

STATE OF NEW YORK

9231

2025-2026 Regular Sessions

IN ASSEMBLY

November 3, 2025

Introduced by M. of A. STERN -- read once and referred to the Committee on Insurance

AN ACT to amend the insurance law, in relation to establishing the New York state catastrophe fund authority act and making an appropriation therefor

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

1 Section 1. Short title. This act shall be known and may be cited as
2 the "New York state catastrophe fund authority act".

3 § 2. Legislative findings and declaration. The legislature finds and
4 declares:

5 1. There is a compelling state interest to maintain a viable and
6 orderly private sector property/casualty insurance market for both resi-
7 dential and commercial properties in this state and across the United
8 States. To the extent that the private sector is unable to maintain an
9 orderly market, due to catastrophic losses from natural disasters, state
10 action to maintain an orderly insurance market is a necessary exercise
11 of police power;

12 2. As a result of scores of billions of dollars in insured losses from
13 natural disasters this past year across the nation and the world, due to
14 either chance or as a result of global warming, numerous insurers are
15 now beginning to reduce their loss exposure from natural disasters by
16 pulling out of certain insurance markets. The potential instability of
17 the world reinsurance market, which has been caused in part by these
18 events, has also increased pressure on direct insurers to reduce their
19 risk exposure from a catastrophic loss;

20 3. The formation of a public authority to provide reimbursement to
21 insurers for a portion of their catastrophic losses should create addi-
22 tional insurance capacity to ameliorate the current dangers to the
23 state's economy and to the public health, safety and welfare; and

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

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4. To increase insurance industry capacity to cover insured losses, it is essential that revenues received by such authority be exempt from federal and state taxation. It is therefore the intent of the legislature that this program be structured as a public authority to operate the fund. Furthermore, funds held by such fund will be protected and remain available to pay for catastrophic losses and not used for state budget general fund expenditures.

§ 3. The insurance law is amended by adding a new article 92 to read as follows:

ARTICLE 92

NEW YORK STATE CATASTROPHE FUND AUTHORITY

Section 9201. Definitions.

9202. New York state catastrophe fund.

9202-a. New York state catastrophe fund authority.

9202-b. General powers of the authority.

9203. Reimbursement contracts.

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9207. Advisory council.

9208. Violations.

9209. International, federal, state, regional or multistate catastrophe funds.

9210. Fund assets upon termination.

§ 9201. Definitions. As used in this article:

(a) "Actuarially indicated" means, with respect to premiums paid by insurers for reimbursement provided by the catastrophe fund authority, an amount determined according to principles of actuarial science to be adequate, but not excessive, in the aggregate, to pay current and future obligations and expenses of the fund, including additional amounts if needed to pay debt service on revenue bonds issued under this article and to provide required debt service coverage in excess of the amounts required to pay actual debt service on revenue bonds issued under section nine thousand two hundred five of this article, and determined according to principles of actuarial science to reflect each insurer's relative exposure to losses from covered events.

(b) "Authority" means the New York state catastrophe fund authority.

(c) "Bond" means any bond, debenture, note or other evidence of financial indebtedness issued under this article.

(d) "Covered event" means: (1) any wind storm, including wind borne water damage, which storm causes insured losses in this state; (2) all earthquakes that are declared to be earthquakes by the United States Geological Survey, and which causes insured losses in this state; (3) all ice storms that are declared by the United States government to be designated as a national disaster; and (4) any other catastrophic event caused by nature or an act of God that is deemed to be a major catastrophic event as designated by the governor.

(e) "Covered policy" means any insurance policy covering residential or commercial property in this state, including, but not limited to, any homeowner's, mobile home owner's, farm owner's, condominium association, condominium unit owner's, tenant's or apartment building policy, or any other policy covering a residential structure or its contents issued by any authorized insurer, including a policy issued by the New York prop-

erty insurance underwriting association, or any insurance policy covering commercial properties from physical damage due to acts of nature or acts of God. "Covered policy" does not include any reinsurance agreement or any policy that excludes coverage for the peril referred to in subsection (d) of this section.

(f) "Debt service" means the amount required in any fiscal year to pay the principal of, redemption premium, if any, and interest on revenue bonds and any amounts required by the terms of documents authorizing, securing or providing liquidity for revenue bonds necessary to maintain in effect any such liquidity or security arrangements.

(g) "Debt service coverage" means the amount, if any, required by the documents under which revenue bonds are issued, which amount is to be received in any fiscal year in excess of the amount required to pay debt service for such fiscal year.

(h) "Local government" shall mean any county, city, town or village.

(i) "Losses" means direct incurred losses under covered policies, excluding losses attributable to additional living expense coverages and excluding loss adjustment expenses.

(j) "Pledged revenues" means all or any portion of revenues to be derived from reimbursement premiums or from assessments, as determined by the authority.

