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Feldman, DeFrancisco push bill to require policy payoffs

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Having their families being forced into homelessness and poverty by fire or other disasters is a risk homeowners must take, even though most buy insurance to avoid it.

Assemblyman Daniel Feldman said one reason is that insurance companies reject claims and he wants to keep this from continuing in New York. His 12-year-old bill on insurance bad faith settlements is expected to once again win Assembly approval in several weeks.

This time, Feldman hopes that Senate sponsor John DeFrancisco will win the necessary support in the upper house, although no vote has yet been scheduled.

Feldman and DeFrancisco are supported by Citizens Against Unfair Insurance Practices, an organization whose members describe themselves as victims of insurance companies' unfair claim settlement practices.

DeFrancisco said the legislation seeks to add muscle to current law. The State Insurance Department doesn't have the personnel to enforce current statutes.

In New York an insurance company can be fined $500 for unfair insurance practices only if it can be proven it did so with 10 percent of its customers.

"Your individual case has no individual merit," according to Citizens Against Unfair Insurance Practices.

The group would like the New York law to reflect California's, where an insurance company can be fined $5,000 for one incident. If it is determined that the unfair claim by the insurance company is willful, the fine goes to $10,000.

If the insurance company continues to fail to pay claims, the fine can go to as much as $55,000.

The citizen group contends that New York's $500 fine on a multi-billion dollar insurance corporation is meaningless.

DeFrancisco, R-Syracuse, said, even when a victim wins a lawsuit he loses. Victims only are able to collect the contractible amount. The victim then can't rebuild because one third usually goes to attorney fees, hotel costs when a home was not livable, and for various other costs. There is no law requiring insurance companies to pay off on those additional costs.

The citizen group claims that the Senate is vulnerable to support its majority members receive from lobbyists and their clients.

"Although the bill has six senate sponsors, all of whom are Republican – including Insurance Committee Chairman Guy Velella - the bill never reaches the floor of the state Senate," the group charged.

Feldman, D-Brooklyn, said he is urging the Senate to follow the Assembly's lead "and provide consumers with an effective way to fight this kind of abuse."

Stephen Casscles, spokesperson for Velella, R-Bronx, said the senator expects the bill to be reported to the Rules Committee.

Casscles said there is concern that the bill could have a negative impact on the state and insurance companies.