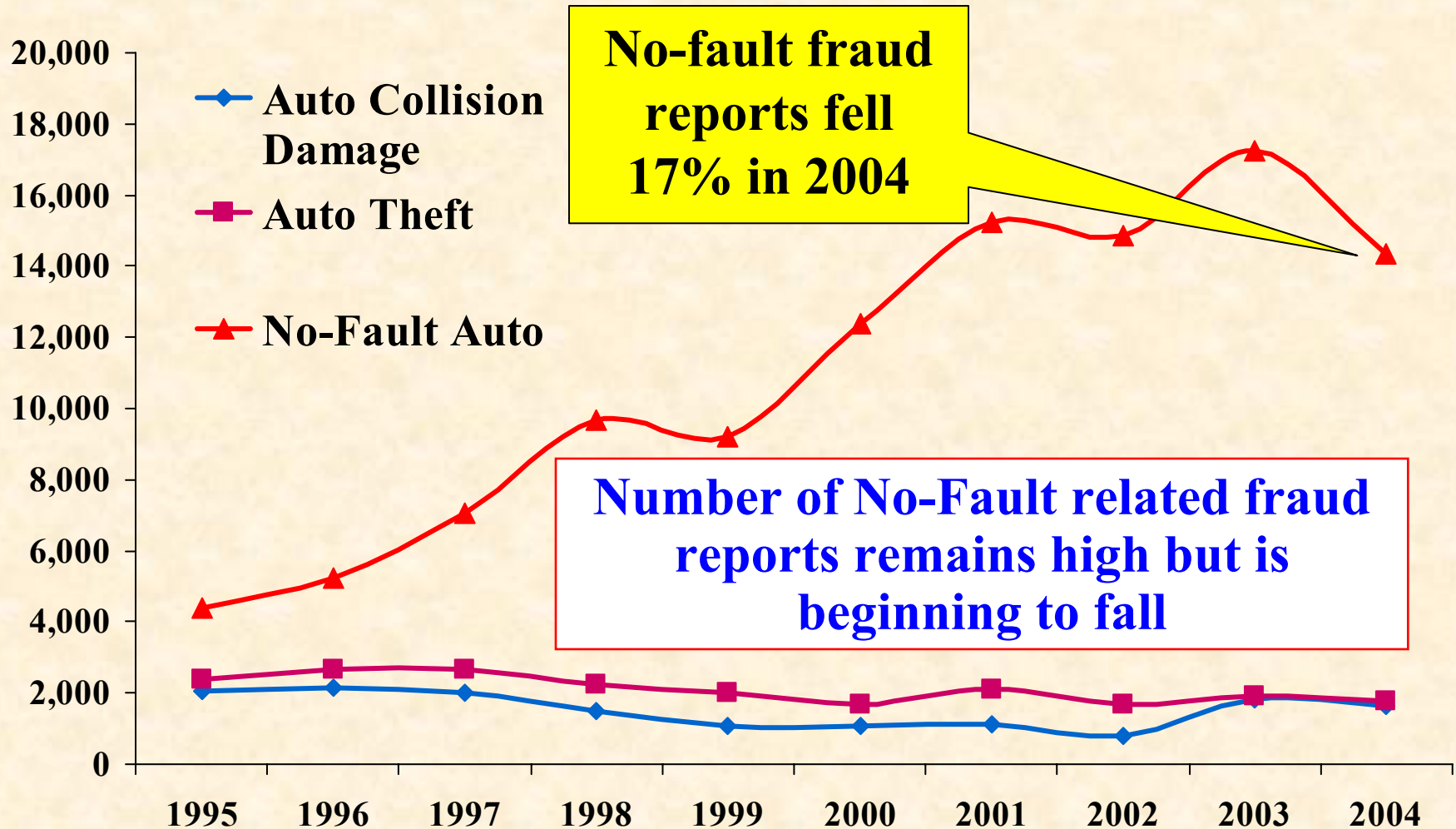


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Source: Insurance Information Institute calculations based on ISO *Fast Track* Data.