(k) "Retention" means the amount of losses below which and above which an insurer is not entitled to reimbursement from the fund. An insurer's retention shall be calculated as follows:

(l) The authority shall calculate and report to each insurer the retention multiples for that year. For the contract year beginning May first, two thousand twenty-six, the retention multiple shall be equal to six billion dollars, divided by the total estimated reimbursement premium for the contract year; for subsequent years, the retention multiple shall be equal to six billion dollars, adjusted to reflect the percentage growth in premium for covered policies since May first, two thousand twenty-six, divided by the total estimated reimbursement premium for the contract year. In addition, for the contract year beginning May first, two thousand twenty-six, the retention multiple shall be above fifteen billion dollars, divided by the total estimated reimbursement premium for the contract year; and for subsequent contract years, the retention multiple shall be above fifteen billion dollars, adjusted to reflect the percentage growth in premiums for covered policies since May first, two thousand twenty-six, divided by the total estimated reimbursement premium for the contract year. Participating insurers shall retain losses below six billion dollars and above fifteen billion dollars as adjusted annually to reflect increases or decreases in the growth in premium for covered policies. Total reimbursement premium for purposes of the calculation under this paragraph shall be estimated using the assumption that all insurers have selected a percentage coverage level established by the authority. Such percentage coverage shall not be set lower than eighty percent nor higher than ninety percent.

(2) The retention multiple determined under paragraph one of this subsection shall be adjusted to reflect the coverage level elected by the insurer. For insurers electing the first coverage level set by the authority pursuant to such paragraph, the adjusted retention multiple is one hundred percent of the amount determined under paragraph one of this subsection. For insurers electing the second coverage level to be established by the authority at not more than eighty percent nor less than seventy percent, the retention multiple is one hundred twenty percent of the amount determined under paragraph one of this subsection.

1 For insurers electing the third coverage level to be established by the
2 authority at not more than seventy percent nor less than fifty percent,
3 the adjusted retention multiple is two hundred percent of the amount
4 determined under paragraph one of this subsection.

5 (3) An insurer shall determine its provisional retention by multiply-
6 ing its provisional reimbursement premium by the applicable adjusted
7 retention multiple, and shall determine its actual retention by multi-
8 plying its actual reimbursement premium by the applicable adjusted
9 retention multiple.

10 § 9202. New York state catastrophe fund. There is hereby created the
11 New York state catastrophe fund to be administered by the authority.
12 Moneys in the fund may not be expended, loaned or appropriated except to
13 pay obligations of the authority arising out of reimbursement contracts
14 entered into under section nine thousand two hundred three of this arti-
15 cle, payment of debt service on revenue bonds issued under section nine
16 thousand two hundred five of this article, costs of the mitigation
17 program under section nine thousand two hundred six of this article,
18 costs of procuring reinsurance, and costs of administration of the
19 authority. The authority shall invest the moneys in the fund pursuant
20 to applicable state laws regulating investment of state funds. Except as
21 otherwise provided in this article, earnings from all investments shall
22 be retained in the fund. The authority may adopt such rules as are
23 reasonable and necessary to implement this article. Such rules must
24 conform to the legislature's specific intent in establishing the New
25 York state catastrophe fund, must enhance the fund's potential ability
26 to respond to claims for covered events, must contain general provisions
27 so that the rules can be applied with reasonable flexibility so as to
28 accommodate insurers in situations of an unusual nature or where undue
29 hardship may result, except that such flexibility may not in any way
30 impair, override, supersede or constrain the public purpose of the fund,
31 and must be consistent with sound insurance practices. The authority
32 may, by rule, provide for the exemption from sections nine thousand two
33 hundred three and nine thousand two hundred four of this article for
34 insurers writing covered policies with less than four million dollars in
35 aggregate exposure for covered policies, which exposure results in a de
36 minimis reimbursement premium, if the exemption does not affect the
37 actuarial soundness of the fund.

38 § 9202-a. New York state catastrophe fund authority. There is hereby
39 created the "New York state catastrophe fund authority". (a) (1) The
40 authority shall be a body corporate and politic constituting a public
41 benefit corporation. The authority shall consist of a chair and nineteen
42 other members. The chair of the authority shall be appointed by the
43 governor. Two of the nineteen members shall be appointed on the written
44 recommendation of the mayor of the city of New York. Ten members shall
45 be appointed by the governor of which three of those members shall be
46 the superintendent and the commissioners of taxation and finance and
47 transportation. The state comptroller shall be a member of this board.
48 Two members shall be appointed by the temporary president of the senate,
49 two by the speaker of the assembly, and one each by the minority leader
50 of the senate and the minority leader of the assembly. The chair and
51 each of the members shall be appointed for a term of three years,
52 provided however, that the chair first appointed shall serve for a term
53 ending June thirtieth, two thousand twenty-nine, and the eighteen other
54 members first appointed shall serve for the following terms: The four
55 members appointed by the temporary president of the senate and the
56 speaker of the assembly shall each serve for a term ending June thirti-

