



STATE OF NEW YORK DEPARTMENT OF MOTOR VEHICLES
6 Empire State Plaza, Albany, NY 12228



STATE OF NEW YORK INSURANCE DEPARTMENT
Agency Building One, Empire State Plaza, Albany, NY 12257

Richard E. Jackson, Jr.
Commissioner

Neil D. Levin
Superintendent

March 28, 2000

Insurance Company CEO

Dear Mr./Ms.

We are writing to inform you that the State of the New York is moving forward to implement the Insurance Information and Enforcement System (IIES). While we have made some significant accommodations to businesses, we have not been able to accommodate all the requested changes in the reporting requirements.

Due to the delay caused by our latest attempt to find common ground with certain companies who write composite-rated policies, we are changing the timelines for the initial loading of required insurance data as follows:

Personal and Commercial Lines

Original loading window was April 3 - June 30, 2000
New initial loading window is June 12 - September 12, 2000

Commercial Lines - Composite Rated Policies*

Original loading date was no later than December 29, 2000
New loading date is no later than February 28, 2001

* It's recommended that this information be loaded as soon possible, but no later than the stated date.

The deadline for Trading Partner Certification has been extended from March 31, 2000 to May 31, 2000. We strongly urge all insurance companies and servicing agents that have yet to be certified as a DMV trading partner, to complete this requirement by the deadline since severe penalties will apply for failure to meet reporting compliance dates.

DMV and SID staff have worked with representatives of various parts of the insurance industry for more than two years in an effort to develop and build an electronic insured vehicle database as required by state law. We remain committed to work with the industry to successfully implement and operate IES.

In February 1999, at one of several IES Advisory Committee meetings we held during the development of the system, it became quite clear that there was concern about two aspects of the program we were considering. The first issue was our proposal to require vehicle specific insurance identification cards to be presented at the time of registration for all vehicles. The second issue was our proposal to require vehicle specific EDI reporting for all insured vehicles including fleets. When told of the industry concerns, we reviewed the proposals and made adjustments where feasible.

We were asked to allow the continued use of "all owned vehicles" insurance identification cards for fleet vehicles at the time of registration and at renewal. We were also asked to exempt all fleet vehicles from VIN specific reporting requirements regardless of the size of the fleet. We agreed that we could allow the continued use of "all owned vehicles" identification cards for large commercial fleets as long as the industry reported VINS for all types of policies. We informed the industry that their proposal to substitute Federal Employer ID numbers (FEIN) for VINs had too many associated problems and would not be as effective as the design proposed. We were, however, able to exempt a number of categories of vehicles from IES reporting requirements based on either legislative mandate or on our ability to identify vehicles using a registration classification or program. As a result the following will be in the data base although they will be exempt from EDI reporting:

- self-insured vehicles under Section 316 of the V&T law
- financial security depositors under Section 314 of the V&T law
- vehicles registered in the State or Political Subdivision classes that are issued state or official license plates
- government vehicles registered in other classes except when an insurance ID card is presented for registration
- government vehicles with diplomatic plates
- motorcycles and limited use motorcycles
- all trailers except for semi-trailers
- all terrain vehicles, snowmobiles and vessels (boats)
- implements of husbandry, e.g., farm tractors
- vehicles registered in the International Registration Plan (IRP) class
- vehicles renewed through DMV's Permanent Fleet Registration (PFR) program
- vehicles not registered in New York State

Although we informed interested parties several times that the FEIN proposal was unacceptable, we offered the industry the opportunity to have an independent consultant review IIES and offer a new, workable alternative. Rather than looking at new alternatives, the consultants focused their efforts on justifying the FEIN approach. The revised proposal was made even more unacceptable by the costs, delay, necessary legislative action and the negative impact it will have on registrant policyholders, our mutual customers. Based on our preliminary analysis, the "FEIN instead of VIN" proposal would shift significant operational requirements from insurance companies to NYS registrant policyholders. Depending on how DMV would proceed, the additional state costs could range from a minimum of \$6 million to \$20 million, all chargeable back to the industry. In addition, the necessary set-up work would take years to accomplish before IIES could begin. It would result in legally mandated changes in the way customers register their vehicles, including large leasing companies, and require customers to provide DMV with personal information that we don't require or need for registration or insurance purposes. And in the end, the system would not operate as efficiently or effectively as one in which all VINS are reported via EDI.

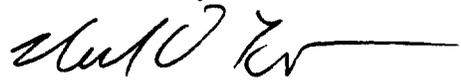
We hope this information clarifies the direction we need to take and we look forward to your continued cooperation.

Sincerely,

Handwritten signature of Richard E. Jackson, Jr. in black ink, written over a vertical line.

Richard E. Jackson, Jr.
Commissioner
NYS Department of Motor Vehicles

Sincerely,

Handwritten signature of Neil D. Levin in black ink.

Neil D. Levin
Superintendent
NYS Insurance Department