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Weaker auto insurance bill has a dim future

Insurance companies would have to pay if claims unjustly denied.

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ALBANY - Earlier this year, state Sen. John DeFrancisco forcefully pushed a bill entitling auto and home insurance policyholders to monetary damages if they could prove insurance companies unjustly denied their claims.

Last Thursday, with the bill stalled in committee, the Syracuse Republican introduced a much weaker measure.

Consumer advocates had been thrilled with DeFrancisco's sponsorship of the earlier bill. But his latest move, they charged, represented a sellout On the issue.

Senate Majority Leader Joseph Bruno, a Rensselaer County Republican, last month said he had problems with DeFrancisco's original bill and did not intend to allow a vote on It by the full Senate.

Consumer advocates and Democrats saw the follow-up as an effort to give Bruno "political cover" on the issue, But DeFrancisco insisted the regulatory bill was his idea, and said it was better to do something than nothing.

The stronger bill has passed the Assembly in each of the last few years. The weaker bill passed the Senate Monday. It would allow the state Insurance Department to fine companies up to $l,000 for single instances of "arbitrary and capricious conduct." Current law requires a pattern of such conduct and limits fines to $500. A companion bill would give the agency $500,000 to hire extra investigators.

Martin Goldstein, president of the group Citizens Against Unfair Insurance Practices, claims most senators support the stronger bill.

Of 13,566 auto insurance complaint cases the state Insurance department closed last year, 23 percent, or 3,080 were closed because the agency couldn't resolve factual disputes, said spokeswoman Karen Eldred, Of 2,259 closed homeowners insurance cases, 18 percent, or 399, were the result of factual disputes. In many of those cases, the complainant's only other avenue is to sue.

Insurance companies argue the DeFrancisco-Feldman bill would discourage thorough investigations of bogus claims, and they and Bruno charge it would lead to higher premiums.