1 eth, two thousand thirty; the two members appointed on recommendation of
2 the mayor of the city of New York shall each serve for a term ending
3 June thirtieth, two thousand thirty-one, two of the members appointed by
4 the governor shall each serve for a term ending June thirtieth, two
5 thousand thirty-two; two of the members appointed by the governor shall
6 each serve for a term ending June thirtieth, two thousand thirty-three,
7 two of the members appointed by the governor shall each serve for a term
8 ending June thirtieth, two thousand thirty-four, and two of the members
9 appointed by the governor shall serve for a term ending June thirtieth,
10 two thousand thirty-five.

11 (2) Vacancies occurring otherwise than by expiration of term shall be
12 filled in the same manner as original appointments for the balance of
13 the unexpired term.

14 (b) The chair shall be paid a salary in the amount determined by the
15 authority; the other members shall not receive a salary or other compen-
16 sation. Each member, including the chair, shall be entitled to
17 reimbursement for actual and necessary expenses incurred in the perform-
18 ance of their official duties.

19 (c) A majority of the whole number of members of the authority then in
20 office shall constitute a quorum for the transaction of any business or
21 the exercise of any power of the authority. Except as otherwise speci-
22 fied in this article, for the transaction of any business or the exer-
23 cise of any power of the authority, the authority shall have power to
24 act by a majority vote of the members present at any meeting at which a
25 quorum is in attendance and except further, that in the event of a tie
26 vote the chair shall cast one additional vote.

27 (d) The chair shall be the chief executive officer of the authority
28 and shall be responsible for the discharge of the executive and adminis-
29 trative functions and powers of the authority. On recommendation of the
30 chair, the authority shall appoint an executive director who shall be
31 responsible for the administration and the day-to-day operations of the
32 authority and who shall not be a member of the authority. The chair
33 shall be empowered to delegate any one or more of their functions or
34 powers to the executive director, provided, however, that the chair
35 shall delegate to the executive director such functions and powers,
36 including, without limitation, that of appointment, discipline and
37 removal of officers or employees, as are necessary for the executive
38 director to discharge their responsibilities.

39 (e) The authority shall be a "state agency" for the purposes of
40 sections seventy-three and seventy-four of the public officers law.

41 (f) The governor may remove any member of the authority for ineffi-
42 ciency, neglect of duty or misconduct in office after giving such member
43 a copy of the charges against them and an opportunity to be heard, in
44 person or by counsel in their defense, upon not less than ten days'
45 notice. If any member shall be so removed, the governor shall file in
46 the office of the department of state a complete statement of charges
47 made against such member, and the findings thereon, together with a
48 complete record of the proceedings.

49 § 9202-b. General powers of the authority. Except as otherwise limited
50 by this article, the authority shall have the power:

51 (a) To sue and be sued;

52 (b) To have a seal and alter the same at pleasure;

53 (c) To borrow money and issue negotiable notes, bonds or other obli-
54 gations and to provide for the rights of the holders thereof;

55 (d) To invest any funds held in reserve or sinking funds, or any
56 monies not required for immediate use or disbursement, at the discretion

1 of the authority, in (1) obligations of the state or the United States
2 government, (2) reasonably prudent catastrophe notes, bonds, options,
3 swaps and risk futures or other prudent financial instruments to maxi-
4 mize the financial capacity of the fund, (3) obligations the principal
5 and interest of which are guaranteed by the state or the United States
6 government, (4) certificates of deposit of banks or trust companies in
7 this state, secured, if the authority shall so require, by obligations
8 of the United States or of the state of a market value equal at all
9 times to the amount of the deposit, and (5) as to the said reserve and
10 sinking funds, other securities in which the trustee or trustees of any
11 public retirement system or pension fund has the power to invest the
12 moneys thereof pursuant to article four-A of the retirement and social
13 security law, each such reserve and sinking fund being treated as a
14 separate fund for the purposes of article four-A of such law;

15 (e) To make and alter by-laws for its organization and internal
16 management, and rules and regulations governing the exercise of its
17 powers and the fulfillment of its purposes under this article;

18 (f) To enter into contracts and leases and to execute all necessary
19 instruments;

20 (g) To acquire, hold and dispose of real or personal property in the
21 exercise of its powers;

22 (h) To appoint such officers and employees as it may require for the
23 performance of its duties, and to fix and determine their qualifica-
24 tions, duties, and compensation and to retain or employ counsel, audi-
25 tors, engineers and private consultants on a contract basis or otherwise
26 for rendering professional or technical services and advice;

27 (i) To be a "participating employer" in the New York state and local
28 employees' retirement system with respect to one or more classes of
29 officers and employees of such authority, as may be provided by resol-
30 ution of such authority, or any subsequent amendment thereof, filed with
31 the comptroller and accepted by the comptroller pursuant to section
32 thirty-one of the retirement and social security law; and

33 (j) To do all things necessary to carry out its purposes and for the
34 exercise of the powers granted in this article.

