THE DAILY GAZETTE

SCHENECTADY, N.Y

John E.N. Hume III, *Editor & Publisher*
Thomas L. Woodman, *Managing Editor*
Arthur J. Chayman, *Editorial Page Editor*

Saturday, July 12,1997 .

EDITORIALS

Insurance bill deserves passage

State Sen. Joseph Bruno appears to be the last, stubborn obstacle to passage of a bill that would give consumers important protection against unscrupulous insurance companies.

Among other things, the bill would give individuals the right to collect modest punitive damages and legal fees from insurers who do not act in good faith in settling claims. But Bruno will not let the bill onto the Senate floor for a vote - despite the fact that it is strongly supported by fellow Republicans on the Senate Insurance Committee, and a similar bill has passed the Assembly each year for more than a decade.

Bruno and other pro-business types claim the measure would cause insurance rates to rise across the board, as companies would be burdened by additional legal costs and the need to rush decisions on claims that might be fraudulent. It's a plausible defense, but not a good one.

The fact is, an unscrupulous insurer has the upper hand when it can withhold payments to claimants for months on end. Then, when a lawsuit finally gets filed, it can make a lowball offer to settle.

Because many claimants can't afford to wait for a suit to wind its way through the courts (say, for

example, they need money to replace a burnt down house), or the enormous legal costs associated with such a suit, they're forced to accept unfavorable settlement terms. And unless the claimant can prove an insurer schemed to defraud him and other customers as well - an unreasonable burden - he cannot recover legal costs or anything more than the full value of the policy. This essentially gives unscrupulous insurers an incentive to stall.

The bill would require insurers to settle claims within six months - a reasonable length of time to investigate any fraud --- and subject them to punitive damages totaling no more than the value of the policy when they are found to have acted in bad faith.

There may not be a widespread problem with insurance companies exploiting customers in this fashion, but it does happen. And when it does, customers should have some recourse.

This bill would give them some - and make any dishonest insurance companies operating in the state behave a little better. At the very least, Bruno ought to let it out of committee to see what the rest of his colleagues think.