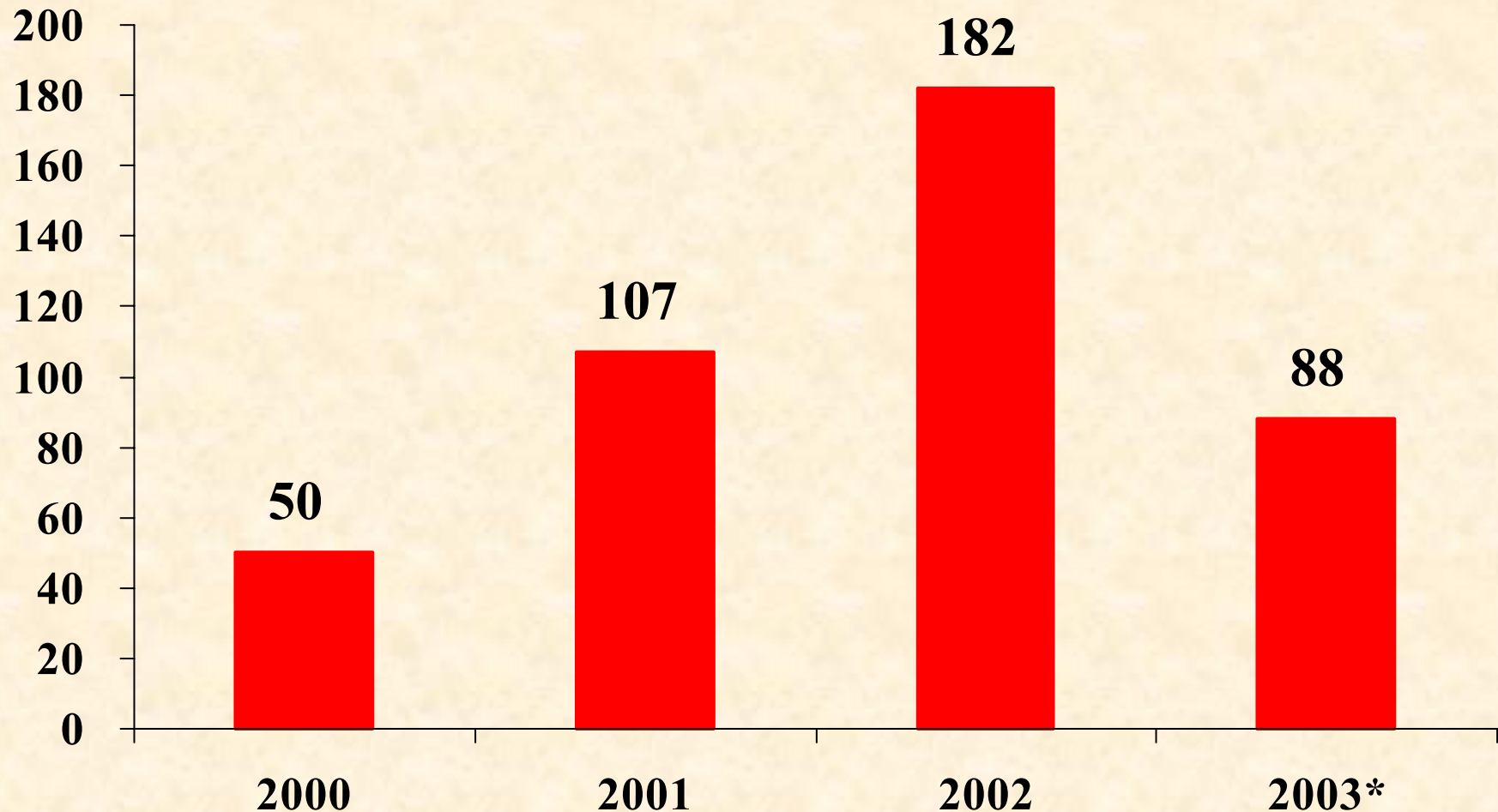


New York Insurance Fraud Reports, 1995 - 2004





No-Fault Related Arrests by NY Insurance Fraud Bureau

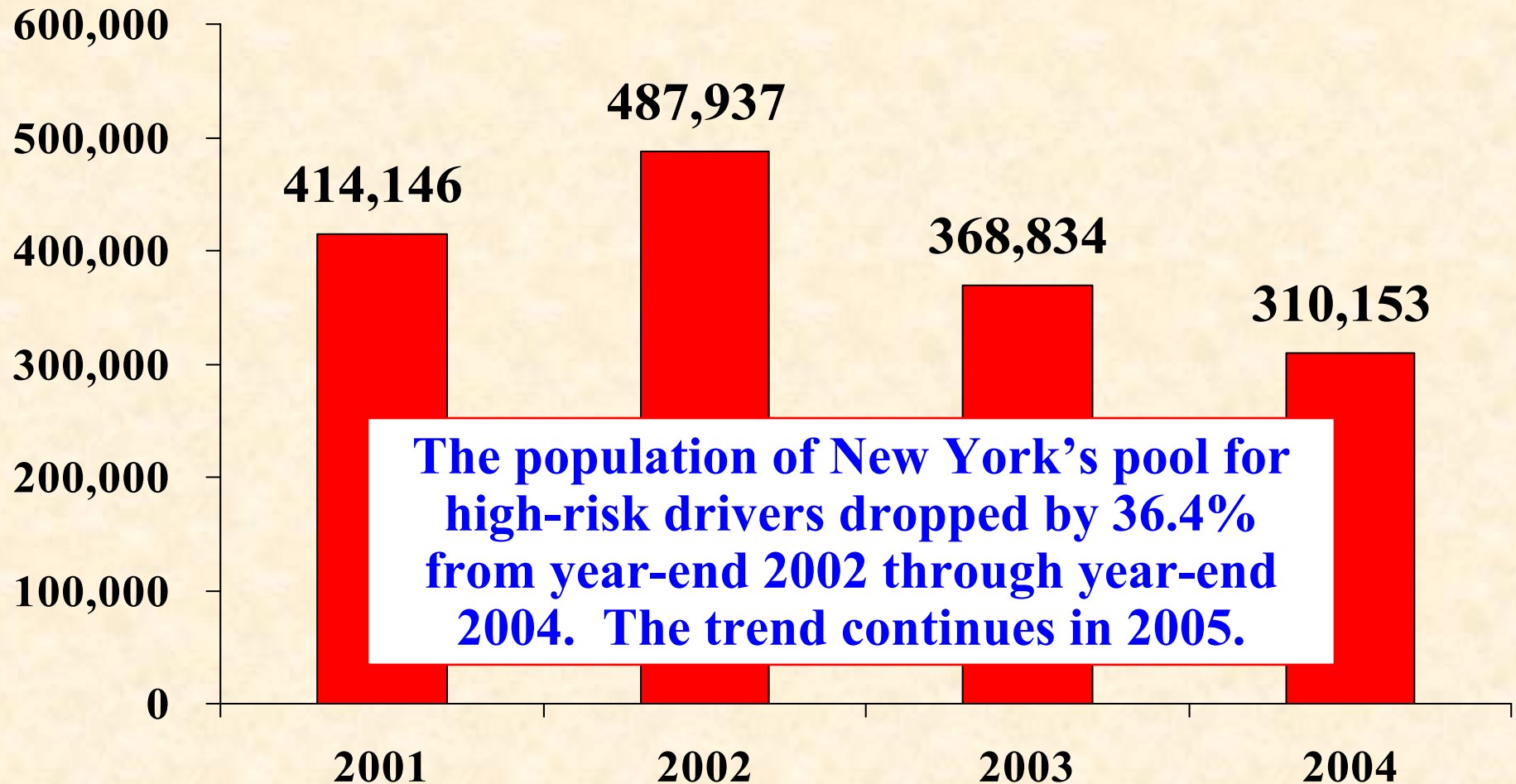


*Data through August 2003. No-fault unit was merged with auto unit, separate no-fault arrest data no longer available.

Source: New York Department of Insurance, Insurance Frauds Bureau Annual Report; Insurance Info. Institute.



*Population of New York's Auto Insurance Plan**

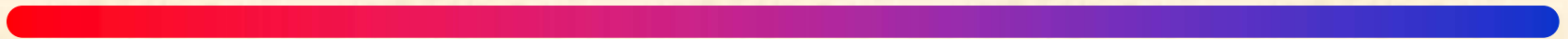


*Plan policies in force as of December 31 of each year.

Source: New York Auto Insurance Plan, AIPSO; Insurance Information Institute.