35 § 9203. Reimbursement contracts. (a) The authority shall enter into a
36 contract with each insurer writing covered policies in this state to
37 provide to the insurer the reimbursement described in subsection (b) of
38 this section, in exchange for the reimbursement premium paid to the fund
39 under section nine thousand two hundred four of this article. As a
40 condition of doing business in this state, each such insurer shall enter
41 into such a contract.

42 (b) (1) The contract shall contain a promise by the authority to reim-
43 burse the insurer for the first, second or third percentage coverage
44 level for its losses from each covered event in excess of the insurer's
45 retention, plus five percent of the reimbursed losses to cover loss
46 adjustment expenses.

47 (2) The insurer must elect one of the three coverage levels specified
48 in this subsection and may, upon renewal of a reimbursement contract:

49 (A) Elect a lower percentage coverage level if no revenue bonds issued
50 under subsection (a) of section nine thousand two hundred five of this
51 article after a covered event are outstanding; or

52 (B) Elect a higher percentage coverage level.

53 (3) All members of an insurer group must elect the same coverage
54 level. The New York property insurance underwriting association must
55 elect the first percentage coverage level.

(4) The contract shall provide that reimbursement amounts shall not be reduced by reinsurance paid or payable to the insurer from other sources; however, recoveries from such other sources, taken together with reimbursements under the contract, shall not exceed one hundred percent of the insurer's losses from covered events. If such recoveries and reimbursements exceed one hundred percent of the insurer's losses from covered events, and if there is no agreement between the insurer and the reinsurer to the contrary, any amount in excess of one hundred percent of the insurer's losses shall be returned to the fund.

(c) The contract shall also provide that the obligation of the authority with respect to all contracts covering a particular year shall not exceed the balance of the fund as of December thirty-first of the particular year, together with the maximum amount that the authority is able to raise through the issuance of revenue bonds under section nine thousand two hundred five of this article. The contract shall require the authority to annually notify insurers of the fund's anticipated borrowing capacity at year end, the projected year end balance of the fund, and the insurer's estimated share of total reimbursement premium to be paid to the fund for the contract year. For all regulatory and reinsurance purposes, an insurer may calculate its projected payout from the fund as its share of the total fund premium for the current contract year multiplied by the sum of projected year-end fund balance and bonding capacity as reported under this subsection. In May and October of each year, the authority shall publish in the state register a statement of the fund's anticipated borrowing capacity and the projected year-end balance of the fund for the current contract year.

(d) (1) The contract shall require the insurer to report to the authority, as directed, no later than December thirty-first of each year, and quarterly thereafter, the insurer's losses from covered events for the year. The contract shall require the authority to determine and pay, as soon as practicable after receiving these reports, the initial amount of reimbursement due on a paid basis and adjustments to this amount based on later loss information. The adjustments to reimbursement amounts shall require the authority to pay, or the insurer to return, amounts reflecting the most recent calculation of losses.

(2) If the authority determines that the projected year-end balance of the fund, together with the amount that the authority determines that it is possible to raise through revenue bonds issued under section nine thousand two hundred five of this article, are insufficient to pay reimbursement to all insurers at the level promised in the contract, the authority shall:

(A) Pay to each insurer the amount of reimbursement it is owed, up to an amount equal to the insurer's share of the actual premium paid for that contract year, multiplied by the actual claims-paying capacity available for that contract year.

(B) Thereafter, establish, based on reimbursable losses, the prorated reimbursement level at the highest level for which any remaining fund balance or bond proceeds are sufficient.

(e) The contract shall provide that if an insurer demonstrates to the authority that it is likely to qualify for reimbursement under the contract, and demonstrates to the authority that the immediate receipt of moneys is likely to prevent the insurer from becoming insolvent, the authority shall advance to the insurer, at market interest rates, the amounts necessary to maintain the solvency of the insurer, up to fifty percent of the authority's estimate of the reimbursement due the insurer.

er. The insurer's reimbursement shall be reduced by an amount equal to the amount of the advance and interest thereon.

(f) The contract shall provide that in the event of the insolvency of an insurer, the fund shall pay directly to the property/casualty insurance security fund provided for in section seven thousand six hundred one of this chapter for the benefit of the insurer's policyholders in this state the net amount of reimbursement moneys owed to the insurer. As used in this subsection, the "net amount of all reimbursement moneys" means that amount which remains after reimbursement for preliminary or duplicate payments owed to private reinsurers or other inuring reinsurance payments to private reinsurers that satisfy statutory or contractual obligations of the insolvent insurer attributable to covered events to such reinsurers. Such private reinsurers shall be reimbursed or otherwise paid prior to payment to the property/casualty insurance security fund provided for in section seven thousand six hundred one of this chapter, notwithstanding any other provision of law to the contrary. The guaranty association shall pay all claims up to the maximum amount permitted by article seventy-six of this chapter; thereafter, any remaining moneys shall be paid pro rata to claims not fully satisfied.

