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Editorial

Covering claims

For years, you've paid your insurance premiums, hoping you never have to file a claim, but reassured that you are covered if you do. Then you suffer a loss - personal, property or automotive - and the insurance company drags its feet. What can you do?

Not much in New York State, according to an activist group pushing a bill enabling policyholders to sue insurance companies if they fail to settle claims in "good faith."

The measure already has been overwhelmingly approved in the Assembly, but hasn't reached the Senate floor, despite the support of Guy Velella, R-C-Bronx, chairman of the Insurance Committee.

The legislation is hung up in the Senate Rules Committee, chaired by Majority Leader Joseph Bruno, R-Brunswick, who proponents say is blocking it because of past financial support he has received from the insurance industry.

Bruno says he doesn't like the bill because it would likely result in higher insurance premiums for all consumers.

Under the proposal, insurance companies would have six months to determine if they will pay a claim. If they refuse or stall for reasons "not substantially justified," they could be sued. If they lose, the companies would be liable for attorney fees and punitive damages equal to the amount of the claim. -

The bill "will provide the insured with a reasonable deterrent to stop insurance companies from practicing unfair claims settlement practices and will hold insurance companies accountable for their wrongdoing through the civil justice system," says Martin Goldstein of Westchester County, president of the Citizens Against Unfair Insurance Practices.

We're not usually in favor of the state providing trial lawyers and their clients with yet another opportunity to go on fishing expeditions in the deep pockets of corporations. This bill, however, strikes us as necessary protection for consumers who are being poorly treated.

As long as the process is fair and insurance companies aren’t made to suffer for the wrong reasons, the measure is appropriate. Moreover, Velella's support is persuasive.

We urge Bruno and the Senate to advance the legislation.