



CONTACT: Mary E. Christiano, director of communication
or Jaye Czupryna, public relations specialist
(800) 424-4244
Fax: (888) 225-6935
E-mail: publications@piaonline.org
Web site: www.piaonline.org/NY

FOR RELEASE: June 14, 2006

PIANY finds restrictions on homeowners insurance in downstate area

GLENMONT, N.Y.—A survey of insurance agencies by the Professional Insurance Agents of New York State Inc. finds homeowners insurance companies have taken steps to reduce their exposure in downstate areas of New York since Jan. 1, 2006. As of this date, the Allstate Group said it would cease insuring new homeowners and would begin nonrenewing some policyholders in eight downstate counties, including Nassau, Suffolk, Westchester and the five boroughs of New York City.

PIANY members in these counties reported several types of restrictions. Of the 70 agencies responding, 40 percent said one or more of their companies has stopped accepting new business. However, only 23 percent reported that any of their companies has started nonrenewing more homeowners than usual.

The agents say that some companies are adopting stricter guidelines regarding a home's distance to water (67 percent of agents have seen this) and/or requiring more or larger deductibles for windstorm losses (43 percent).

On the positive side, when asked about their other carriers' reaction to the Allstate announcement, six out of 10 said that either their companies don't plan to stop writing new business (40 percent) or they actually want to pick up business dropped by Allstate (21 percent). Most of the remaining agents say companies are nervous but are taking a "wait and see" attitude (29 percent), while just 10 percent say other companies plan actions similar to Allstate's.

PIANY conducted a similar survey in February 2006. In the four-month interval, responses differed in several areas, with most differences pointing to a more restricted homeowners insurance market in these eight counties.

As a quick way to take the temperature of a market, PIANY routinely asks members to rate availability of a specific type of insurance on a 1-to-5 scale. According to this scale, a 1 means "highly competitive" and a 5 means "impossible to place (except in a state-provided residual market)." Coastal homeowners insurance was rated a 3.6 in February; it tightened to 4.1 in June.

(more)

In February, 47 percent of respondents reported that their homeowners companies were less competitive than they had been a year ago; in June, this figure was 59 percent. In February, 31 percent of respondents said they could “never” place coastal homeowners in one of their regular companies; in June, this response grew to 38 percent.

Agents are turning to market alternatives for homes that are close to the water, including the residual market (the New York Property Insurance Underwriting Association) and excess line companies. In February, 41 percent said they sometimes use NYPIUA; in June the response was 45 percent. In February, 61 percent said they sometimes use excess line markets; in June the figure was 66 percent. Agents use these alternatives as a last resort, since NYPIUA offers less inclusive coverage and the excess line market is generally much more expensive.

On the bright side, nearly all respondents said they still have some insurers willing to write new homeowners policies. The average number (3.6) of agencies’ homeowners companies writing new business remained virtually unchanged since February, although 66 percent of the June respondents said they had fewer homeowners companies than they had a year earlier.

Both surveys found differences between the situation on Long Island and those in the New York City and Westchester areas, with Suffolk County reporting the most difficult market conditions. Suffolk County agents are most likely to say they can “never” place coastal homeowners with their regular companies (60 percent). They rely most heavily on both NYPIUA (57 percent) and the excess line market (71 percent). They also are the most likely group to report companies taking actions to reduce their exposures, which PIANY first asked about in the June survey.

“We need solutions from regulators, legislators and companies, PLEASE!” one Suffolk County agent told PIANY.

PIANY is advocating a number of legislative actions to protect homeowners in the state, including: strengthening protections against mass nonrenewals and making these protections a permanent part of the Insurance Law; getting rid of a “sunset” provision that keeps NYPIUA from being permanently available for those who need it; reactivating New York’s Temporary Panel on Homeowners Insurance and asking the group to conduct new research and report its recommendations starting in 2007; requiring insurers to warn homeowners annually that regular homeowners policies do not cover flood insurance and explain how to purchase the coverage separately; and introducing a rating factor to reflect the chance that companies will need to pay large numbers of claims following a major catastrophe.

(more)

PIANY finds homeowners insurance restrictions in downstate area—page 3.

PIANY is a trade association representing professional, independent insurance agencies, brokerages and their employees throughout the state.

- 30 -

For the complete survey results, [click here](#).