

Insurance Consumer Rights in New York (2022)

Insurance policies are contracts and legal rules come into play when you file an insurance claim. You are “the insured” and your insurance company is “the insurer.” Understanding how your insurer should handle your claim and what your rights are will help you navigate the process, be your own best advocate and collect all available policy benefits to cover your losses.

After disasters, it’s common for an insurer to rotate adjusters, which means you will have to work with multiple adjusters before your claim is resolved. Knowing your legal rights will make it easier for you deal with rotating adjusters and keep your claim on track toward a fair and full claim settlement without unreasonable delays.

Your insurance company and its employees are required to be fair and reasonable and follow state laws and regulations. They must do a timely, thorough and unbiased investigation and assessment of your loss(es) and claim. They must work with you to adjust your claim and pay what they owe in a timely and fair manner and in full compliance with the policy contract and applicable laws.

Insurance company claim adjusters are supposed to be trained on your state’s laws and claim handling regulations, but it’s often up to you to make sure they’re valuing your losses fairly, offering all benefits you’re entitled to, and following the regulations and laws in your state.

Use the guidance and [sample letters](#) you’ll find on our website to [“speak UP”](#) and collect all benefits you’re entitled to under the policy you paid for.

The information included here will give you a basic understanding of how the claim process should go and the legal rights that give you leverage to get a fair outcome. Here are the places where your rights as an insurance consumer are spelled out:

-New York Insurance Law (“NYIL”) [Chapter 28](#)

[NYIL Chapter 28 Article 24](#) - Unfair Methods of Competition and Unfair and Deceptive Acts and Practices

-New York Codes and Regulations(“CRR-NY”) [Title 11 INSURANCE](#)

[Title 11 Chapter IX \(CRR-NY\) Unfair Trade Practices](#)

- Notices and bulletins issued by the [New York Insurance Department](#).

Claim Communications

UP strongly recommends keeping a daily claim journal. As often as possible, jot down the date, time, and details of conversations, issues, problems and agreements with the adjuster assigned to your claim and other professionals such as contractors, government agencies, etc.

Also, we strongly recommend communicating in writing with insurance company representatives so there is a clear paper trail of how your claim is being handled. These days many communications will be via email, so make sure to save those emails where you can find them. After in-person or phone conversations with insurance company representative you should send short follow-up emails or letters summarizing what was said or agreed to. Document that you’re cooperating fully with the insurer. This will prevent them from blaming you for delays and confirm that you’re holding up your end of the bargain.

Check out our [“Speak UP”](#) tips on being politely assertive, organized and avoiding delays and misunderstandings.

Time Frames and Deadlines

Below are timeframes and deadlines to be aware of. After a disaster, deadlines can become unrealistic due to shortages of available inspection, clean up and construction professionals. Speak UP! Document the contractors or service providers you called, who you spoke with, and what they told you in your claim journal. Sometimes following a natural disaster more work exists than skilled labor can support and it is

important to document that you kept trying to find someone to help protect your property following a loss.

Processing your claim

15 Business Days - Your insurer must acknowledge your claim within 15 business days after receipt. Notifying an agent of the insurer satisfies as notifying the insurer itself. [11 CRR-NY 216.4\(a\)](#)

15 Business Days- Your insurer should establish procedures to commence an investigation of any claim filed by you, or by your authorized representative, within 15 business days of receiving notice of the claim. An insurer shall furnish to every claimant, or claimant's authorized representative, a notification of all items, statements and forms, if any, that the insurer reasonably believes will be required of the claimant, within 15 business days of receiving notice of the claim. [11 CRR-NY 216.5\(a\)\(1\)](#)

Communicating information to you

15 Business Days - Your insurer must make an appropriate reply to all other pertinent communications from you. [11 CRR-NY 216.4\(b\)](#)

Investigating your claim

30 Business Days - After you file a claim, your insurer will have 15 business days to [request additional information](#) that it may need to be able to investigate the claim, then after it receives your response with the additional information, the insurer will have 15 days to [accept or deny](#) the claim. [11 CRR-NY 216.5;](#)
[11 CRR-NY 216.6](#)

Paying or denying your claim

15 Business Days - An insurer must let you know if your claim is being accepted or denied within 15 business days after receipt of a properly executed proof of loss. Acceptance or denial should be in writing. [11 CRR-NY 216.6\(c\)](#)

More time - If more time is needed to determine acceptance or denial, the insurer must notify the first-party claimant within **15 business days** after receipt of the proofs of loss, giving the reasons more time

is needed. If the investigation remains incomplete, the insurer must send the claimant a letter **90 days** from the date of initial letter setting forth the need for further time to investigate, and every **90 days** thereafter, setting forth the reasons additional time is needed for investigation. [11 CRR-NY 216.6\(c\)](#)

Preserving your right to sue if necessary

There is typically a deadline in your insurance policy for filing a lawsuit related to a claim. Check your policy for a “suit against us” provision, or similarly worded provision, to find that deadline. It’s typically 12 months from the date of loss or the date your insurer closes your claim. However, the laws in your state that apply to lawsuit deadlines may extend the period stated in your policy, so it’s best to check with an experienced New York state attorney to avoid losing your legal rights and the leverage those rights give you to get a fair payout on a claim.