**A SCARY TRIP
DOWN MEMORY
LANE**

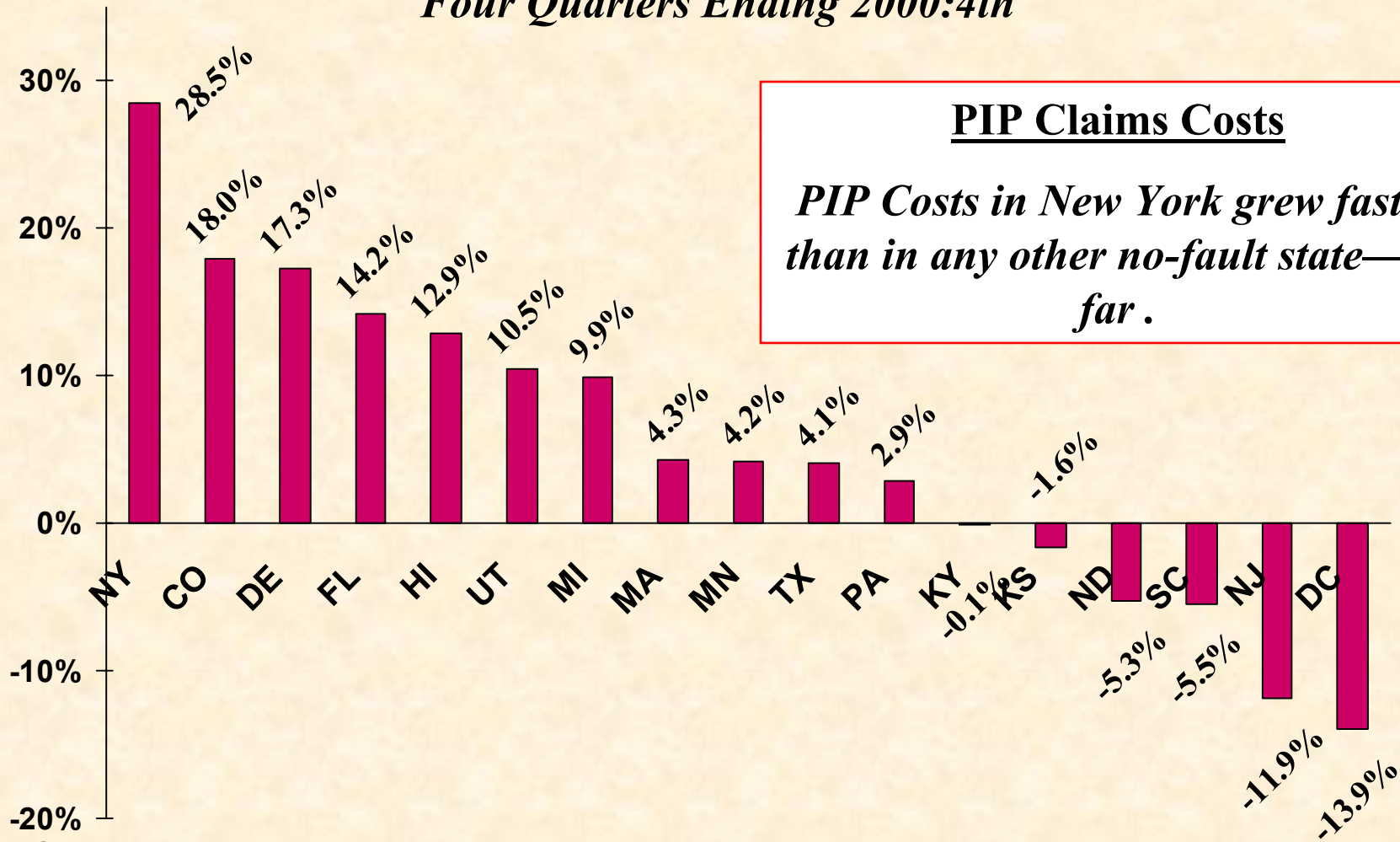
*(Nightmare in
Brooklyn)*





Growth in Total PIP Claims Costs*

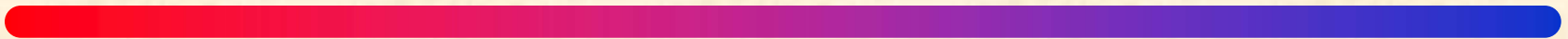
Four Quarters Ending 2000:4th



*Change in "pure premium"

