

VIEWPOINT

Hochul takes aim at affordability in NY insurance markets

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In recent weeks, including in her 2026 State of the State address, Governor Kathy Hochul has touted a number of proposed initiatives and reforms aimed at saving New Yorkers money on insurance premiums. The governor's focus on the rising cost of insurance is part of a broader set of initiatives to make New York more affordable for families and businesses.

RESIDENTIAL INSURANCE

First, Governor Hochul has announced proposed initiatives to address the cost of home insurance, which threatens the affordability of single and multifamily homes. The governor has proposed to expand automatic discounts for homeowners and commercial multifamily properties where the

owner has made certain safety or weatherproofing upgrades.

The governor has also proposed what she described as a “first-in-the-nation” guiderail on insurer profitability. To ensure that premiums are in line with carriers' risks, the governor's proposal would see the Department of Financial Services (DFS) monitor insurer profit margins on an annual basis – carriers with more than two consecutive years of high profit margins would be required to lower their rates or justify to DFS why their rates should continue.

Finally, to increase transparency and give New York regulators greater insight into commercial multifamily insurance markets, the governor will require commercial property insurers to report core data metrics annually to DFS regarding their multifamily housing businesses, including claims, premiums, and rates. These reports will be made public, providing property owners, researchers and policymakers visibility into

who writes this insurance, what the trends are in premiums and how profitability changes year over year.

A SLATE OF AUTO INSURANCE REFORM

The governor is also proposing a number of reforms aimed at reining in the costs of automobile insurance, including by tackling fraud, limiting damages and reforming certain provisions in the law that increase exposure to New York insureds. Each of the proposals would help to contain costs for personal and commercial automotive insurance.

ANTI-FRAUD INITIATIVES

The governor has indicated that auto insurance fraud is a growing problem, as bad actors develop increasingly sophisticated schemes to stage accidents and reap “jackpot” payouts from insurance companies. In 2023, New York ranked second in the nation in staged crashes, and insurance carriers reported 38,270 incidents

of suspected motor vehicle insurance fraud to DFS. This volume of fraud drives up premiums for all New Yorkers.

The governor is proposing legislation to criminalize participation in staged accidents, going after medical providers who sign off on phony medical diagnoses and increasing the timeframe that insurance carriers have to identify and investigate potential fraud, currently limited to just 30 days.

LIMITING DAMAGES TO AT-FAULT PLAINTIFFS

Governor Hochul also proposed reforms to limit the damages that can be recovered by plaintiffs who are engaged in unlawful behavior at the time of an accident or who are mostly at fault in causing an accident.

Current law permits individuals committing crimes, including impaired driving, to recover damages for pain and suffering and emotional distress that they sustain as a result of a motor vehicle accident. Governor Hochul proposes to cap the payout on these types of non-economic damages for drivers engaging in criminal behavior at the time of the incident.

Similarly, New York law allows drivers who are deemed mostly at fault for an accident to still recover significant damages, including non-economic damages

for pain and suffering or emotional distress. This is in contrast to the majority of states, where such damages are only recoverable if the plaintiff is not primarily at fault for the accident. The governor proposes to change New York law, reducing the damages covered by insurance after an accident.

REFORMING THE "SERIOUS INJURY" THRESHOLD

As part of New York's no-fault auto insurance scheme, a party involved in an automobile accident may only recover for non-economic damages if they sustained a "serious injury," as defined in New York Insurance Law § 5102. That statute contains several categories of serious injury that are vague, subjective or poorly understood, and are therefore the subject of frequent litigation. Governor Hochul has proposed reforming the statute to use "objective and fair medical standards" for what constitutes a serious injury. Reforming the statute would significantly cut down on litigation expenses, provide clear and objective criteria for what constitutes a serious injury, and stop individuals from exploiting the system – all of which would help to reduce costs across the auto insurance industry.

REFORMING JOINT AND SEVERAL LIABILITY

Finally, the governor has proposed reforming New York's law on joint and several liability in motor vehicle cases.

In most instances, a tortfeasor who is less than 50% at fault is only liable for his or her proportionate share of the plaintiff's non-economic damages. However, current New York law contains an exception to that general rule, such that where there is more than one responsible party (such as in a multi-car accident), each tortfeasor is jointly and severally liable – meaning they can be required to pay the full amount of the plaintiff's damages. In practice, this means that a deep-pocketed defendant (like a business or an individual with higher insurance limits) can often face a disproportionate share of liability.

Governor Hochul has proposed that New York join the majority of other states in adopting a rule that would change this standard so that defendants who are less than 50% at fault are only held responsible for the damage that they caused. This reform would allow insurance companies to price premiums lower.

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