(g) The authority shall after consultation with the superintendent adopt the initial contract form no later than December first, two thousand twenty-six and must adopt the initial premium formula no later than January first, two thousand twenty-seven. Initial reimbursement contracts under this article must be entered into no earlier than February first, two thousand twenty-seven and no later than May first, two thousand twenty-seven.

§ 9204. Reimbursement premiums. (a) Each reimbursement contract shall require the insurer to annually pay to the fund an actuarially indicated premium for the reimbursement promised.

(b) The authority, in consultation with the superintendent, shall select an independent consultant to develop a formula to determine the actuarially indicated premium to be paid to the fund. The formula shall specify, for each zip code or other limited geographical area, the amount to be paid by an insurer for each one thousand dollars of insured value under covered policies in that zip code or other area. In establishing premiums, the authority, in consultation with the superintendent, shall consider the coverage level elected under subsection (b) of section nine thousand two hundred three of this article and any factors that tend to enhance the actuarial sophistication of ratemaking for the fund, including deductibles, type of construction, type of coverage provided, relative concentration of risks, and other such factors deemed to be appropriate. The formula may provide for a procedure to determine the premiums to be paid by new insurers that begin writing covered policies after the beginning of a contract year, taking into consideration when the insurer starts writing covered policies, the potential exposure of the insurer, the potential exposure of the fund, the administrative costs to the insurer and to the fund, and any other factors deemed appropriate. The authority, after consultation with the superintendent may, at any time, revise the formula pursuant to the procedure provided in this subsection.

(c) No later than August first of each year, each insurer shall notify the authority and the superintendent of its insured values under covered policies by zip code or other limited geographical area, as of May thirtieth of that year. On the basis of these reports, the authority, in consultation with the superintendent, shall calculate the premium due from the insurer, based on the formula adopted under subsection (b) of

1 this section. The insurer shall pay the required annual premium pursuant
2 to a periodic payment plan specified in the contract. The authority
3 shall provide for payment of reimbursement premium in periodic install-
4 ments and for the adjustment of provisional premium installments
5 collected prior to submission of the exposure report to reflect data in
6 the exposure report.

7 (d) All premiums paid to the fund under reimbursement contracts shall
8 be treated as premium for approved reinsurance for all accounting and
9 regulatory purposes.

10 (e) In order to provide start-up moneys for the administration of the
11 fund, each insurer subject to this section shall pay to the fund an
12 advance premium payment of one thousand dollars no later than November
13 thirtieth, two thousand twenty-six. The authority shall collect the
14 advance premium payments required by this subsection. The insurer shall
15 receive a credit against future premiums for the advance payment.

16 § 9205. Revenue bonds. (a) Upon the occurrence of a covered event and
17 a determination that the moneys in the fund are or will be insufficient
18 to pay reimbursement at the levels promised in the reimbursement
19 contracts, the authority may enter into agreements with local govern-
20 ments for the issuance of revenue bonds for the benefit of the fund or
21 issue revenue bonds in the authority's own right. The term of the bonds
22 shall not exceed thirty years. The authority shall pledge all future
23 revenues under section nine thousand two hundred four of this article
24 and under subsection (c) of this section, or a lesser portion of such
25 revenues sufficient to raise moneys in an amount that will pay
26 reimbursement at the levels promised in the reimbursement contracts, to
27 the retirement of such bonds. The authority may also enter into such
28 agreements in the absence of a covered event upon a determination that
29 such action would maximize the ability of the fund to meet future obli-
30 gations.

31 (b) Any local government may issue bonds pursuant to the applicable
32 provisions of the state finance law from time to time to fund an assist-
33 ance program, in conjunction with the fund, for the purpose of meeting
34 the reimbursement obligations of the fund. The issuance of such bonds is
35 for the public purpose of ensuring that policyholders located within the
36 local government are able to recover under residential and commercial
37 property/casualty insurance policies after a covered event. Revenue
38 bonds shall not be issued until validated pursuant to the applicable
39 provisions of the state finance law. The local government shall enter
40 into such contracts with the fund as are necessary to carry out the
41 provisions of this section. Any bonds issued under this section shall
42 be payable from and secured by moneys received by the fund under section
43 nine thousand two hundred four of this article, and assigned and pledged
44 to or on behalf of the local government for the benefit of the holders
45 of such bonds. The funds, credit, property, and taxing power of the
46 state or of the local government shall not be pledged for the payment of
47 such bonds.