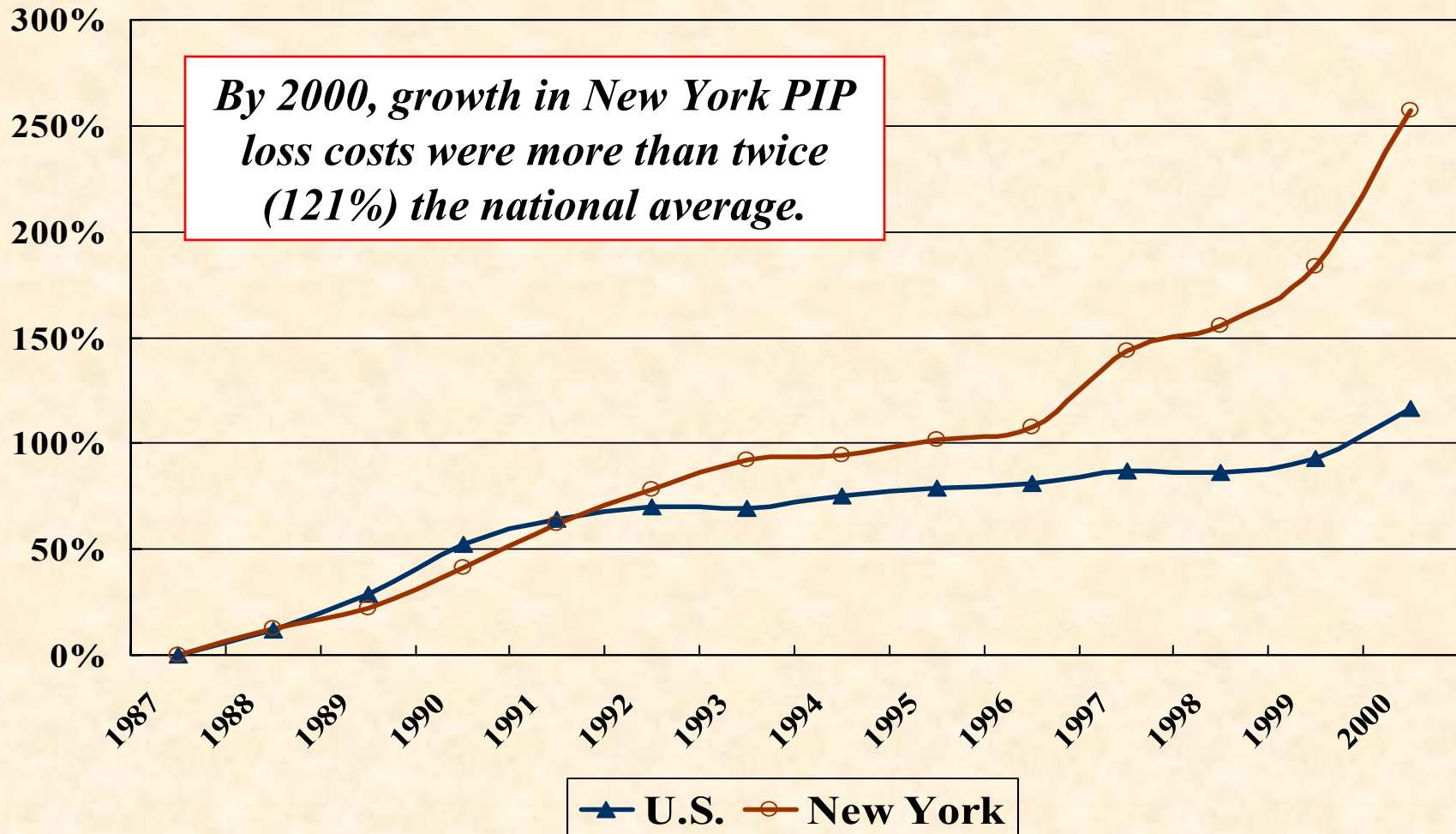
Source: Insurance Information Institute from ISO Fast Track Data

