



Legislation Details (With Text)

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Title: Resolution calling upon the New York State Legislature to pass legislation that would lower the percentage of homeowners’ insurance policies that a company may cancel or refuse to renew without the approval of the New York State Insurance Department.

Sponsors: Vincent J. Gentile, Gale A. Brewer, Leroy G. Comrie, Jr., Inez E. Dickens, Letitia James, Darlene Mealy, Michael C. Nelson, Larry B. Seabrook, Kendall Stewart, David I. Weprin, Melissa Mark-Viverito

Indexes:

Attachments: 1. Res. No. 430 - 7/19/06, 2. Proposed Res. No. 430-A - 9/25/07, 3. Committee Report 10/30/07, 4. Hearing Testimony 10/30/07, 5. Hearing Transcript 10/30/07

Date	Ver.	Action By	Action	Result
7/19/2006	*	City Council	Introduced by Council	
7/19/2006	*	City Council	Referred to Comm by Council	
10/30/2007	*	Committee on Consumer Affairs	Hearing Held by Committee	
10/30/2007	*	Committee on Consumer Affairs	Amendment Proposed by Comm	
10/30/2007	*	Committee on Consumer Affairs	Laid Over by Committee	
12/31/2009	A	City Council	Filed (End of Session)	

Proposed Res. No. 430-A

Resolution calling upon the New York State Legislature to pass legislation that would lower the percentage of homeowners’ insurance policies that a company may cancel or refuse to renew without the approval of the New York State Insurance Department.

By Council Members Gentile, Brewer, Comrie, Dickens, James, Mealy, Nelson, Seabrook, Stewart , Weprin and Mark-Viverito.

Whereas, According to State Senator Jeff Klein in a news release, in January 2006, Allstate Insurance Company (“Allstate”) decided to cancel or not renew homeowners’ insurance policies for approximately 28,000 households in New York City, Westchester County and Long Island, located along coastal lines; and

Whereas, Because this number represents less than 4% of Allstate’s total policies in New York State,

Allstate is not required under current State Insurance Law to notify the New York State Department of Insurance (“Department”) of its plans or take any steps to ensure that the company’s rejection of this clientele is conducted in a manner that minimizes the disruption that is sure to result when so many homeowners abruptly find themselves having to obtain replacement coverage; and

Whereas, Current law also does not require Allstate to demonstrate any kind of financial or actuarial rationale for dropping tens of thousands of its policyholders; and

Whereas, According to State Senator Jeff Klein, Allstate is even refusing to renew decades-old existing policies, leaving longtime policyholders with no protection, despite their history with the company; and

Whereas, At a State hearing in March 2006, experts from the Independent Insurance Agents and Brokers of New York questioned whether the market could safely absorb Allstate’s 28,000 soon-to-be uninsured policyholders; and

Whereas, While the canceling of a large number of policies was ostensibly caused by financial losses to the company incurred during the 2005 hurricane season, the question arises as to whether Allstate's real reason for dropping the policies in relatively low risk areas like New York is the company’s desire to promote the creation of government-funded liability pools for future natural disasters; and

Whereas, many homeowners were told their policies were terminated because they had not also purchased life and auto-related policies with the same insurance carrier, a practice the Department of Insurance deems illegal and unethical; and

Whereas, the Department of Insurance has since directed companies known to have engaged in these tactics to cease such actions, and has cracked down on other firms attempting to skirt the law; and

Whereas, State Senate bill S2269, which is designed to protect consumers and ensure stability in the insurance market, has been introduced by State Senator Jeff Klein and referred to the Senate Committee on Insurance, but has no companion bill in the Assembly; and

Whereas, Section 1 of S2269 would amend Section 2351 of the State Insurance Law, to reduce the percentage of policies that an insurer can cancel or refuse to renew without State approval from 4% to 2% in a single year and from 20% to 10% over a five-year period; and

Whereas, Section 1 of S2269 would also require insurers to demonstrate potential risk/loss to justify such cancellations or non-renewals before approval would be granted by the Department; and

Whereas, Section 2 of S2269 would add a new Section 2352 to the State Insurance Law, requiring the Department to conduct a study on the profitability of the property/casualty insurance industry, specifically reviewing the reasons and rate at which insurance companies increase their premiums or terminate coverage in markets less impacted by natural disasters, and reporting its findings and recommendations to the Governor and the State legislature; now, therefore, be it

Resolved, That the Council of the City of New York calls upon the New York State Legislature to pass legislation that would lower the percentage of homeowners' insurance policies that a company may cancel or refuse to renew without the approval of the New York State Insurance Department.

TSF
10.04.07