Unfair Claim Practices

Your insurer is prohibited from using unfair claim practices and/or treating you badly during the claim process. These practices are set out generally in the New York Codes and Regulations (“CRR-NY”) and more specifically in the New York Insurance Law Statutes. New York has adopted the [Unfair Claim Settlement Act](#). The following are a few examples listed in New York Insurance Law Article 26

Specific **Unfair claim settlement practices defined:**

No insurer doing business in this state shall engage in unfair claim settlement practices. Any of the following acts by an insurer, if committed without just cause and performed with such frequency as to indicate a general business practice, shall constitute unfair claim settlement practices:

- 1) knowingly misrepresenting to claimants pertinent facts or policy provisions relating to coverages at issue;
- 2) failing to acknowledge with reasonable promptness pertinent communications as to claims arising under its policies;

- 3) failing to adopt and implement reasonable standards for the prompt investigation of claims arising under its policies;
- 4) not attempting in good faith to effectuate prompt, fair and equitable settlements of claims submitted in which liability has become reasonably clear, except where there is a reasonable basis supported by specific information available for review by the department that the claimant has caused the loss to occur by arson. After receiving a properly executed proof of loss, the insurer shall advise the claimant of acceptance or denial of the claim within thirty working days;
- 5) compelling policyholders to institute suits to recover amounts due under its policies by offering substantially less than the amounts ultimately recovered in suits brought by them;
- 6) failing to promptly disclose coverage pursuant to subsection (d) or subparagraph (A) of paragraph two of subsection (f) of section three thousand four hundred twenty of this chapter;
- 7) submitting reasonably rendered claims to the independent dispute resolution process established under article six of the financial services law; or
- 8) artificially deflating or otherwise lowering cost data used for adjusted claims, or using cost data that is not appropriate for the region of the state where the loss occurred; this shall include but is not limited to claims adjusted by a person issued a temporary permit pursuant to subsection (n) of section two thousand one hundred eight of this chapter.

Remedies: Filing an official complaint with your State Insurance Agency

The New York State Department of Financial Services oversees how insurance companies operate in the state. They can impose penalties on your insurance company if they did not comply with the laws in your state that require insurers to handle claims fairly and in good faith.

Visit [Insurance Resources for New York](#) for resources and tips on the process and strategy of filing a formal complaint.

You can call the Office of the Insurance Commissioner consumer hotline with any questions or complaints

toll-free at 800-342-3736, email insurance questions to consumers@dfs.ny.gov, file a complaint online, by going to <https://www.dfs.ny.gov/complaint> -status select "File a Complaint" for an online form. Their mailing address is:

New York State Department of Financial Services

1 State Street
New York, NY 10004-1511

Albany

New York State Department of Financial Services
1 Commerce Plaza
Albany, NY 12257

Buffalo

535 Washington Street, Suite 305
Buffalo, New York 14203

Garden City

1399 Franklin Avenue
Suite 203
Garden City, NY 11530

Oneonta

New York State Department of Financial Services
28 Hill Street, Room 210
Oneonta, NY 13820

Syracuse

New York State Department of Financial Services
333 East Washington Street
Syracuse, NY 13202

Special rules that may be in place after a disaster

The information presented in this publication is for general informational purposes and is not a substitute for legal advice. If you have a specific legal issue or problem, United Policyholders recommends that you consult with an attorney. Guidance on hiring professional help can be found in the "Find Help" section of www.uphelp.org. United Policyholders does not sell insurance or certify, endorse or warrant any of the insurance products, vendors, or professionals identified on our website.

Source: <https://uphelp.org/claim-guidance-publications/insurance-consumer-rights-in-new-york-2022/> Date: May 6, 2024

Check the New York Department of Financial Services website regularly to find all rules, regulations or other updates they may have put out that are specific to the disaster. https://www.dfs.ny.gov/consumers/disaster_flood

After past disasters, special rules have been put into place such as:

- Requirements that insurers advance funds for temporary expenses instead of requiring you to incur and submit receipts.
- Requirements that insurers extend deadlines for submitting proofs of loss and other documents.
- Agreements with insurers that they will accept less detailed contents inventories.