*PIP Fraud and Abuse in
New York State*





Change in PIP Loss Costs: New York vs. US: 1987-2000*



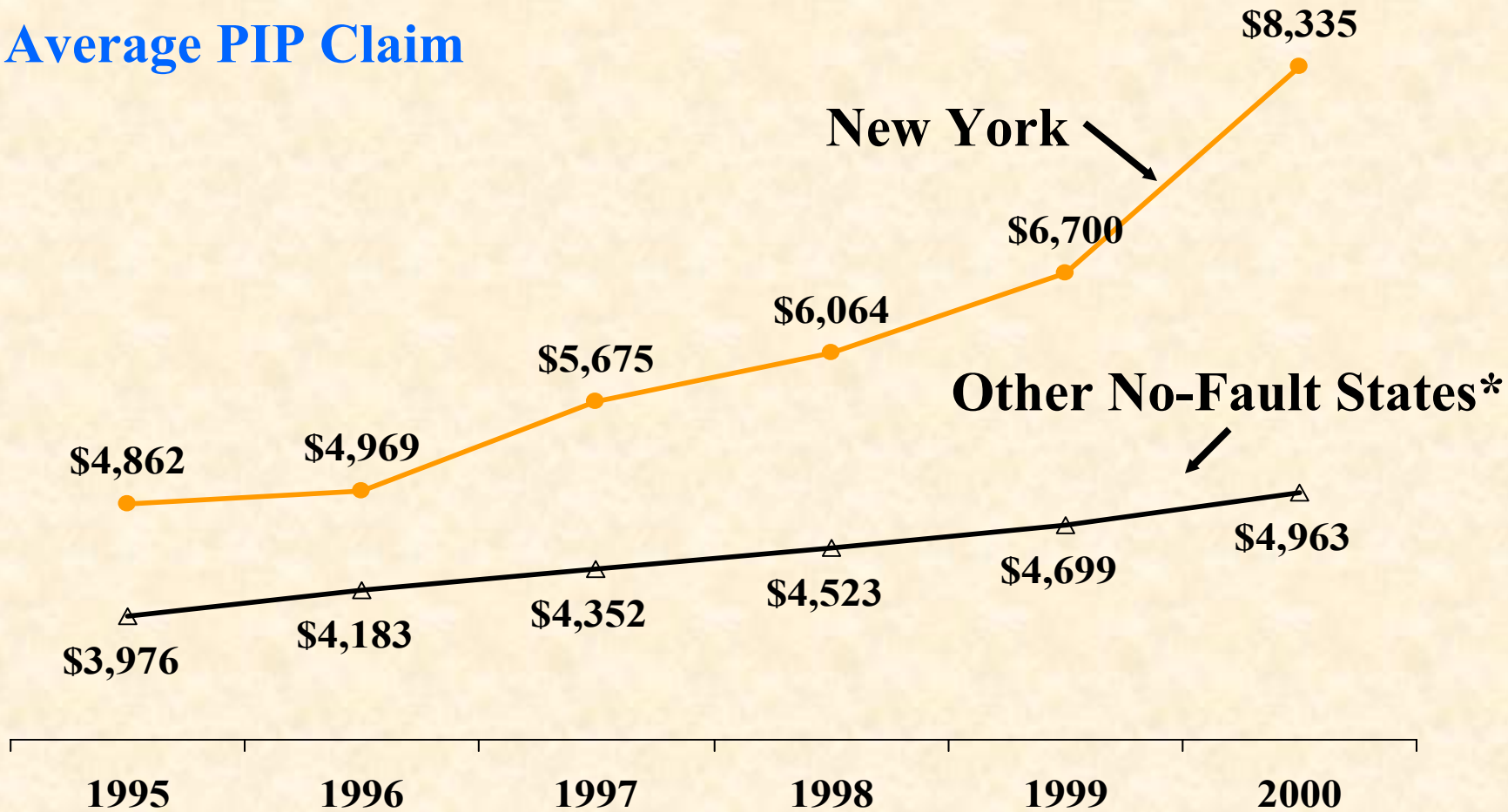
*Through 4 quarters ending 2000:3rd.

Source: American Insurance Association/ISO FastTrack; Insurance Information Institute



