

# New York law enrolls drivers in spousal insurance coverage – even if they're single



A new state law adds mandatory spousal coverage to car insurance plans in New York that drivers have to opt out of. Credit: Getty Images/iStockphoto/Bill Oxford

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Unsuspecting New York drivers are being hit by an automatic hike in their vehicle insurance bill to pay for supplemental spousal liability insurance – even if they're single and won't benefit from the coverage, lawmakers and insurance industry experts said.

A state law signed by Gov. Kathy Hochul and backed by a trial attorney group automatically adds the coverage, unless drivers opt out in writing. The law went into effect Aug. 1 and will apply to policies issued, renewed or modified after that date.

Previously, insurers had to provide the coverage when the policyholder requested it.

Premiums typically range between \$20 and \$84 per year for the coverage based on several factors, though it is usually 5% of the bodily injury premium, according to the state Department of Financial Services.

## WHAT TO KNOW

- **Drivers soon will see or already have seen a hike** in their vehicle insurance bill to pay for supplemental spousal liability insurance, even if they're single and won't benefit from that coverage, lawmakers say.
- **The state Department of Financial Services** said supplemental spousal liability premiums generally range between \$20 and \$84, noting that the rates vary.
- **Before the law took effect on Aug. 1**, motorists could choose to get the extended coverage for supplemental spousal liability insurance for the death or injury of the insured's spouse, the state said. Now, they will have to opt out if they don't want it.

The additional insurance covers what representatives say is a narrow set of circumstances, such as when an injured person might sue their spouse for negligent driving to get damages for pain and suffering.

Insurance industry experts and some lawmakers who opposed the bill expressed dismay, saying the additional coverage and costs may go unnoticed by consumers who get no benefit.

"Millions of New Yorkers who would not benefit from the coverage will have to take steps to provide a written declination of the coverage or otherwise be charged the premium for such coverage, which is of no use to them," Kristina Baldwin, vice president of the trade organization American Property Casualty Insurance Association, said in a statement.

She said there is no reason why an insured driver should have to decline this coverage in a separate written document. Baldwin added she's particularly concerned about the law's application to people who are not married and businesses.

### Sponsor plans to clarify law

A justification attached to a then-bill said, "Few drivers are aware of the value of supplemental spousal liability insurance, and insurance companies rarely promote this form of insurance coverage."

It noted: "Under a traditional auto insurance policy, no coverage is provided for injuries or death to a spouse if the accident was caused by the other insured spouse. Supplemental spousal liability insurance provides vital coverage to motorists where one insured spouse is injured or killed in an auto accident caused by the other insured spouse."

Asked for comment about the law, Hochul's staff referred to her approval message from the bill signing. In that, she wrote, "I recognize the importance of this legislation."

"This legislation would turn the current opt-in system to an opt-out system, providing consumers with liability coverage when a spouse is killed or injured in an auto accident caused by the other, insured spouse," the message said.



Gov. Kathy Hochul signed the legislation, which is scheduled to sunset in July 2027. Credit: /Office of Gov. Kathy Hochul/Darren McGee

The law is scheduled to sunset in 2027.

The bill was the subject of intense lobbying efforts in Albany last year. The Trial Lawyers Association of New York State – employing several top lobbying firms – led the effort to get the legislation approved, along with other groups, according to data collected by the state Ethics Commission. The Trial Lawyers Association of New York State did not comment after multiple requests.

Sen. Neil Breslin (D-Albany), a sponsor of the legislation, which passed last year, in a statement said lawmakers plan to clarify the legislation so it only applies to married people. The next session of the legislature begins in January.

"While I do feel that it is incumbent upon an insurance company and their agents and brokers to ensure that their insureds have the most appropriate coverage to meet their needs, I certainly don't want people paying for coverage that would provide them zero benefit," said Breslin, chairman of the Senate Insurance Committee.

Assemb. Stephen Hawley (R-Batavia), who opposed the law, noted senior citizens are often single. "And they'll never use it," he said. "It doesn't make any sense."

He said he's working on legislation to change the law to exempt single people from automatically paying up, and hopes it gets bipartisan support.

New York Insurance Association president Ellen Melchionni, in a statement, said the "opt-out mechanisms are not consumer friendly and are bound to lead to greater confusion."

The law requires premiums to include a notification "in boldface type" that the supplementary spousal coverage is provided unless declined, as well as an explanation of the coverage.

Supplemental spousal liability can be used in specific circumstances, said Tim Dodge, assistant vice president of research and information at Big I New York, an organization that includes independent insurance agents and brokers.

One example is when a husband driving his wife gets into an accident where the wife gets hurt and wants to claim that he's negligent. Then, he said, there would be insurance to pay for damages should the driving spouse be found responsible for the accident.

While he rarely got calls about the coverage before the law was enacted, Dodge said he advises drivers to think about it before opting out. He said they should contact their insurance agent with any concerns.

"This is just one coverage amongst the many that auto insurance policies provide and because they do affect your financial future, they're worth giving some thought to," he said.

*With Yancey Roy*