

**TESTIMONY of Big I New York
before the Joint Legislative Budget Hearing
on Economic Development**

Thursday, February 26, 2026

Travis Wattie, Assistant Vice President, Government Relations

www.biginy.org

Chairs Krueger, Pretlow, Baskin, Stirpe and members of the Legislature, thank you for the opportunity to testify on the FY27 Executive Budget. Big I New York supports Governor Hochul's proposed auto insurance reforms, which take critical steps to combat fraud and abusive lawsuits and will directly help New York families and small businesses who are struggling with rising premiums and an increasingly costly insurance system.

Big I New York represents 1,450 independent insurance agency locations and more than 13,000 employees across the state. Independent agents are the direct link between insurance carriers and consumers. Our members work with families, homeowners, and small businesses every day to protect what matters most to them. And like you, we share a common goal: to keep New Yorkers safe and ensure they have access to affordable, reliable insurance coverage.

We share Governor Hochul's and the Legislature's concern over rising auto insurance costs. Every day, independent agents witness firsthand how New York families and businesses struggle to secure affordable coverage for the vehicles they rely on to get to work, serve their communities, make deliveries, and provide essential services.

New York drivers pay approximately \$1,500 more per year for auto insurance than the national average. According to the Insurance Information Institute (III), New York has the fourth-highest personal auto insurance rates in the country. Put another way, 2.23% of the median New York household's income goes toward auto insurance, compared with 1.59% nationally¹.

Across the country, auto insurance affordability is under pressure from multiple factors. Broad inflationary pressures have driven up the cost of nearly every product

and service, and the automotive market has been hit especially hard. The cost to replace vehicles has risen dramatically, with the average price of a new vehicle reaching a record \$50,326, up from \$33,700 in 2015. Repair costs have also

¹ Leonard, Michael (2026, January 1). New York Personal Auto Insurance Trends and Cost Drivers: Nationwide Rankings. <https://www.iii.org/press-release/new-york-drivers-pay-fourth-highest>

surged—not only because of inflation, but due to advanced safety technologies that are more expensive to fix and recalibrate. As a result, even a minor fender-bender can now lead to thousands of dollars in repair costs.

These factors affect insurers and drivers in every state, yet New York State consistently ranks among the most expensive for auto insurance. That reality requires a closer look at New York’s unique cost drivers—particularly the laws and regulations that contribute to unaffordable coverage. While it may be easy to place blame on insurance companies, the legislative and legal environment in New York is a significant driver of high premiums. This is also where thoughtful legislative leadership can have the greatest impact.

Over decades, state laws and regulations have helped create one of the most expensive auto insurance environments in the country. According to III, New York’s Carrier Expense Index is the third highest in the U.S., reflecting the share of incurred losses insurers spend to process, investigate, and litigate claims. New York also ranks third highest in injury claim severity, at \$46,726 per claim, compared with a national average of \$28,045—the amount insurers pay, on average, for each personal auto insurance injury claim.

New York’s Department of Financial Services (DFS) has documented a sharp rise in suspected motor vehicle insurance fraud. In 2024, DFS recorded 44,361 suspected auto insurance fraud incidents, an 83% increase since 2020². Of those, 38,846 were tied to no-fault claims. In 2023, DFS also identified 1,729 staged auto accidents. Importantly, these figures reflect only the cases known to DFS; countless additional schemes may go undetected—sophisticated enough to avoid scrutiny while still driving up claim costs and, ultimately, insurance premiums for New Yorkers.

It is no coincidence that the American Tort Reform Foundation recently labeled New York a “Lawsuit Inferno” and ranked New York City as the second-worst “Judicial Hellhole” in the nation. Abuse of the legal system—fueled in part by third-party litigation funding (TPLF)—has helped create a growing “lawsuit culture” that drives up settlements and defense costs. In some cases, lawsuits are financed, advertised, and effectively manufactured, involving staged accidents and exaggerated medical claims. We applaud the recently enacted New York Consumer Litigation Funding Act, but more must be done to shed light on when these funding arrangements are being used as they may be an indicator of fraud.

These schemes don’t just harm insurers; they hurt New York families who ultimately pay the price through higher premiums and fewer coverage options. Fraud and lawsuit abuse are not victimless crimes. They strip honest New Yorkers of affordability, stability, and opportunity.

² New York State Motor Vehicle Theft and Insurance Prevention Fraud Board. 2024 Annual Report. <https://www.criminaljustice.ny.gov/crimnet/docs/2024%20MVTIFP%20Annual%20Report%20with%20footnotes%20added.pdf>

Fortunately, Governor Hochul has proposed several meaningful reforms aimed at addressing the impact of fraud and abusive lawsuits on the pocketbooks of New York families. The FY27 Executive Budget includes measures that:

- Clarify and narrow the definition of “serious injury,” reducing subjectivity and providing clearer standards for when damages beyond no fault benefits are permitted.
- Cap pain and suffering damages when an injured person was uninsured, impaired, or committing a felony at the time of the accident.
- Bar recovery when the injured person is more at fault for the accident than the party they are suing.
- Extend the timeframe for auto insurance carriers to investigate and report suspected fraud from 30 days to 60 days.

It is worth briefly examining developments in other jurisdictions where Lawmakers have taken decisive action to confront fraud and legal system abuse, and their constituents are seeing the benefits. States like Florida and Georgia have modernized outdated tort laws, strengthened fraud enforcement, and increased transparency around litigation funding. The results are clear: greater competition among insurers, lower rates, and even refunds to auto insurance policyholders. By rejecting the status quo, these legislatures demonstrated political will—and their constituents are now reaping the rewards.

Big I New York urges the Legislature to include Governor Hochul’s auto insurance reform proposals in their respective one-house budgets. These reforms would help everyday New Yorkers like Emilio Torres, a Bronx hospital housekeeper and proud father who is forgoing renters’ insurance just to keep his vehicle insured, and Jim Dispenza, a Syracuse small business owner whose clients rely on his non-emergency medical transportation business to get to essential appointments.

Emilio, Jim, and millions like them are paying the price for a system that benefits few at the expense of many. But don’t just take our word for it—hear it in their own words:

Big I New York [P&C Insurance Summit](#):

- [A Conversation with Emilio Torres](#)
<https://www.youtube.com/watch?v=CwO7y7DFgeE>
- [A Conversation with Jim Dispenza from Speedy Medical Transport](#)
<https://www.youtube.com/watch?v=dxZofkCT5k4>