PIP Claim Severity 1995-2000: New York vs. United States

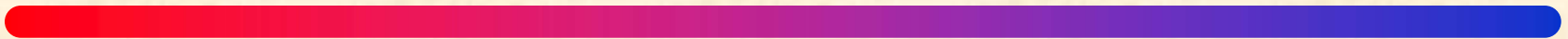
Average PIP Claim



Source: Fast Track Monitoring System, Fourth Quarter 2000 Report

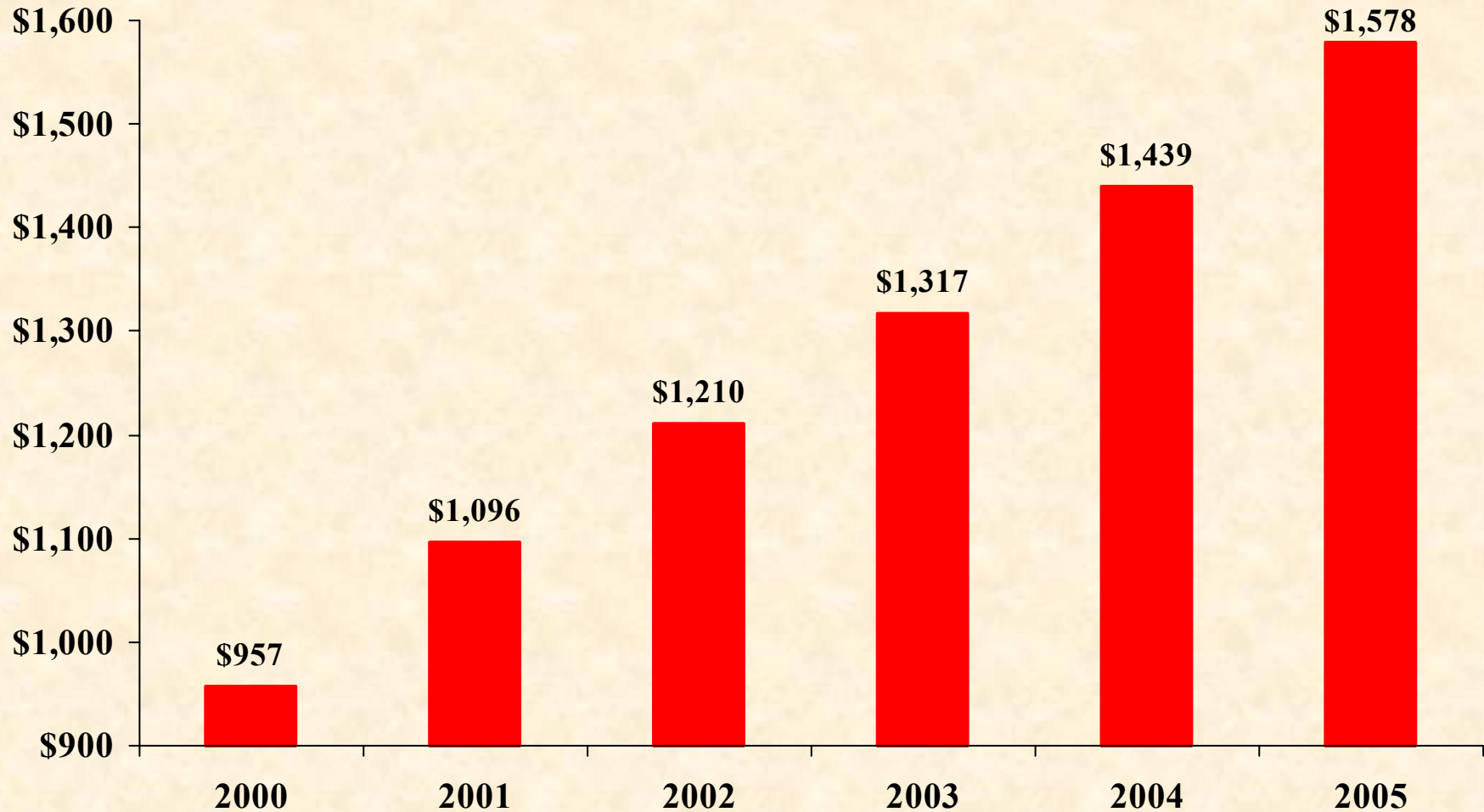
* Excluding Michigan

*Impact on Cost of Auto Insurance
in New York State*





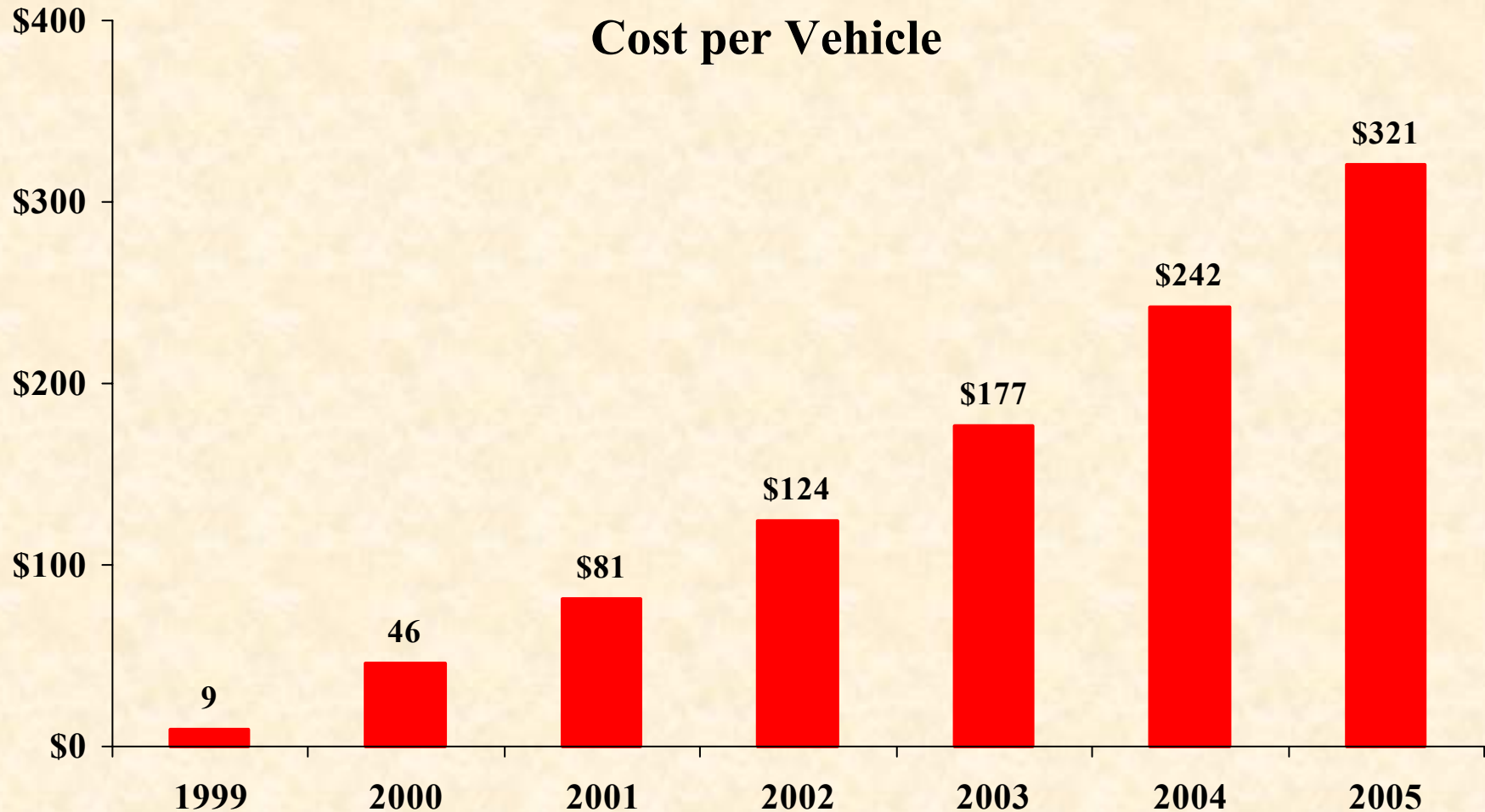
Projected Average Auto Insurance Expenditure in NY State Assuming No Meaningful Reform (Jan. 2002 Est.)



Source: Insurance Information Institute



Projected Average Cost of No-Fault Auto Insurance Fraud in NY State Assuming No Meaningful Reform (Jan. 2002 Est.)



Source: Insurance Information Institute



What's Left to be Done?

NYIA: The Battle on Insurance Fraud is Far From Over

- **Decertify Fraudulent Providers**
 - **Still no way to decertify health care providers who commit no-fault fraud**
- **Increase Penalties for Runners**
- **Repeal Presbyterian Hospital Case**
 - **Law should acknowledge that cases of suspected may require more time to investigate; Need exception to 30-day rule.**
- **Enact “File & Serve” Legislation**
 - **Require filing of summons before serving summons. Allows large numbers of suits to be filed**
- **Restore Flex Rating**
 - **Helps insurers deal with loss cost fluctuations, including those due to fraud and abuse**



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