S T A T E O F N E W Y O R K

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I N S E N A T E

June 8, 2010

Introduced by Sens. KLEIN, BRESLIN -- 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:

Section 1. Subdivision 1 of section 12 of chapter 42 of the laws of 1996 amending the insurance law relating to homeowners' insurance and a temporary panel on homeowners' insurance coverage, as amended by chapter 136 of the laws of 2008, is amended to read as follows:

(1) The superintendent of insurance is hereby directed to convene a special advisory panel on homeowners' insurance/catastrophe coverage, to examine and assess the problems affecting the availability and affordability of homeowners' insurance in this state and the effect thereon created by any potential major weather catastrophe. The panel shall study and report on the following issues on or before November 30, [2009] 2010, and on an [annual] BIENNIAL basis thereafter:

(a) a review of FEDERAL LEGISLATION AND other states' activities regarding catastrophe related coverage, including but not limited to an evaluation of the experience under the California Earthquake Authority and the Florida [Commission on Hurricane Loss Projection Methodology] HURRICANE CATASTROPHE FUND;

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

(c) an evaluation of the feasibility or experience, if any, of the New 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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insurance policies or reinsuring such policies when written in the voluntary market under certain market conditions;

(d) an evaluation of the feasibility of the New York property insurance underwriting association issuing bonds or establishing other financial mechanisms for catastrophe insurance coverage; and an evaluation of the feasibility of establishing a state-wide catastrophe insurance fund;

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

(f) an evaluation of existing state and local building codes and the feasibility of implementing new building practices and structural improvement retrofitting, to mitigate damage from a major weather catastrophe;

(g) an evaluation of insurer AND GOVERNMENTAL capacity and effectiveness in the event of a catastrophic weather occurrence, including reinsurance capacity and effectiveness, windstorm deductibles and multi-tier programs, AND OTHER RISK SHARING MECHANISMS;

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

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

(J) AN EVALUATION OF THE PROFITABILITY OF INSURERS THAT WRITE HOMEOWNER'S INSURANCE IN COASTAL AREAS OF THIS STATE AND THE PROFITS OR LOSSES SUCH INSURERS SUSTAIN BY WRITING COVERAGES ALONG THIS STATE'S COASTAL AREAS. THE PANEL SHALL SPECIFICALLY ANALYZE THE REASONS WHY AND RATE AT WHICH INSURERS MAY BE WITHDRAWING FROM THE COASTAL HOMEOWNERS' INSURANCE MARKET AND INORDINARILY CANCELLING SUCH POLICIES OR SUBSTANTIALLY INCREASING INSURANCE PREMIUM RATES IN SUCH MARKET. FURTHER, THE PANEL SHALL STUDY THE COST OF OBTAINING COMPARABLE REPLACEMENT HOMEOWNER'S COVERAGE FOR THOSE INSUREDS WHO HAVE BEEN CANCELLED IN SUCH COASTAL AREAS. FOR THE PURPOSES OF THIS SUBDIVISION, THE TERM COASTAL HOMEOWNERS' INSURANCE MARKET SHALL MEAN THOSE AREAS THAT ARE WITHIN ONE MILE OF A SALTWATER OCEAN, SOUND, INLET OR BAY IN THE COUNTIES OF THE BRONX, KINGS, NASSAU, QUEENS, RICHMOND, SUFFOLK, AND WESTCHESTER.

S 2. Subdivision (a) of section 23 of 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, is amended to read as follows:

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

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

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

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

S 3. This act shall take effect immediately.