48 (c) If the authority, after consultation with the superintendent,
49 determines that the amount of revenue produced under subsection (a) of
50 this section is insufficient to fund the obligations, costs, and
51 expenses of the fund, including repayment of revenue bonds, the authori-
52 ty may levy an emergency assessment on each insurer writing property and
53 casualty business in this state or a portion of this state for residen-
54 tial and commercial properties. Pursuant to the emergency assessment,
55 each such insurer shall pay to the fund by July first of each year an
56 amount set by the authority not exceeding two percent of its gross

1 direct written premium for the prior year from all property and casualty
2 business in this state or for a designated region of this state except
3 for workers' compensation, except that, if the governor has declared a
4 state of emergency under this article due to the occurrence of a covered
5 event, the amount of the assessment may be increased to an amount not
6 exceeding four percent of such premium per covered event. Under no
7 circumstance shall the aggregate assessment for more than three covered
8 events in one year be more than ten percent. As used in this
9 subsection, the term "property and casualty business" includes all lines
10 of business identified on the form provided by the superintendent, in
11 the annual statement required by this article and any rules adopted
12 under this article. The annual assessments under this subsection shall
13 continue as long as the revenue bonds issued with respect to which the
14 assessment was imposed are outstanding, unless adequate provision has
15 been made for the payment of such bonds pursuant to the documents
16 authorizing issuance of the bonds. An insurer shall not at any time be
17 subject to aggregate annual assessments under this subsection of more
18 than two percent of premium, except that in the case of a declared emer-
19 gency, an insurer shall not at any time be subject to aggregate annual
20 assessments under this subsection of more than four percent for one
21 covered event, nor more than ten percent of premium for three or more
22 covered events that occur in one year. Any rate filing or portion of a
23 rate filing reflecting a rate change attributable entirely to the
24 assessment levied under this subsection shall be deemed approved when
25 made, subject to the authority of the department to require actuarial
26 justification as to the adequacy of any rate at any time. If the rate
27 filing reflects only a rate change attributable to the assessment under
28 this subsection, the filing may consist of a certification so stating.

29 § 9206. Additional powers and duties. (a) The authority, after consul-
30 tation with the superintendent may: (1) procure reinsurance from
31 reinsurers for the purpose of maximizing the capacity of the fund, and
32 (2) procure and/or issue catastrophe notes, bonds, options, swaps, risk
33 futures or other financial instruments to maximize the capacity of the
34 fund.

35 (b) In addition to borrowing under this article, the authority may
36 also borrow from, or enter into other financing arrangements with, any
37 market sources at prevailing interest rates.

38 (c) The authority, after consultation with the superintendent, shall
39 develop new financing mechanisms or instruments to maximize the capacity
40 of the fund. Such mechanisms or instruments should attract private
41 investment from insurers and reinsurers that wish to fully or partially
42 shelter their capital from income taxation and increase the ability of
43 insurers, banks, reinsurers and other financial institutions to place
44 capital with the fund and receive commensurate federal and state income
45 and franchise tax deductions, credits or deferrals for its contributors.

46 (d) In each fiscal year after April first, two thousand thirty, the
47 authority shall appropriate from the investment income of the fund the
48 sum of ten million dollars for the purpose of providing funding for
49 state agencies, local governments, other municipal corporations, public
50 and private educational institutions, and nonprofit organizations to
51 support programs intended to improve natural disaster preparedness,
52 reduce potential losses from covered events, provide research into means
53 to reduce such losses, educate or inform the public as to means to
54 reduce losses from covered events, assist the public in determining the
55 appropriateness of particular upgrades to structures or in the financing
56 of such upgrades, increase communications capabilities among local law

1 enforcement, state militia, the armed forces of the United States, first
2 responders, insurance carriers and adjusters and common carriers so that
3 such individuals can easily communicate within each organization and
4 with other organizations during and immediately following a covered
5 event, or protect local infrastructure from potential damage from a
6 covered event. In addition, such monies may be used to increase partic-
7 ipating insurer ability to share and rapidly shift claims adjusters to
8 natural disaster ravaged areas so that accurate claims loss information
9 can be gathered and individual loss claims processed and paid as soon as
10 practicable. Moneys shall first be available for appropriation under
11 this subsection in fiscal year two thousand thirty. The moneys speci-
12 fied in this subsection shall not be available for appropriation under
13 this subsection if the authority finds that an appropriation of invest-
14 ment income from the fund would jeopardize the actuarial soundness of
15 the fund.

16 (e) The authority may allow insurers to comply with reporting require-
17 ments and reporting format requirements using alternative methods of
18 reporting if the proper administration of the fund is not thereby
19 impaired and if the alternative methods produce data which is consistent
20 for the purposes of this article.