Hiring Professional Help

When you paid your premium, you paid for coverage *and* good claim service. In theory, you should not have to hire outside help to get what you already paid for. However, in reality, you may need to. You have the right to hire an attorney or public adjuster to help navigate your claim. However, we urge caution before agreeing to pay a portion of your insurance benefits to any professional, and before hiring anyone to speak for you or negotiate on your behalf with your insurance company. Only hire someone who has strong references and who is likely to add value to your claim and recover more funds more quickly than you'd be able to recover on your own.

Attorneys – If you hire an attorney to resolve an insurance claim dispute, try to hire them on a contingency (not hourly) fee basis and agree to advance litigation costs. Claim disputes are time-consuming, so it gets expensive fast when you pay by the hour. Ideally, arrange for one or two qualified attorneys to do an initial evaluation of your situation free of charge. Only hire one that has represented insurance consumers in claim disputes and is a member in good standing of the New York Bar. Visit our [New York Professional Help Directory](#). We strongly recommend reading our publication titled [“Questions and Answers for Hiring an Attorney for an Insurance Claim”](#) before making this important decision.

Public Adjusters – A qualified public adjuster can value your losses, handle the day-to-day aspects of your claim and negotiate a settlement on your behalf. Generally speaking, if you hire a public adjuster, you agree to pay them a percentage of the insurance benefits they recover on your behalf – not an hourly fee. New York public adjusters can also be found by visiting our [New York Professional Help Directory](#). We strongly recommend reading our publication titled [“Questions to Ask Before Hiring a Public](#)

[Adjuster](#)” before making this important decision.

Using the Legal System to get a Fair Settlement

If you haven’t been able to get a fair insurance claim settlement on your own or with help from a professional and/or your state’s insurance oversight agency, filing a lawsuit is your next option. If your lawsuit is successful, you can recover what the insurer owed and (ideally) also get compensation for the expenses you incurred chasing the policy benefits you were entitled to in the first place. Your success in using the legal system to get a fair settlement will depend on the quality of the lawyer(s) you hire, the laws in your state and the facts in your case.

It’s common to worry that a lawsuit will be too time consuming or expensive (or both), but if you get the right lawyer and your case is strong, suing an insurer is often the best and only way to recover what you’re owed. Finding a qualified lawyer is essential. Insurance matters require specialized expertise and you need a strong advocate who speaks the language and has previous experience litigating against an insurance company.

Start in our [“Find Help”](#) section and click on your state to find professionals who specialize in representing policyholders and support United Policyholders. You’ll find many lawyers on the Internet that advertise as insurance specialists, and many of their websites have a chat window that pops up as soon as you visit their site. Speak directly to the lawyer who’d be handling your case and interview them about their insurance and litigation experience. Get and check client references. A lawsuit is a major undertaking but is often the best way to get full compensation, so be an astute consumer and choose your attorney carefully.

The cost of hiring an attorney varies from firm to firm. The two main options are attorneys who charge by the hour and those who work on contingency. For most policyholders, hiring an attorney on a “contingency” fee basis is the only feasible way of doing battle with a well-funded insurance company. Hourly fees for lawyers vary according to firm size, experience of the attorney, and geographic location. While attorneys who work on contingency usually set their fee at 33% of the amount they recover on your behalf, that may increase to 40% if your case goes to trial. Most cases settle before trial. In some states you may not have the option of hiring an attorney on a contingency fee basis.

Using the legal system gives you leverage to get a better settlement and a lawsuit is a valuable tool. For

more guidance on what to consider before suing your insurance company, read [Hiring an Attorney for an Insurance Claim](#).

Best Practices

Visit and use UP's [Disaster Recovery Help Library](#) to get information, about the recovery process, after a disaster occurs. Additionally, for best practices, follow these steps:

Inventory and document your losses. Take pictures of identifiable items before they're removed for disposal or repairs before your lot gets cleared. Create detailed lists of damaged property. If your home was seriously damaged or completely destroyed, get at least one, ideally two, independent repair/replacement cost estimates.

Cooperate with your insurer as best you can and keep a good paper trail. If you are not able to stay in your home, make sure the company has an address and phone number where it can reach you.

Be present for inspections. It's a good idea to be home when the adjuster and or others inspect your property. Feel free to ask your contractor to be there with you to explain his/her opinions and estimates to the insurance company's representatives.

Make only urgent/temporary repairs before filing a claim. Your insurance company may deny your claim if you make permanent repairs before it inspects. If you're not sure if your company considers a repair to be permanent, ask your company (in writing) before starting any repair work. The cost of these repairs and for storing personal belongings is likely covered by your policy.

Keep receipts. Your insurer will usually require you to provide receipts before they'll reimburse you for expenses due to losing the use of all or part of your property. This is also true for collecting full replacement costs above depreciated/actual cash values. On our website you'll find a free expense spreadsheet to help you keep track.

Speak UP. Be politely assertive, communicate clearly, and set realistic goals during the claim process.