

2338

2013-2014 Regular Sessions

I N   S E N A T E

January 16, 2013

---

Introduced by Sens. KLEIN, BRESLIN, SAVINO -- read twice and ordered printed, and when printed to be committed to the Committee on Insurance

AN ACT to amend chapter 42 of the laws of 1996 amending the insurance law relating to homeowners' insurance and a temporary panel on homeowners' insurance coverage, in relation to the special advisory panel on homeowners' insurance/catastrophe coverage; and to amend chapter 136 of the laws of 2008 amending the insurance law relating to extending the effectiveness of certain stand-by powers of the New York property insurance underwriting association, in relation to the program designed to attract more competitors to the homeowners' insurance market

THE PEOPLE OF THE STATE OF NEW YORK, REPRESENTED IN SENATE AND ASSEMBLY, DO ENACT AS FOLLOWS:

1     Section 1. Subdivision 1 of section 12 of chapter 42 of the laws of  
2     1996 amending the insurance law relating to homeowners' insurance and a  
3     temporary panel on homeowners' insurance coverage, as amended by chapter  
4     136 of the laws of 2008, is amended to read as follows:  
5     (1) The superintendent of [insurance] FINANCIAL SERVICES is hereby  
6     directed to convene a special advisory panel on homeowners'  
7     insurance/catastrophe coverage, to examine and assess the problems  
8     affecting the availability and affordability of homeowners' insurance in  
9     this state and the effect thereon created by any potential major weather  
10    catastrophe. The panel shall study and report on the following issues  
11    on or before November 30, [2009] 2014, and on an [annual] BIENNIAL basis  
12    thereafter:  
13    (a) a review of FEDERAL LEGISLATION AND other states' activities  
14    regarding catastrophe related coverage, including but not limited to an  
15    evaluation of the experience under the California Earthquake Authority  
16    and the Florida [Commission on Hurricane Loss Projection Methodology]  
17    HURRICANE CATASTROPHE FUND;

EXPLANATION--Matter in ITALICS (underscored) is new; matter in brackets  
[ ] is old law to be omitted.

LBD06594-01-3

1 (b) an evaluation of the effectiveness of any voluntary market assist-  
2 ance program in effect in New York WITH PARTICULAR ATTENTION DEVOTED TO  
3 MARKET DYNAMICS IN THE COASTAL HOMEOWNERS' INSURANCE MARKET;

4 (c) an evaluation of the feasibility or experience, if any, of the New  
5 York property insurance underwriting association writing homeowners'  
6 insurance policies or reinsuring such policies when written in the  
7 voluntary market under certain market conditions;

8 (d) an evaluation of the feasibility of the New York property insur-  
9 ance underwriting association issuing bonds or establishing other finan-  
10 cial mechanisms for catastrophe insurance coverage; and an evaluation of  
11 the feasibility of establishing a state-wide catastrophe insurance fund;

12 (e) an evaluation of the feasibility of the New York property insur-  
13 ance underwriting association acting as a servicing carrier for policies  
14 written pursuant to parts 61 and 62 of title 44 of the Code of Federal  
15 Regulations;

16 (f) an evaluation of existing state and local building codes and the  
17 feasibility of implementing new building practices and structural  
18 improvement retrofitting, to mitigate damage from a major weather catas-  
19 trophe;

20 (g) an evaluation of insurer AND GOVERNMENTAL capacity and effective-  
21 ness in the event of a catastrophic weather occurrence, including rein-  
22 surance capacity and effectiveness, windstorm deductibles and multi-tier  
23 programs, AND OTHER RISK SHARING MECHANISMS;

24 (h) an evaluation of insurer preparedness in the recovery, rebuilding  
25 and renewal processes following weather-related losses; [and]

26 (i) an evaluation of public awareness of storm risks and programs to  
27 educate the public of storm risks and mitigation techniques[.]; AND

28 (J) AN EVALUATION OF THE REASONS WHY AND RATE AT WHICH INSURERS MAY BE  
29 WITHDRAWING FROM THE COASTAL HOMEOWNERS' INSURANCE MARKET, CANCELLING  
30 SUCH POLICIES OR SUBSTANTIALLY INCREASING INSURANCE PREMIUM RATES IN  
31 SUCH MARKET. FURTHER, THE PANEL SHALL STUDY AND ASCERTAIN AN AVERAGE  
32 ESTIMATED COST OF OBTAINING COMPARABLE REPLACEMENT HOMEOWNER'S COVERAGE  
33 FOR THOSE INSUREDS WHO HAVE BEEN CANCELLED IN SUCH COASTAL AREAS. FOR  
34 THE PURPOSES OF THIS SUBDIVISION, THE TERM COASTAL HOMEOWNERS' INSURANCE  
35 MARKET SHALL MEAN THOSE AREAS THAT ARE WITHIN ONE MILE OF A SALTWATER  
36 OCEAN, SOUND, INLET OR BAY IN THE COUNTIES OF THE BRONX, KINGS, NASSAU,  
37 QUEENS, RICHMOND, SUFFOLK, AND WESTCHESTER.

38 S 2. Subdivision (a) of section 23 of chapter 136 of the laws of 2008  
39 amending the insurance law relating to extending the effectiveness of  
40 certain stand-by powers of the New York property insurance underwriting  
41 association, is amended to read as follows:

42 (a) The superintendent of [insurance] FINANCIAL SERVICES shall imple-  
43 ment a program designed to attract more competitors to the state's home-  
44 owners' insurance market PARTICULARLY WITH RESPECT TO THOSE COMMUNITIES  
45 THAT ARE WITHIN ONE MILE OF A SALTWATER OCEAN, SOUND, INLET OR BAY IN  
46 THE COUNTIES OF THE BRONX, KINGS, NASSAU, QUEENS, RICHMOND, SUFFOLK, AND  
47 WESTCHESTER. The program shall include, but shall not be limited to:

48 (1) identifying, contacting and soliciting feedback from national,  
49 regional and other insurance carriers not currently writing homeowners  
50 insurance in the state to determine their interest in selling homeowners  
51 insurance in the state;

52 (2) adopting specific measures to encourage such insurers to sell  
53 homeowners' insurance in the state; and

54 (3) documenting those issues or concerns such insurers may cite as  
55 barriers to selling homeowners insurance in the state.

56 S 3. This act shall take effect immediately.