21 (f) In order to assure the equitable operation of the fund, the
22 authority may impose a reasonable fee on an insurer to recover costs
23 involved in reprocessing inaccurate, incomplete, or untimely exposure
24 data submitted by the insurer.

25 § 9206-a. Notes and bonds of the authority. (a) (1) The authority
26 shall have power and is hereby authorized from time to time to issue its
27 negotiable bonds and notes in such principal amount as, in the opinion
28 of the authority, shall be necessary to provide sufficient funds for
29 achieving its purposes, including the payment of interest on bonds and
30 notes of the authority and the establishment of reserves to secure such
31 bonds and notes.

32 (2) The authority shall have power, from time to time, to issue
33 renewal notes, to issue bonds to pay notes and whenever it deems refund-
34 ing expedient, to refund any bonds by the issuance of new bonds, whether
35 the bonds to be refunded have or have not matured, and to issue bonds
36 partly to refund bonds then outstanding and partly for any other
37 purpose. The refunding bonds shall be sold and the proceeds applied to
38 the purchase, redemption or payment of the bonds to be refunded.

39 (3) Except as may otherwise be expressly provided by the authority,
40 every issue of its notes or bonds shall be general obligations of the
41 authority payable out of any revenues or moneys of the authority,
42 subject only to any agreements with the holders of particular notes or
43 bonds pledging any particular receipts or revenues.

44 (b) The notes and bonds shall be authorized by resolution approved by
45 not less than a two-thirds majority vote of the whole number of members
46 of the authority then in office, except that in the event of a tie vote
47 the chair shall cast one additional vote. The notes and bonds shall
48 bear interest at such rate or rates, be in such denominations, be in
49 such form, either coupon or registered, carry such registration privi-
50 leges, be executed in such manner, be payable in such medium of payment,
51 at such place or places and be subject to such terms of redemption as
52 such resolution or resolutions may provide. The notes and bonds of the
53 authority may be sold by the authority, at public or private sale, at
54 such price or prices as the authority shall determine. No notes or bonds
55 of the authority shall be sold by the authority at private sale, howev-
56 er, unless such sale and the terms thereof have been approved in writing

1 by (1) the comptroller, where such sale is not to the comptroller, or
2 (2) the director of the budget, where such sale is to the comptroller.

3 (c) Any resolution or resolutions authorizing any notes or bonds or
4 any issue thereof may contain provisions, which shall be a part of the
5 contract with the holders thereof, as to:

6 (1) pledging all or any part of the premiums, charges and other fees
7 made or received by the authority, and other money received or to be
8 received, to secure the payment of the notes or bonds or of any issue
9 thereof, subject to such agreements with bondholders or noteholders as
10 may then exist;

11 (2) pledging all or any part of the assets of the authority to secure
12 the payment of the notes or bonds or of any issue of notes or bonds,
13 subject to such agreements with noteholders or bondholders as may then
14 exist;

15 (3) the setting aside of reserves or sinking funds and the regulation
16 and disposition thereof; and

17 (4) any other matters, of like or different character, which in any
18 way affect the security or protection of the notes or bonds.

19 § 9206-b. Agreement of the state. The state does hereby pledge to and
20 agree with the holders of any notes or bonds or lease obligations issued
21 or incurred under this article, that the state will not limit or alter
22 the denial of authority under this article, or the rights hereby vested
23 in the authority to fulfill the terms of any agreements made with the
24 holders thereof, or in any way impair the rights and remedies of such
25 holders until such notes or bonds or lease obligations, together with
26 the interest thereon, with interest on any unpaid installments of inter-
27 est, and all costs and expenses for which the authority is liable in
28 connection with any action or proceeding by or on behalf of such hold-
29 ers, are fully met and discharged. The authority shall include this
30 pledge and agreement of the state in any agreement with the holders of
31 such notes or bonds or lease obligations.

32 § 9206-c. Notes and bonds as legal investment. The notes and bonds of
33 the authority are hereby made securities in which all public officers
34 and bodies of the state and all municipalities and political subdivi-
35 sions, all insurance companies and associations and other persons carry-
36 ing on an insurance business, all banks, bankers, trust companies,
37 savings banks and savings associations, including savings and loan asso-
38 ciations, building and loan associations, investment companies and other
39 persons carrying on a banking business, all administrators, guardians,
40 executors, trustees and other fiduciaries, and all other persons whatso-
41 ever who are now or who may hereafter be authorized to invest in bonds
42 or other obligations of the state, may properly and legally invest funds
43 including capital in their control or belonging to them. Notwithstand-
44 ing any other provisions of law, the bonds of the authority are also
45 hereby made securities which may be deposited with and shall be received
46 by all public officers and bodies of this state and all municipalities
47 and political subdivisions for any purpose for which the deposit of
48 bonds or other obligations of the state is now or may hereafter be
49 authorized.

