



LEGISLATIVE POSITION

Professional Insurance Agents of New York State Inc.

25 Chamberlain St.
P.O. Box 997
Glenmont, NY
12077-0997
(518) 434-3111

LEGISLATIVE REPRESENTATIVES

Patricia Lynch
Allison Lee

ASSISTANT EXECUTIVE DIRECTOR

for Government/Industry Affairs

Ellen D. Kiehl, Ph.D.

GOVERNMENT AFFAIRS COUNSEL

Matthew F. Guilbault, Esq.

EXECUTIVE DIRECTOR

Diane Fowler, CAE

Permanent legal status for NYPIUA

PIANY supports permanent legal status for the New York Property Insurance Underwriting Association (NYPIUA), as well as certain legal protections for New York's homeowners.

Memorandum in support of: S.3681—by Senator Seward
A.10001—by M. of A. Morelle

An act to amend the Insurance Law relating to making the New York Property Insurance Underwriting Association permanent; and 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 making permanent certain provisions of such chapter.

NYPIUA. NYPIUA is the New York Property Insurance Underwriting Association. It was created by statute (Insurance Law, Article 54) in 1968 to provide property insurance for people who cannot obtain coverage from regular insurance companies. Many people cannot find insurance coverage for their property through regular means. NYPIUA serves, for example, owners of coastal homes exposed to hurricane damage; seasonal homes that stand unoccupied part of the year; vacant buildings; buildings without hydrants or fire departments nearby; and properties with a history of fire, theft or vandalism claims.

The legislative authorization for NYPIUA is subject to periodic "sunsets," requiring the Legislature to reauthorize NYPIUA from time to time. NYPIUA is set to expire again June 30, 2008.

NYPIUA's authority expired in 1997 for 20 days, in 1998 for five days, in 2003 for 58 days and in 2004 for 60 days. When this happens, people who currently have coverage through NYPIUA start getting nonrenewal notices as their policies approach their expiration dates. People who want to acquire property, but can't find insurance, no longer have access to NYPIUA coverage. These real estate transactions may be held up or even prevented from closing, affecting sellers as well as buyers.

New York's comparable insurance plans for those who cannot buy automobile insurance or workers' compensation do not have "sunsets." NYPIUA is unable to function properly without the same type of stability.

Homeowners insurance protections. Certain provisions of Section 3425 of the Insurance Law also historically "sunset" on the same schedule as NYPIUA. These provisions are equally important to provide the Insurance Department with authority

PIANY position—permanent legal status for NYPIUA
March 2008
Page 2

to oversee homeowners insurers' plans to withdraw from writing coverage in the state or in certain areas. Likewise, a provision allowing "tiered" rating systems that respond to a home's various risk characteristics should be made permanent, providing stability and assurance to the homeowners insurance market. The current uncertainty about the ongoing status of these rules is a negative factor for New York's property insurance market.

For these reasons, PIANY supports passage of S.3681 and A.10001.

3/08