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I N   A S S E M B L Y

June 17, 2010

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Introduced by COMMITTEE ON RULES -- (at request of M. of A. Latimer) --  
read once and referred 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 is hereby directed to convene a  
6     special advisory panel on homeowners' insurance/catastrophe coverage, to  
7     examine and assess the problems affecting the availability and afforda-  
8     bility of homeowners' insurance in this state and the effect thereon  
9     created by any potential major weather catastrophe. The panel shall  
10    study and report on the following issues on or before November 30,  
11    [2009] 2010, and on an [annual] BIENNIAL basis thereafter:  
12    (a) a review of FEDERAL LEGISLATION AND other states' activities  
13    regarding catastrophe related coverage, including but not limited to an  
14    evaluation of the experience under the California Earthquake Authority  
15    and the Florida [Commission on Hurricane Loss Projection Methodology]  
16    HURRICANE CATASTROPHE FUND;  
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;  
20    (c) an evaluation of the feasibility or experience, if any, of the New  
21    York property insurance underwriting association writing homeowners'

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

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1 insurance policies or reinsuring such policies when written in the  
2 voluntary market under certain market conditions;

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

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

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

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

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

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

23 (J) AN EVALUATION OF THE PROFITABILITY OF INSURERS THAT WRITE HOMEOWN-  
24 ER'S INSURANCE IN COASTAL AREAS OF THIS STATE AND THE PROFITS OR LOSSES  
25 SUCH INSURERS SUSTAIN BY WRITING COVERAGES ALONG THIS STATE'S COASTAL  
26 AREAS. THE PANEL SHALL SPECIFICALLY ANALYZE THE REASONS WHY AND RATE AT  
27 WHICH INSURERS MAY BE WITHDRAWING FROM THE COASTAL HOMEOWNERS' INSURANCE  
28 MARKET AND INORDINARILY CANCELLING SUCH POLICIES OR SUBSTANTIALLY  
29 INCREASING INSURANCE PREMIUM RATES IN SUCH MARKET. FURTHER, THE PANEL  
30 SHALL STUDY THE COST OF OBTAINING COMPARABLE REPLACEMENT HOMEOWNER'S  
31 COVERAGE FOR THOSE INSURED WHO HAVE BEEN CANCELLED IN SUCH COASTAL  
32 AREAS. FOR THE PURPOSES OF THIS SUBDIVISION, THE TERM COASTAL HOMEOWN-  
33 ERS' INSURANCE MARKET SHALL MEAN THOSE AREAS THAT ARE WITHIN ONE MILE OF  
34 A SALTWATER OCEAN, SOUND, INLET OR BAY IN THE COUNTIES OF THE BRONX,  
35 KINGS, NASSAU, QUEENS, RICHMOND, SUFFOLK, AND 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, is amended to read as follows:

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

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

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

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

54 S 3. This act shall take effect immediately.