

2338--A

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 -- committee discharged, bill amended, ordered reprinted as amended and recommitted to said committee

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

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

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

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

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

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

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

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

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

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

36 S 2. Subdivision (a) of section 23 of chapter 136 of the laws of 2008
37 amending the insurance law relating to extending the effectiveness of
38 certain stand-by powers of the New York property insurance underwriting
39 association, as further amended by section 104 of part A of chapter 62
40 of the laws of 2011, is amended to read as follows:

41 (a) The superintendent of financial services shall implement a program
42 designed to attract more competitors to the state's homeowners' insur-
43 ance market PARTICULARLY WITH RESPECT TO THOSE COMMUNITIES THAT ARE
44 WITHIN ONE MILE OF A SALTWATER OCEAN, SOUND, INLET OR BAY IN THE COUN-
45 TIES OF THE BRONX, KINGS, NASSAU, QUEENS, RICHMOND, SUFFOLK AND WEST-
46 CHESTER. The program shall include, but shall not be limited to:

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

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

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

55 S 3. This act shall take effect immediately.