50 § 9207. Advisory council. (a) An advisory council consisting of twenty
51 members shall be established to provide the authority with information
52 and advice in connection with its duties. The members shall be selected
53 from the following categories: representatives with expertise in actu-
54 arial, meteorology, land-use planning and engineering; and a represen-
55 tative of insurers, insurance agents, reinsurers, law enforcement, fire-
56 fighters, the state emergency management office, the division of code

1 enforcement of the department of state, the superintendent, the depart-
2 ment of transportation, the department of taxation and finance, the
3 department of audit and control and consumers who shall also be repre-
4 sentatives of other affected professions and industries. Eight members
5 shall be appointed by the governor, three by the temporary president of
6 the senate, three by the speaker of the assembly, and one each by the
7 minority leader of the senate and the minority leader of the assembly.

8 (b) The advisory council shall, in cooperation with state agencies
9 such as the department of state, the department of transportation, the
10 department of health, the department, and the state emergency management
11 office, develop prevention and mitigation standards to minimize poten-
12 tial damage that may occur from a natural disaster before a covered
13 event and minimize actual damage that may occur during a covered event
14 and immediately after such an event. Such prevention and mitigation
15 standards shall include:

16 (1) a review and update of the state building and fire prevention code
17 and municipal land-use plans to ensure that building standards and
18 municipal zoning and subdivision regulations are satisfactory to miti-
19 gate damage from a catastrophic event. Further, such standards may
20 contemplate the use of appropriate building materials and construction
21 methods to mitigate potential damage;

22 (2) suggested changes in procedures to ensure that all building codes
23 and municipal land-use plans are enforced;

24 (3) suggestions to minimize the loss of life via expedited evacuation
25 procedures for all affected residents, particularly those who are
26 economically, physically or mentally unable to get out of harms way;

27 (4) suggestions and procedures to accelerate the recovery and rebuild-
28 ing process;

29 (5) suggestions and procedures to assist adversely affected businesses
30 so that such businesses can quickly commence operations and minimize
31 short and long term job losses; and

32 (6) a study of and suggestions on the development of additional actu-
33 arially appropriate insurance premium discounts to be offered to
34 insureds to encourage residents, businesses and municipalities to build
35 or retrofit their homes, businesses and municipal facilities in a way to
36 minimize damage.

37 The advisory council shall report its initial findings to the chair of
38 the authority, the governor, the superintendent, the temporary president
39 of the senate, the speaker of the assembly, the minority leader of the
40 senate and the minority leader of the assembly on or before June first,
41 two thousand twenty-seven, and shall thereafter issue and submit reports
42 annually on or before June first.

43 § 9208. Violations. Any violation of this article or of the rules
44 adopted under this article shall constitute a violation of this chapter.

45 § 9209. International, federal, state, regional or multistate catas-
46 trophe funds. The authority, in the conduct of its business and opera-
47 tion, shall actively attempt to integrate and coordinate its activities
48 and operations with other existing or newly established international,
49 federal, state, regional or multistate catastrophe funds or programs, or
50 other reinsurance programs that serve purposes that are similar to all
51 or some of the goals to be carried out by the fund established by this
52 article. The superintendent shall promptly make recommendations to the
53 authority, the governor and legislature on methods to encourage the
54 integration, consolidation or coordination of activities and operations
55 of the various existing or newly established federal, state, regional or
56 multistate catastrophe funds or other reinsurance programs. The authori-

1 ty, upon the approval of the legislature, may integrate, coordinate or
2 terminate the fund and consolidate such fund with other operating catas-
3 trophe or reinsurance funds or merge, take over or acquire other already
4 operating catastrophe or reinsurance funds to create a larger and more
5 diverse catastrophe fund.

6 The authority shall investigate the integration and coordination of
7 the payment of premiums for the coverage from catastrophic covered
8 events and the timely payment of claims with other existing federal and
9 state insurance programs such as the National Flood Insurance Program,
10 payments to be made by the Federal Emergency Management Agency, and
11 state sponsored FAIR plans such as the New York Property Insurance
12 Underwriting Association, and state sponsored insurance guarantee funds.

13 § 9210. Fund assets upon termination. The fund and the duties of the
14 authority under this article may be terminated only by law. Upon the
15 full or partial termination of the operation of the fund, all or a
16 portion of such assets of the fund shall be transferred to any successor
17 federal or multistate catastrophe fund or the property/casualty insur-
18 ance security fund.

19 § 4. The sum of ten million dollars (\$10,000,000), or so much thereof
20 as may be necessary, is hereby appropriated to the New York state catas-
21 trophe fund out of any moneys in the state treasury in the general fund
22 to the credit of the state purposes account not otherwise appropriated
23 for its expenses, including personal services, maintenance and opera-
24 tion, in carrying out the provisions of this act.

25 § 5. This act shall take effect immediately.